



Alm. Brand A/S

(a public limited company incorporated in Denmark, CVR no. 77 33 35 17)

Offering of 156,150,000 new shares with a nominal value of DKK 10 each at a price of DKK 10 per share with pre-emptive rights to existing shareholders at the ratio of 9:1

This prospectus (the "Prospectus") has been prepared in connection with a capital increase comprising an offering (the "Offering") of 156,150,000 new shares with a nominal value of DKK 10 each (the "Offer Shares") in Alm. Brand A/S (the "Company") and together with its directly and indirectly owned subsidiaries, associates and other investments collectively referred to as "Alm. Brand" or the "Group") with pre-emptive rights to the Company's Existing Shareholders (as defined below) at the ratio of 9:1.

Immediately prior to the Offering, the Company's registered share capital amounts to DKK 173,500,000 nominal value divided into 17,350,000 shares with a nominal value of DKK 10 each.

Under the authorisation adopted as article 3a of the Company's articles of association, the board of directors (the "Board of Directors") resolved on 3 December 2010 to increase the Company's share capital by a nominal value of DKK 1,561,500,000 (156,150,000 Shares with a nominal value of DKK 10 each).

Upon completion of the Offering, the Company's share capital will amount to DKK 1,735,000,000, divided into 173,500,000 Shares, each with a nominal value of DKK 10.

On 8 December 2010 at 12.30 p.m. CET (the "Allocation Time"), any person registered with VP Securities A/S ("VP") as a shareholder of the Company ("Existing Shareholders") will be allocated nine (9) pre-emptive rights ("Pre-emptive Rights") for each Existing Share held. For each Pre-emptive Right held, the holder will be entitled to subscribe for one (1) Offer Share against payment of DKK 10 per Offer Share (the "Offer Price"), which is lower than the closing price of the Shares on NASDAQ OMX Copenhagen A/S ("NASDAQ OMX") on 2 December 2010 of DKK 36.2 per Share.

The trading period for Pre-emptive Rights (the "Rights Trading Period") commences on 6 December 2010 and ends on 17 December 2010 at 5.00 p.m. CET. The subscription period for the Offer Shares (the "Subscription Period") commences on 9 December 2010 and closes on 22 December 2010 at 5.00 p.m. CET. Any Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. Exercised Pre-emptive Rights cannot be revoked or modified. The Pre-emptive Rights have been approved for admission to trading and official listing on NASDAQ OMX. If the holder does not want to exercise the Pre-emptive Rights to subscribe for the Offer Shares, the Pre-emptive Rights can be sold during the Rights Trading Period.

Offer Shares which are not subscribed for by the Company's Existing Shareholders exercising allocated Pre-emptive Rights or by other investors exercising acquired Pre-emptive Rights before the end of the Subscription Period ("Remaining Shares") may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders or other Danish investors who have made binding undertakings before the end of the Subscription Period to subscribe for Offer Shares at the Offer Price. If binding undertakings made by Existing Shareholders and other Danish investors exceed the number of Remaining Shares, allocation will take place on the basis of a plan of distribution to be determined by the Board of Directors in consultation with the Sole Lead Manager. Allocation will take place on the basis of undertakings received without taking into account whether the subscribers are shareholders or non-shareholders.

The Offer Shares are issued under an unlisted temporary ISIN code. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code. Registration of the Offer Shares with the Danish Commerce and Companies Agency will take place following completion of the Offering, which is expected to be on 30 December 2010, and as soon as possible thereafter, the Offer Shares will be admitted to trading and official listing on NASDAQ OMX under the ISIN code of the Existing Shares, expected to take place on 3 January 2011.

As at the Prospectus Date, a group of Existing Shareholders, including Alm. Brand af 1792 fmba and the Board of Directors, the Management Board and Key Employees (collectively referred to as the "Group of Shareholders") has made binding advance undertakings, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 90,868,442 Offer Shares, corresponding to aggregate gross proceeds of DKK 908,684,420 million. Of this, Alm. Brand af 1792 fmba's share amounts to 90,711,801 Offer Shares, equivalent to a subscription amount of DKK 907,118,010, which will be paid in by Alm. Brand af 1792 fmba converting its senior loans totalling DKK 900 million granted to the Company into share capital and making a cash payment of DKK 7,118,010.

In addition, a number of investors, including Alm. Brand af 1792 fmba, Skandinaviska Enskilda Banken A/S and Realdania (collectively referred to as the "Group of Underwriters"), have made binding underwriting commitments as of the Prospectus Date, subject to the satisfaction of certain conditions, to subscribe for up to 65,281,558 Remaining Shares (equivalent to total gross proceeds of DKK 652,815,580) which, at the end of the Subscription Period, have not been subscribed for by the Company's Existing Shareholders and investors on the basis of binding undertakings or pursuant to Pre-emptive Rights. Of this, Alm. Brand af 1792 fmba's share amounts to 4,376,908 Offer Shares, equivalent to an underwriting amount of DKK 43,769,080, which, in case the underwriting commitment is utilised in full or in part, will be settled by payment first of an amount of up to DKK 20 million in cash and subsequently by payment of up to DKK 23,769,080 by conversion of Alm. Brand af 1792 fmba's subordinated loans granted to the Company into share capital in the Company.

The Group of Shareholders and the Group of Underwriters have thus made binding underwriting commitments and advance undertakings to subscribe for a total of 156,150,000 Offer Shares, corresponding to aggregate gross proceeds of DKK 1,561 million or 100% of the Offering. The binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares entail that they will be subordinate to other undertakings.

Alm. Brand af 1792 fmba will participate in the Offering through a binding advance undertaking to the effect that it retains its ownership interest in the Company at the 58.09% held prior to the Offering. If Alm. Brand af 1792 fmba's binding underwriting commitment is utilised in full, Alm. Brand af 1792 fmba's ownership interest in the Company will amount to 60.62%.

Under Danish company law, Shareholders who also hold employee bonds issued by the Company for a total nominal amount of approximately DKK 31.5 million would be entitled to pay for any Offer Shares they subscribe for by way of conversion of such bonds. However, such conversion is not allowed, as it would conflict with the conditions requiring such employee bonds to be held in restricted accounts.

Investors should be aware that an investment in the Pre-emptive Rights, the Offer Shares and the Existing Shares involves a high degree of risk. See "Risk Factors" for a description of certain factors to be considered in connection with a decision to invest in the Pre-emptive Rights, the Offer Shares or the Existing Shares.

The Pre-emptive Rights and the Offer Shares will be delivered in book-entry form through allocation to accounts with VP. The Offer Shares have been accepted for clearance through Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream").

In connection with the Offering, the Sole Lead Manager may, from the commencement of the Offering and until 30 days after the first day of listing of the Offer Shares, effect transactions that stabilise or maintain the market price of the Pre-emptive Rights (stabilising actions regarding the Pre-emptive Rights will only take place during the Rights Trading Period), the Offer Shares and the Existing Shares at levels above those that might otherwise prevail. The Sole Lead Manager is, however, not obliged to take any stabilising measures. Such stabilising measures, if commenced, may be discontinued at any time.

The Offering comprises a public offering in Denmark and a private placement in certain other jurisdictions.

This Prospectus may not be distributed in or otherwise made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager must receive satisfactory documentation to that effect.

This Prospectus may not be distributed in or otherwise be made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager may require receipt of satisfactory documentation to that effect.

Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

The Pre-emptive Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") or any state securities laws in the United States. Any transfer of Pre-emptive Rights and any offer and/or sale of the Offer Shares are not permitted except by offer and sale in accordance with Regulation S under the Securities Act ("Regulation S").

The Danish Prospectus contains statements from the Company's independent auditors and the Sole Lead Manager which are not included in or incorporated by reference in the English translation.

The date of this Prospectus is 3 December 2010 (the "Prospectus Date").

Sole Lead Manager

SEB ENSKILDA

Responsibility and statements

STATEMENT BY THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS

Alm. Brand A/S is responsible for this Prospectus under Danish law. The head office of Alm. Brand A/S is located in Denmark at Midtermolen 7, 2100 Copenhagen Ø, Denmark.

We hereby declare that we, as the persons responsible for the Prospectus, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import thereof.

Copenhagen, 3 December 2010

Management Board:

Søren Boe Mortensen
Chief Executive

Board of Directors:

Jørgen Hesselbjerg Mikkelsen
Chairman

Boris Nørgaard Kjeldsen
Deputy chairman

Arne Nielsen
Member of the Board

Per Frandsen
Member of the Board

Tage Benjaminsen
Member of the Board

Jørgen Henrik Christensen
Member of the Board

Jan Skytte Pedersen
Member of the Board

Per Dahlbom
Employee representative

Helle Låsby Frederiksen
Employee representative

Henning Kaffka
Employee representative

Susanne Larsen
Employee representative

Contents

Responsibility and statements	2		
Summary	6		
Summary of the Offering	12		
Expected timetable of principal events	18		
The Company's financial calendar	19		
Risk factors	20		
General information	32		
I. Business	I-36		
1. Persons responsible	I-37		
2. Auditors	I-38		
3. Selected financial information	I-39		
4. Risk factors	I-40		
5. Company information	I-41		
5.1. Name and registered office	I-41		
5.2. Date of incorporation, legislation and supervision	I-41		
5.3. Objects	I-41		
5.4. Financial year and financial reporting	I-41		
5.5. Auditors	I-41		
5.6. The Company's history and development	I-41		
5.7. Investments	I-43		
6. Business and market	I-44		
6.1. Introduction	I-44		
6.2. Alm. Brand before and after the onset of the financial crisis	I-44		
6.3. Strategy	I-45		
6.4. The Group's overall capital resources and capital target	I-46		
6.5. Strategic agenda for each of the Group's business areas	I-48		
6.6. Non-life Insurance	I-48		
6.7. Banking	I-53		
6.8. Life Insurance	I-64		
7. Organisational structure	I-69		
7.1. Group structure	I-69		
7.2. Special matters in respect of the parent company Alm. Brand A/S	I-71		
8. Property, plant and equipment	I-72		
8.1. Facilities	I-72		
8.2. Insurance	I-72		
		8.3. Environmental issues	I-72
		9. Operating and financial review	I-73
		9.1. Critical accounting policies	I-73
		9.2. Factors affecting Alm. Brand's results of operations	I-73
		9.3. Consolidated financial statements for 2009, 2008 and 2007 and interim financial statements for the nine months ended 30 September 2010 and 2009	I-75
		9.4. Off-balance sheet liabilities	I-82
		9.5. Significant events after the balance sheet date	I-83
		10. Capital resources	I-84
		10.1. Capital target	I-84
		10.2. Borrowing requirement and financing structure	I-87
		10.3. Restrictions concerning the use of capital resources	I-92
		10.4. Cash flow statement	I-92
		11. Risk, liquidity and capital management	I-93
		11.1. Risk management organisation	I-93
		11.2. Calculation of individual solvency need	I-94
		11.3. Risk management	I-97
		11.4. Business risk	I-97
		11.5. Financial risk	I-104
		11.6. Operational risks and control environment	I-108
		11.7. Basel II and Solvency II – implementation plan	I-109
		12. Regulatory initiatives to secure financial stability	I-110
		12.1. Bank Package I	I-110
		12.2. The Transition Scheme (individual government guarantee)	I-110
		12.3. State-funded capital injections/ Bank Package II	I-110
		12.4. Agreement on financial stability in the pension area	I-110
		12.5. Solvency II	I-111
		12.6. Basel III	I-112
		12.7. The Capital Requirements Directive	I-112
		13. Research and development, patents and licenses	I-113
		14. Trend information	I-114

15. Prospective financial information	I-116	22. Information on assets and liabilities, financial position, results and dividend policy	I-144
15.1. Statement by the Management Board and the Board of Directors	I-116	22.1. Financial information	I-144
15.2. Independent auditors' report on examinations of Management's prospective financial information for 2010 and 2011 for the Alm. Brand Group	I-117	22.2. Dividend policy	I-144
15.3. Methodology and assumptions	I-119	22.3. Legal and arbitration proceedings	I-145
15.4. Forecast	I-121	22.4. Significant change to the Group's financial or trading position	I-145
16. Board of Directors, Management Board and Key Employees	I-123	23. Additional information	I-146
16.1. Board of Directors	I-123	23.1. Share capital before and after the Offering	I-146
16.2. Management Board	I-128	23.2. Historical movements in the Company's share capital	I-146
16.3. Key Employees	I-129	23.3. Memorandum of association and articles of association	I-147
16.4. Statement on kinship between the Board of Directors, Management Board and Key Employees	I-130	23.4. Special matters concerning the Company's principal shareholder, Alm. Brand af 1792 fmba	I-150
16.5. Statement on past records of the Board of Directors, Management Board and Key Employees	I-130	24. Material contracts	I-151
16.6. Conflicts of interest	I-131	24.1. Alm. Brand A/S	I-151
16.7. Restrictions on securities trading	I-131	24.2. Alm Brand Forsikring	I-151
17. Remuneration and benefits	I-132	24.3. Alm. Brand Bank	I-152
17.1. Remuneration of the Board of Directors	I-132	24.4. Alm. Brand Liv og Pension	I-153
17.2. Remuneration of the Management Board and Key Employees	I-132	25. Third party information and expert statements and declarations of interest	I-154
17.3. Incentive programmes	I-132	25.1. Third party information	I-154
18. Board practices	I-133	25.2. Statement on accurate reproduction	I-154
18.1. Practices of the Board of Directors and the Management Board	I-133	26. Documents on display	I-155
18.2. Severance terms for the Management Board and the Board of Directors	I-134	27. Disclosure of investments	I-156
18.3. Audit and remuneration committees	I-134	28. Definitions and glossary	I-157
18.4. Declaration on corporate governance	I-135	28.1. Definitions	I-157
19. Employees	I-137	28.2. Glossary	I-160
19.1. Composition of employees	I-137		
19.2. Shareholdings and option holdings	I-138		
19.3. Employee shares	I-138		
19.4. Employee bonds	I-140		
20. Major Shareholders	I-141		
21. Related party transactions	I-142		

II. The Offering	II-165		
1. Persons responsible	II-166		
2. Risk factors related to the Offering	II-167		
3. Key information on capitalisation and use of proceeds	II-168		
3.1. Working capital statement	II-168		
3.2. Capitalisation and indebtedness	II-168		
3.3. Interest of natural and legal persons involved in the Offering	II-169		
3.4. Reasons for the Offering and use of proceeds	II-169		
4. Information concerning the Offer Shares	II-172		
4.1. Type of security and ISIN codes	II-172		
4.2. Applicable law and jurisdiction	II-172		
4.3. Registration	II-172		
4.4. Currency	II-172		
4.5. Rights attached to the Pre-emptive Rights and the Offer Shares	II-172		
4.6. Resolutions, authorisations and approvals	II-173		
4.7. Date of issue of the Pre-emptive Rights and the Offer Shares	II-174		
4.8. Negotiability and transferability of the Shares and the Offer Shares	II-174		
4.9. Danish legislation concerning tender offers, redemption of shares and disclosure of shareholdings	II-174		
4.10. Public takeover bids for the Company	II-175		
4.11. Taxation	II-175		
5. Terms and conditions of the Offering	II-179		
5.1. Subscription ratio, Offer Price and allocation of Pre-emptive Rights	II-179		
5.2. Offering and proceeds	II-179		
5.3. Completion of the Offering	II-179		
5.4. Subscription period	II-179		
5.5. Withdrawal of the Offering	II-180		
5.6. Reduction of subscription	II-180		
5.7. Minimum or maximum subscription amounts	II-180		
		5.8. Withdrawal of applications for Shares	II-180
		5.9. Payment and delivery	II-180
		5.10. Publication of the results of the Offering	II-181
		5.11. Procedure for the exercise of and trading in Pre-emptive Rights	II-181
		5.12. Procedure for subscription of Remaining Shares	II-182
		5.13. Expected timetable of principal events	II-182
		5.14. Transfer restrictions	II-183
		5.15. Intentions of major Shareholders and members of the Board of Directors and Management Board	II-184
		5.16. Plan of distribution	II-185
		5.17. Overallotment	II-185
		5.18. Offer Price	II-185
		5.19. Price disparity	II-185
		5.20. Placing and underwriting	II-185
		6. Admission to trading and official listing	II-188
		6.1. Market making	II-188
		6.2. Stabilisation	II-188
		6.3. ISIN codes	II-188
		7. Selling Shareholders and lock-up	II-189
		7.1. Shareholders who have indicated that they expect to sell their Shares or Pre-emptive Rights	II-189
		7.2. Lock-up agreements in connection with the Offering	II-189
		8. Costs	II-190
		9. Dilution	II-191
		10. Additional information	II-192
		10.1. Advisers	II-192
		10.2. Availability of the Prospectus	II-192
		III. Financial information	F-1
		IV. Appendix	A-1
		1. Articles of association	A-2

Summary

This summary should be considered as an introduction to the Prospectus. Any decision to invest in the Pre-emptive Rights, the Offer Shares and the Existing Shares should be made on the basis of the information contained in this Prospectus as a whole. The individuals or legal entities that have prepared the summary or any translation thereof, and that have requested approval thereof, may be subject to civil liability, but only if the summary is misleading, incorrect or inconsistent when read in conjunction with the other parts of the Prospectus.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might have to bear the costs of translating the Prospectus before such legal proceedings are initiated.

See "Risk factors" for a discussion of certain special factors that prospective investors are advised to consider before making a decision on acquiring or exercising Pre-emptive Rights and/or on subscribing for the Offer Shares. Certain terms used in this summary are defined in I.28 "Definitions and glossary".

INTRODUCTION TO ALM. BRAND

The Group's principal activity is its non-life insurance operations, which accounted for 62% of the Group's total income in 2009. The principal activity is supported by the two business areas within life and pension insurance and banking.

Alm. Brand Forsikring is the fourth largest non-life insurer in the Danish market with total gross premium income of DKK 4.7 billion in 2009 and a market share of approximately 10% in terms of gross premiums in 2009. Alm. Brand Bank is Denmark's 15th largest bank with a market share of approximately 1% in terms of working capital of DKK 13.9 billion at 31 December 2009. Alm. Brand Liv og Pension is the seventh largest commercial life and pension insurer in the Danish market with total premiums of DKK 0.7 billion in 2009 and a market share in 2009 of almost 1% in terms of premiums.

Non-life Insurance has activities within all customer segments, except corporate and marine insurance. Life Insurance offers insurance products and traditional savings products, including guaranteed benefit products, while pension savings such as a market rate product are offered through Alm. Brand Bank. Life Insurance only operates in the commercial market and therefore does not offer labour market pensions.

Going forward, the Bank will focus exclusively on private customers, leasing and Asset Management and Markets activities. All other activities are being wound up, including loans to commercial and agricultural customers, mortgage deed trading, loans for property development projects and investment

exposures to finance investments in illiquid assets, including mortgage deeds, etc.

The financial crisis affected the Group's earnings and performance in 2008 and became very apparent and pronounced as from the summer of 2009. Particularly the Bank was adversely affected by the financial crisis and the subsequent economic downturn in society at large.

STRATEGIC AGENDA FOR THE GROUP'S BUSINESS AREAS

The Group has defined the strategic agendas set out below for each of its business areas with a view to implementing the overall strategic goals for the Group:

Strategic agenda of Non-life Insurance: Consolidation followed by profitable growth

- Reduction of the expense ratio
- Reduction of risk and amendment of terms
- Premium increases relative to risk

Until end-2012, Non-life Insurance will focus on significantly enhancing earnings per customer in order for Alm. Brand to match the best, large players in the Danish market. A large part of the improvement is expected to be achieved through operational efficiency enhancements and a resulting reduction of the expense ratio. The goal is to achieve an enhancement of 2 percentage points by end-2012 relative to end-2009.

Strategic agenda of the Bank: Restoring focus on the private customer segment and profitability

- Focus on the private customer segment
- Focus on Asset Management and Markets activities based on the Group's non-life insurance, life and pension insurance activities
- Winding-up of non-strategic business areas

The goal is for Alm. Brand Bank to become a bank with a significantly reduced risk of impairment writedowns on loans and credit losses on mortgage deeds as compared with today. Special attention is focused on being able to offer attractive products to Non-life Insurance's core private customers and to offer services in the financial markets, while maintaining a profitable business.

Strategic agenda of Life Insurance: Business as usual

- Low-risk investment policy
- Focus on costs and risk

Recent years' strategy of expanding the position as a competitive pension provider has generated positive results and will be maintained in the years ahead.

THE GROUP'S CAPITAL RESOURCES AND CAPITAL TARGET

At 30 September 2010, the Group had total capital resources of DKK 4.4 billion for compliance with the capital target. DKK 1.8 billion of this amount was supplementary capital in the form of hybrid Tier 1 capital and subordinated loan capital. The Group's future capital requirement under the existing solvency rules as calculated at 17 November 2010 is DKK 4.0 billion, including Alm. Brand Bank's individual solvency need of 14.1%. The excess relative to the capital resources at 30 September 2010 is approximately DKK 0.4 billion. As at the Prospectus Date, the Company as well as the individual subsidiaries comply with all applicable statutory capital requirements for solvency.

The Group's capital resources

DKKm	
Consolidated equity	3,304
Intangible assets	-91
Tax assets	-665
Supplementary capital	1,828
Consolidated capital base at 30 September 2010	4,376

Statutory capital requirement for the Group at 17 November 2010	3,961
Excess relative to statutory capital requirements	415

Source: Alm. Brand

In addition to the Group's existing capital resources at 30 September 2010 of DKK 4.4 billion, the Company's largest shareholder, Alm. Brand af 1792 fmba, made a binding commitment on 22 June 2010 to grant the Company, at its request, subordinated capital of up to DKK 900 million by conversion of existing senior loans and/or by cash contribution. Prior to the Prospectus Date, Alm. Brand af 1792 fmba has granted the Company the DKK 900 million as senior loans, and the Company has the right to request that the amount be converted into a subordinated loan or converted into share capital in connection with a share issue in the Company. If the binding commitment by Alm. Brand af 1792 fmba to grant the Company subordinated capital of DKK 900 million were included in the Group's capital resources at 30 September 2010, the Group's capital resources would amount to DKK 5.3 billion, corresponding to an excess of DKK 1.3 billion relative to the solvency need calculated at 17 November 2010. For a further description of the binding commitment by Alm. Brand af 1792 fmba to grant the Company subordinated capital, see I.10 "Capital resources – Borrowing requirements and financing structure".

Of the above-mentioned DKK 900 million, Alm. Brand af 1792 fmba, on 17 November 2010, granted a senior loan of DKK

600 million to Alm. Brand A/S, which, subsequently, contributed DKK 600 million of equity to Alm. Brand Bank.

The Group's capital resources after the Offering

DKKm	
Consolidated capital base at 30 September 2010	4,376
Net proceeds from the Offering	1,499
Consolidated capital base after the Offering	5,875

Statutory capital requirement for the Group at 17 November 2010	3,961
Excess relative to statutory capital requirements	1,914

Internal capital target for the Group	5,909
Excess relative to internal capital target	-34

Source: Alm. Brand

The completion of the Offering with expected net proceeds of approximately DKK 1,499 million will have the direct effect of increasing the Group's capital resources, calculated at 30 September 2010, to DKK 5.9 billion, equivalent to an excess relative to the statutory capital requirements of DKK 1.9 billion as calculated at 17 November 2010.

The Company has adjusted its internal capital target to the stricter future requirements under Solvency II and Basel III. This adjustment of the internal capital target increases the Group's total capital target to approximately DKK 5.9 billion, which in Management's opinion includes a satisfactory buffer margin relative to the statutory capital requirements. After completion of the Offering with net proceeds of approximately DKK 1,499 million, the Group's capital resources will be in line with the internal capital target, assuming that the binding underwriting commitment made by Alm. Brand af 1792 fmba is not utilised by more than 2,000,000 Remaining Shares (equivalent to an overall subscription amount under the binding underwriting commitment of DKK 20 million). If the binding underwriting commitment made by Alm. Brand af 1792 fmba is utilised to the effect that Alm. Brand af 1792 fmba, after pro rata allocation in the Group of Underwriters, subscribes for more than 2,000,000 Remaining Shares, the Group's excess relative to the internal capital target after completion of the Offering will be reduced on a krone-for-krone basis by up to DKK 24 million (in case of full utilisation of the binding underwriting commitment and the resulting conversion of subordinated loans into share capital). See II.5 "Terms and conditions of the Offering – Placing and underwriting – Underwriting commitments and advance undertakings" for a further description of Alm. Brand af 1792 fmba's binding underwriting commitment.

Management believes that this level is adequate with a view to ensuring that the Group has the necessary flexibility under the

current volatile market conditions. Management further believes that the capital need overall, but particularly for the Bank, will decline in step with the implementation of the Group's strategy for this business area. Changes in gross premiums in Non-life Insurance and life insurance provisions in Life Insurance could affect the internal capital target both positively and negatively. See I.10 "Capital resources – Capital target" for a further description of the Group's internal capital target.

The final wording of the capital requirements under the Solvency II and Basel III rules could furthermore lead to changes in the internal capital target of the Group and the individual subsidiaries.

REASONS FOR THE OFFERING

In the years leading up to the financial crisis, the Group's business volume grew in line with the strategy then pursued. These developments were based on the strategy launched for the Group's activities in 2005 for the period until 2010, called Strategy 2010. Strategy 2010 was focused on growth, including through cross-selling among the Group's three business areas, growth with a view to achieving economies of scale and economic benefits for customers placing all their financial business with the Group.

Until the onset of the financial crisis, Alm. Brand grew in line with the strategy, and the profits developed positively. The Group's profit before tax and excluding minority interests rose from DKK 0.7 billion in 2005 to DKK 1.0 billion in 2007, corresponding to an increase of more than 30%. The combined ratio for Non-life Insurance was around 90 from 2005 to 2007, and premium growth was approximately 6% p.a. The Bank's loans and advances rose from DKK 10.7 billion to DKK 17.1 billion during that period.

In the second half of 2008, the Group was severely hit by the effects of the global financial crisis and the ensuing general economic downturn. Many years of strong growth in the Danish economy turned into a major downturn in the course of 2008 and resulted, *inter alia*, in a negative price correction in the Danish property market.

The financial crisis has affected the Group's subsidiaries to a varying extent. Earnings by Non-life Insurance and Life Insurance were affected to a limited extent in the form of stagnant premium income, falling investment returns and rising claims, whereas the Bank in particular was substantially affected by the financial crisis and the subsequent economic downturn.

The Bank's considerable exposure to the Danish property market accelerated the effects of the financial crisis on the Bank and led to substantial impairment writedowns on loans

and credit losses on mortgage deeds. The Bank has consequently recorded impairment writedowns on loans for a total of DKK 2.9 billion during the period from Q2 2008 until the end of Q3 2010. Management estimates that impairment writedowns on loans and credit losses on mortgage deeds from 1 October 2010 until the end of 2012 will amount to almost DKK 700 million. However, the scope of impairment writedowns on loans and credit losses on mortgage deeds in the Bank over the next few years is subject to substantial uncertainty, as described in detail in the section on prospective financial information below as well as in I.15 "Prospective financial information" and in "Risk factors".

Moreover, the capital requirements to financial institutions under the Solvency II and Basel III rules are expected to increase.

USE OF PROCEEDS

The gross proceeds from the Offering will total DKK 1,561 million, and the net proceeds (gross proceeds after deduction of estimated expenses) are expected to total approximately DKK 1,499 million. Out of the total proceeds, an overall amount of DKK 900 million is attributable to Alm. Brand af 1792 fmba's conversion of existing senior loans in connection with the subscription for its proportionate share of the Offering.

The proceeds from the Offering will be used to strengthen the Company's capital base and to create a foundation for the future value creation in Alm. Brand, including to ensure:

- the Company's capital base, including that the Group's subsidiaries may continue to comply with the expected increased capital requirements resulting from Solvency II and Basel III with a satisfactory buffer margin;
- that the Company can reduce its debt financing ratio by conversion of senior loans in the Company provided by Alm. Brand af 1792 fmba equivalent to DKK 900 million in aggregate;
- that Alm. Brand Bank receives a contribution of additional capital in the region of DKK 600 million (in addition to the capital contribution of DKK 600 million effected on 17 November 2010) in the period until the end of 2012 to cover the already announced expected impairment writedowns on loans and credit losses on mortgage deeds and to repay subordinated loans of DKK 400 million; and
- that Alm. Brand achieves increased financial scope to develop its business.

PROSPECTIVE FINANCIAL INFORMATION

The overall profit forecast before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds in the Bank is as follows:

Prospective financial information for the years 2010 and 2011

DKKm	2010	2011
Non-life Insurance	100	300
Banking	90	70
Life Insurance	170	70
Other activities	-60	-40
Profit before tax and excluding losses and impairment writedowns in the Bank	300	400

Source: Alm. Brand

Consolidated revenue for the full year 2010 is expected to be around DKK 7 billion, and the overall consolidated profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds in the Bank for 2010 is expected to amount to DKK 300 million.

The Bank's forecast profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds for 2011 of DKK 400 million assumes that the Offering is completed with net proceeds of approximately DKK 1,499 million. If the Offering is not completed, and the Bank raises subordinated loan capital instead, the Bank's forecast profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds for 2011 is DKK 340 million. Including impairment writedowns on loans and credit losses on mortgage deeds in the Bank, the Group expects to generate a small profit before tax in 2011.

The Danish FSA conducted an ordinary inspection of Alm. Brand Bank in October and November 2010. In that connection, the Danish FSA assessed the Bank's impairment writedowns on loans and credit losses on mortgage deeds and the individual solvency need. The inspection caused Alm. Brand Bank's board of directors and management board to increase impairment writedowns on a few large exposures and in the mortgage deed area, including mortgage deed investment exposures, in Q3 2010. In Management's opinion, this in all material respects represents an advancement of impairment writedowns relative to the forecast previously provided by the Company for impairment writedowns on loans and credit losses on mortgage deeds. Also, Management's forecast for future impairment writedowns and credit losses on mortgage deeds for the period 1 January 2010 – 31 December 2012 was raised from approximately DKK 1.3 billion to approximately DKK 1.4 billion. This increase was driven by a more conservative valuation of mortgage deeds and was not caused by a higher level of arrears. Following the writedowns made in Q3 2010, Management assesses that anticipated impairment writedowns on loans and credit losses on mortgage

deeds for the period 1 October 2010 to 31 December 2012 will total just under DKK 700 million.

As a result of the inspection of the portfolio, Alm. Brand Bank's board of directors and management board resolved on 17 November 2010 to increase Alm. Brand Bank's future individual solvency need from 10.5% (at 30 June 2010) to 14.1%, corresponding to an increase of Alm. Brand Bank's capital requirement by approximately DKK 0.5 billion. The assessment of the amount of impairment writedowns on loans and credit losses on mortgage deeds is subject to considerable uncertainty, which Management believes to be reflected in the calculation of the individual solvency need. The individual solvency need relates mainly to the part of the Bank's lending portfolio that is being wound up, and the individual solvency need is expected to be reduced as and when the portfolio is wound up.

Expectations as to the Bank's impairment writedowns on loans and credit losses on mortgage deeds are based on an assessment of the expected future economic trends in Denmark. The estimates are based on economic trend assumptions of continued modest positive GDP growth in the coming years, a stable interest rate level, unchanged property prices and unchanged unemployment figures.

As the estimate is forward-looking, it is subject to considerable uncertainty and may be materially affected by changed economic trends and other changes in the conditions affecting the Bank's existing lending portfolio. See also "Risk factors" for further information, including risks of further losses. Management has asked Deloitte and KPMG as well as an independent third party appointed by SEB Enskilda with a credit background to each assess Management's estimate of impairment writedowns on loans and credit losses on mortgage deeds in the Bank for the period 1 October 2010 – 31 December 2012. This period extends beyond the period otherwise covered by the Prospectus, which ends at 31 December 2011. On the basis of these individual reports on the procedures performed, Management assessed that there is no need to further change the increased level of anticipated impairment writedowns on loans and credit losses on mortgage deeds until year end 2012, including the assessment of the need for impairment writedowns during the budget period covered by this Prospectus.

The overall estimated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 are expected to relate mainly to the part of the portfolio of Alm. Brand Bank that is being wound up. Similarly, most of the losses and writedowns recognised in 2009 and in the nine months ended 30 September 2010 related to the part of the portfolio that is being wound up.

ORDINARY INSPECTION BY THE DANISH FSA IN OCTOBER AND NOVEMBER 2010

As previously described, the Danish FSA conducted an ordinary inspection of Alm. Brand Bank in October and November 2010 to assess impairment writedowns on loans and credit losses on mortgage deeds as well as the individual solvency need. In connection with the ordinary inspection, the Danish FSA also reviewed selected business procedures, internal reporting and parts of Alm. Brand Bank's minute and audit books. In connection with the review, the Danish FSA issued a report to the board of directors of Alm. Brand Bank at 30 November 2010 imposing a number of orders on Alm. Brand Bank. The most important orders concern

- compliance with rules for documentation and calculation of impairment writedowns on individually assessed loans;
- tightening of administrative procedures regarding objective indication of impairment to the effect that they comply with the rules;
- improvement of the basis for decision, particularly in connection with commercial exposures;
- improvement of the quality of data;
- ensuring that Alm. Brand Bank's internal reporting to Alm. Brand Bank's board of directors to a greater extent provides an overall impression of the lending portfolio; and
- current monitoring and consideration of private exposures with members of Management (section 78 exposures).

Alm. Brand Bank has duly noted the orders and will continue efforts to tighten its procedures and workflows with a view to complying with these orders in future. The Danish FSA must approve the plan contemplated by the management of Alm. Brand Bank for compliance with these orders on or before 28 February 2011. Alm. Brand Bank's management has launched a number of initiatives with a view to improving procedures and workflows and expects to comply with the orders when these initiatives have been implemented. Management does not believe that the above-referenced orders will have any additional impact on the level of impairment writedowns on loans and credit losses on mortgage deeds or on the individual solvency need. Management does not believe that the orders will have any further impact on the announced level of impairment writedowns on loans and credit losses on mortgage deeds or on the individual solvency need.

RISK FACTORS

Investors should be aware that an investment in the Pre-emptive Rights, the Offer Shares and the Existing Shares involves a high degree of risk. See "Risk Factors" for a description of certain factors to be considered in connection with a decision to invest in the Pre-emptive Rights, the Offer Shares or the Existing Shares.

Attaching to the Group's business activities are a number of risk factors relating to the individual business areas, as well as risks relating to developments in the financial markets and/or other risks that to various extents may affect several of the Group's business areas. The following sets out examples of some of the different risk categories Management believes to be material at the Prospectus Date:

- Risks related to the Group's current situation
- Business risk
- Financial risk
- Credit risk
- Liquidity risk
- Operational risk
- Other risks related to the Group's business
- Risks related to the Offering

Risks related to the Group's current situation include a description of the risk of increased impairment writedowns on loans and credit losses on mortgage deeds in the Bank and a resulting increased solvency need and risks related to the Bank's need to refinance its funding.

SELECTED FINANCIAL INFORMATION

The following selected financial highlights for the Group for the financial years ended 31 December 2009, 2008 and 2007 have been extracted from Alm. Brand's audited consolidated and parent company financial statements for 2009 (with comparative information for 2008) and the audited annual report for 2007. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for listed financial enterprises. The consolidated financial statements are presented in extract on pages F-8 to F-72 in this Prospectus.

The consolidated financial information for the nine months ended 30 September 2010 with comparative figures for the corresponding period of 2009 have been extracted from the official interim report for the nine months ended 30 September 2010. The interim consolidated financial statements are presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed financial enterprises. The interim report for the nine months ended 30 September 2010 has been reviewed. The comparative figures for the same period of 2009 have neither been audited nor reviewed. The interim financial statements are presented in extract on pages F-75 to F-80 in this Prospectus.

Selected consolidated financial highlights

	Q1-Q3 2010	Q1-Q3 2009	2009	2008	2007
Income statement (DKK m)	(unaudited)	(unaudited)			
Premium income	4,058	3,985	5,434	5,530	5,345
Interest income, etc.	1,252	1,555	1,995	2,425	2,111
Fee income, etc.	100	92	100	172	185
Other income from investment activities	2	3	23	21	40
Profit from investments in associates	5	0	0	2	0
Other income	17	15	19	26	40
Total income	5,434	5,650	7,571	8,176	7,721
Claims expenses	-3,627	-3,304	-4,499	-4,284	-4,081
Interest expenses	-419	-629	-803	-1,243	-973
Other expenses from investment activities	-23	-32	-27	-47	-68
Impairment of loans, advances and receivables, etc.	-548	-1,236	-1,451	-340	50
Acquisition costs and administrative expenses	-1,113	-1,148	-1,670	-1,520	-1,501
Other costs	2	1	0	-27	-41
Total costs	-5,728	-6,348	-8,450	-7,461	-6,614
Loss from business ceded	-82	-81	-136	-102	-85
Change in life insurance provisions	-373	-313	-233	-156	188
Change in collective bonus potential	-122	-120	-225	423	69
Value adjustments	523	337	198	-1,025	-288
Tax on pension investment returns	-152	-122	-141	-19	-11
Profit/loss before tax	-500	-997	-1,416	-164	980
Tax on pension investment returns	143	246	336	-53	-266
Profit/loss after tax	-357	-751	-1,080	-217	714
Share of profit/loss before tax attributable to Alm. Brand	-496	-967	-1,336	44	986
Share of profit/loss before tax attributable to minority shareholders	-4	-30	-80	-208	-6
Share of profit/loss after tax attributable to Alm. Brand	-353	-720	-1,000	-29	705
Share of profit/loss after tax attributable to minority shareholders	-4	-31	-80	-188	9

	Q1-Q3 2010	Q1-Q3 2009	2009	2008	2007
Balance sheet (DKK m)	(unaudited)	(unaudited)			
Total provisions for insurance contracts	19,164	18,945	17,894	17,714	18,331
Consolidated shareholders' equity	3,304	4,029	3,694	4,800	5,446
Minority interests	156	250	199	282	504
Total assets	49,669	47,815	47,498	45,777	47,886

	Q1-Q3 2010	Q1-Q3 2009	2009	2008	2007
Ratios	(unaudited)	(unaudited)			
Return on equity before tax p.a.	-19.9%	-31.0%	-33.4%	0.9%	18.0%
Diluted earnings per share	-21	-43	-59	-2	35
Net asset value per share	186	224	207	264	260
Price/NAV	0.26	0.53	0.44	0.26	1.10
Share price at 31 December	48	119	91	69	286

Source: Alm. Brand

Summary of the Offering

See Part II “The Offering” for a complete description of the Offering.

Issuer	Alm. Brand A/S, CVR no. 77 33 35 17 Midtermolen 7 DK-2100 Copenhagen Ø Denmark
Offering	The Offering comprises 156,150,000 Offer Shares with a nominal value of DKK 10 each with pre-emptive rights to Existing Shareholders.
Offer Price	The Offer Shares are offered at DKK 10 per Offer Share.
Proceeds	<p>Upon completion of the Offering, the gross proceeds will total DKK 1,561 million, and the net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) are expected to total approximately DKK 1,499 million.</p> <p>Alm. Brand af 1792 fmba's participation in the Offering will be paid in by Alm. Brand af 1792 fmba converting its senior loans totalling DKK 900 million granted to the Company into share capital and by making a cash payment of DKK 7,118,010.</p>
Subscription ratio	The subscription ratio is 9:1, meaning that Existing Shareholders will receive nine (9) Pre-emptive Rights for each Existing Share held, and that one (1) Pre-emptive Right will confer the right on the holder to subscribe for one (1) Offer Share with a nominal value of DKK 10.
Allocation of Pre-emptive Rights	On 8 December 2010 at 12.30 p.m. CET, anyone registered with VP as a Shareholder of the Company will be allocated nine (9) Pre-emptive Rights for each Existing Share held. As from 6 December 2010 at 9.00 a.m. CET, the Shares will be traded ex Pre-emptive Rights, provided that such Shares are traded with customary value of three trading days.
Trading in Pre-emptive Rights	The Pre-emptive Rights can be traded on NASDAQ OMX during the period from 6 December 2010 at 9.00 a.m. CET to 17 December 2010 at 5.00 p.m. CET and may be exercised to subscribe for Offer Shares during the Subscription Period from 9 December 2010 at 9.00 a.m. CET to 22 December 2010 at 5.00 p.m. CET.
Subscription period	The subscription period for the Offer Shares commences on 9 December 2010 and closes on 22 December 2010 at 5.00 p.m. CET. For a description of the procedure for exercise and subscription, see II.5 “Terms and conditions of the Offering – Procedure for the exercise of and trading in Pre-emptive Rights”.
Method of subscription	<p>Holders of Pre-emptive Rights who wish to subscribe for Offer Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the rules of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreement with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, such exercise may not be revoked or modified.</p> <p>Upon exercise of the Pre-emptive Rights and payment of the Offer Price in the course of the Subscription Period, the Offer Shares will, at the end of a trading day, be allocated temporarily through VP. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.</p>

Existing Shareholders and investors in Denmark wishing to subscribe for Remaining Shares must do so by making binding undertakings through their own custodian institution. Existing Shareholders in Denmark and investors in Denmark may use the subscription form that accompanies the Danish Prospectus. Existing Shareholders outside Denmark should contact their custodian institution. The subscription form or any other binding undertakings must be received by the custodian institution so that they can be handled and be received by the Sole Lead Manager no later than at 5.00 p.m. CET on 22 December 2010. Undertakings are binding and cannot be altered or cancelled.

Remaining Shares may be subscribed for, without compensation to the holders of unexercised Pre-emptive Rights, by Existing Shareholders or other Danish investors who have made binding undertakings to subscribe for Offer Shares at the Offer Price before the end of the Subscription Period. If binding undertakings made by Existing Shareholders and other Danish investors exceed the number of Remaining Shares, allocation will take place on the basis of a plan of distribution to be determined by the Board of Directors in consultation with the Sole Lead Manager. Allocation will take place on the basis of undertakings received without taking into account whether the subscribers are shareholders or non-shareholders. The binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares entail that they will be subordinate to other undertakings.

Neither the Company nor the Sole Lead Manager guarantees that Danish investors or Existing Shareholders who want to subscribe for Offer Shares will be allocated any Remaining Shares. Only Shareholders and investors who acquire and exercise Pre-emptive Rights are guaranteed allocation of Offer Shares in the Company and only in the event that the Offering is completed. Accordingly, Remaining Shares will only be available for allocation if the Offer Shares have not been subscribed for by the Company's Shareholders through the exercise of allocated Pre-emptive Rights or by investors through the exercise of acquired Pre-emptive Rights.

Payment and delivery

Upon exercise of the Pre-emptive Rights, the holder must pay DKK 10 per Offer Share for which he or she subscribes. Payment for the Offer Shares shall be made in Danish kroner on the date of subscription, however, not later than 22 December 2010 against registration of the Offer Shares in the transferee's account with VP under the unlisted temporary ISIN code.

Alm. Brand af 1792 fmba's participation in the Offering will be paid in by Alm. Brand af 1792 fmba converting a total amount of DKK 900 million of its senior loans granted to the Company into share capital and making a cash payment of DKK 7,118,010.

If Alm. Brand af 1792 fmba's underwriting commitment is utilised in full or in part, the commitment will be settled first by cash payment of an amount of up to DKK 20 million and by subsequent payment of an amount of up to DKK 23,769,080 by conversion of Alm. Brand af 1792 fmba's subordinated loans granted to the Company into share capital in the Company.

In the event of subscription of Remaining Shares, the transferee must pay DKK 10 per Remaining Share allocated to such transferee. The transferee's custodian institution will send a statement to the transferee showing the number of Remaining Shares subscribed for by the transferee, unless otherwise agreed between the transferee and the transferee's custodian institution. Any Remaining Shares will be delivered against cash payment in Danish kroner, expected to be on 30 December 2010, subject to registration of the Remaining Shares in the transferee's account

with VP in the unlisted temporary ISIN code. Transferees who have made binding commitments to subscribe for any Remaining Shares should note that in relation to the transferee's custodian institution, terms may apply with respect to the time limit for submitting subscription undertakings, etc. which are shorter than the time limits stated in the Prospectus in order to allow such undertakings to be processed by the custodian institution and be received by the Sole Lead Manager on or before 22 December 2010 at 5.00 CET.

Under Danish company law, Shareholders who also hold employee bonds issued by the Company for a total nominal amount of approximately DKK 31.5 million would be entitled to pay for any Offer Shares they subscribe for by way of conversion of such bonds. However, such conversion is not allowed, as it would conflict with the conditions requiring such employee bonds to be held in restricted accounts. Enquiries concerning conversion of employee bonds and the restrictions thereon should be addressed to the Company.

Admission to trading and official listing The Pre-emptive Rights have been approved for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 6 December 2010 at 9.00 CET to 17 December 2010 at 5.00 p.m. CET.

After registration of the capital increase relating to the Offer Shares with the Danish Commerce and Companies Agency, expected on 30 December 2010, the Offer Shares will be issued, subject to approval of the application for admission to trading and official listing, the admission of the Offer Shares to trading and official listing under the existing ISIN code is expected to commence.

Unexercised Pre-emptive Rights Any Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. The Subscription Period closes on 22 December at 5.00 p.m. CET.

Completion of the Offering The Offering will only be completed if and when the Offer Shares subscribed for are issued by the Company and registered with the Danish Commerce and Companies Agency, which is expected to take place on 30 December 2010. An announcement concerning the results of the Offering is expected to be made on 27 December 2010.

Withdrawal of the Offering The Offering may be withdrawn at any time before registration with the Danish Commerce and Companies Agency of the capital increase relating to the Offer Shares. Pursuant to the Rights Issue Agreement which the Company has entered into with the Sole Lead Manager, the Sole Lead Manager may at any time prior to registration of the capital increase relating to the Offer Shares require that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement.

The Sole Lead Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion of the Offering which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, terminate the Rights Issue Agreement and thereby require that the Company withdraw the Offering. One of the conditions of the Rights Issue Agreement is that the Group of

Shareholders and the Group of Underwriters, who have made binding underwriting commitments and/or advance undertakings as at the Prospectus Date, subject to the satisfaction of certain conditions, are not entitled to withdraw from their commitments other than the binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares, which entail that they will be subordinate to other undertakings.

If the Offering is not completed, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the Offer Shares will be refunded (less any transaction costs) to the last registered owner of the Offer Shares at the date of withdrawal. All Pre-emptive Rights will lapse with no value, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and/or Offer Shares to incur a loss.

Trades in Offer Shares will not be affected, and investors who have acquired Offer Shares will receive a refund of the subscription amount for the Offer Shares (less any transaction costs). As a result, investors who have acquired Offer Shares may incur a loss corresponding to the difference between the purchase price and the subscription amount for the Offer Shares and any transaction costs.

Any withdrawal will be notified immediately via NASDAQ OMX and announced as soon as possible in the same Danish daily newspapers in which the Offering was announced.

Sole Lead Manager

The Offering is coordinated by SEB Enskilda, Bernstorffsgade 50, DK-1577 Copenhagen V, Denmark, acting as the Sole Lead Manager of the Offering.

Underwriting commitments and advance undertakings

As at the Prospectus Date, a group of Existing Shareholders, including Alm. Brand af 1792 fmba and the Board of Directors, the Management Board and Key Employees (collectively referred to as the "Group of Shareholders") has made binding advance undertakings, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 90,868,442 Offer Shares corresponding to aggregate gross proceeds of DKK 908,684,420 million. Of this, Alm. Brand af 1792 fmba's share amounts to 90,711,801 Offer Shares, equivalent to a subscription amount of DKK 907,118,010, which will be paid in by Alm. Brand af 1792 fmba converting its senior loans totalling DKK 900 million granted to the Company into share capital and making a cash payment of DKK 7,118,010.

In addition, a number of investors, including Alm. Brand af 1792 fmba, Skandinaviska Enskilda Banken A/S and Realdania (collectively referred to as the "Group of Underwriters"), have made binding underwriting commitments as of the Prospectus Date, subject to the satisfaction of certain conditions, to subscribe for up to 65,281,558 Remaining Shares (equivalent to total gross proceeds of DKK 652,815,580) which, at the end of the Subscription Period, have not been subscribed for by the Company's Existing Shareholders and investors on the basis of binding undertakings or pursuant to Pre-emptive Rights. Of this, Alm. Brand af 1792 fmba's share amounts to 4,376,908 Offer Shares, equivalent to an underwriting amount of DKK 43,769,080, which, in case the underwriting commitment is utilised in full or in part, will be settled first by payment of up to DKK 20 million in cash and subsequently by payment of up to DKK 23,769,080 by conversion of its subordinated loans granted to the Company into share capital in the Company.

The Group of Shareholders and the Group of Underwriters have thus made binding underwriting commitments and advance undertakings to subscribe for a total of 156,150,000 Offer Shares corresponding to aggregate gross proceeds of DKK 1,561 million or 100% of the Offering. The binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares entail that they will be subordinate to other undertakings.

The Company will pay an underwriting commission totalling 4.0% on the amount underwritten by the Group of Underwriters. Alm. Brand af 1792 fmba will not receive any underwriting commission on its underwriting commitment. The advance undertakings and underwriting commitments do not contain any other material terms and conditions.

Alm. Brand af 1792 fmba will participate in the Offering through binding advance undertakings to the effect that it retains its ownership interest in the Company at the 58.09% held prior to the Offering. If Alm. Brand af 1792 fmba's binding underwriting commitment is utilised in full, Alm. Brand af 1792 fmba's ownership interest in the Company will amount to 60.62%.

ISIN codes

Existing shares	DK0015250344 (ALMB)
Pre-emptive Rights	DK0060255792 (ALMBT)
Offer Shares (unlisted temporary ISIN code)	DK0060255602

Rights

After the completion of the Offering, all the Shares in the Company will rank *pari passu*, including with respect to voting rights and right to dividends.

Issuing agent

The Company's issuing agent is:
 Alm. Brand Bank A/S
 Midtermolen 7
 DK-2100 Copenhagen Ø
 Denmark

Lock-up agreements in connection with the Offering:

For a period of 360 days from the completion of the Offering (expectedly on 30 December 2010), the Company has undertaken not to issue, sell, offer for sale, enter into any agreement regarding the sale of, pledge or in any other way directly or indirectly transfer Shares in the Company or other securities exchangeable into Shares in the Company or warrants or other options to acquire Shares in the Company (together "Company Securities") or to announce the intention to make any such act without the prior written consent of the Sole Lead Manager. Such consent is not to be unreasonably withheld or delayed, if the transaction is motivated by reasonable business considerations attributable to the Company.

The above-mentioned obligation of the Company shall not apply to transfers or issues of Company Securities to employees of the Company or its subsidiaries, members of the Company's Management Board or Board of Directors in relation to the exercise by such persons of their rights in accordance with previous, existing or future employee share, option or warrant programmes.

The undertaking set out above does not apply to Alm. Brand Bank's trading portfolio of the Company's shares.

No further lock-up agreements have been made.

Treasury Shares

As at the Prospectus Date, the Company holds 421,471 Shares in treasury, which equal 2.4% of the share capital and the votes in the Company before the Offering.

In connection with the Offering, Pre-emptive Rights will be allocated to the Company in respect of its treasury shares. Pursuant to the Danish Companies Act, the Company is not allowed to exercise such Pre-emptive Rights itself, for which reason the Company expects to sell such Pre-emptive Rights.

Applicable law and jurisdiction

The Offering is subject to Danish law. This Prospectus has been prepared in compliance with the standards and requirements of Danish law, including the rules issued by NASDAQ OMX. Any dispute which may arise as a result of the Offering shall be brought before the Danish courts of law.

How to order this Prospectus

Copies of this Prospectus are available on request from:

SEB Enskilda
Bernstorffsgade 50
DK-1577 Copenhagen V
Denmark

Tel: +45 33 28 29 00
Fax: +45 33 28 29 02
E-mail: prospekt@enskilda.dk

Subject to certain restrictions, the Prospectus can also be downloaded from the Company's website: www.almbrand.dk. The contents of the website do not form part of the Prospectus.

Expected timetable of principal events

Announcement of Prospectus	3 December 2010
Last day of trading in Existing Shares including Pre-emptive Rights	3 December 2010
First day of trading in Existing Shares ex Pre-emptive Rights (assuming that such Shares are traded with customary value of three trading days)	6 December 2010
First day of Rights Trading Period	6 December 2010
Allocation time of Pre-emptive Rights	8 December 2010 at 12.30 p.m. CET
First day of Subscription Period	9 December 2010
Last day of Rights Trading Period	17 December 2010 at 5.00 p.m. CET
Last day of Subscription Period	22 December 2010 at 5.00 p.m. CET
Announcement of the results of the Offering	27 December 2010
Expected date of registration of the Offer Shares with the Danish Commerce and Companies Agency	30 December 2010
Expected admission to trading and official listing on NASDAQ OMX of the Offer Shares under the ISIN code of the Existing Shares. The temporary ISIN code of the Offer Shares is expected to be merged subsequently with the ISIN code of the Existing Shares in VP	3 January 2011

The Company's financial calendar

The Company's financial calendar for 2011 is set out below:

Annual report 2010	24 February 2011
Annual general meeting	27 April 2011
Interim report – Q1 2011	18 May 2011
Interim report – H1 2011	25 August 2011
Interim report – Q3 2011	16 November 2011

Risk factors

An investment in the Pre-emptive Rights and Offer Shares involves a high degree of risk. You should consider carefully the following risk factors, which Management considers material, and other information contained in this Prospectus prior to making any investment decision with respect to the Pre-emptive Rights and the Offer Shares.

Should any of the following risks occur, it could have a material adverse effect on the Group's business, results of operations, financial position and prospects, which in turn could have a material adverse effect on the Pre-emptive Rights and the Offer Shares. In such event, investors may lose all or part of any amounts invested to acquire Pre-emptive Rights or Offer Shares.

These are not the only risk factors the Group faces. There may be additional risks, including risks which are not known to the Group at present or which the Group currently deems irrelevant or immaterial. Such additional risks may also have an adverse effect on the Group's business, results of operations, financial position and prospects, which in turn could have an adverse effect on the Pre-emptive Rights and the Offer Shares and ultimately result in investors losing all or part of any amounts invested to acquire Pre-emptive Rights or Offer Shares.

This Prospectus contains forward-looking statements that involve uncertainty. The Group's actual results may differ materially from those indicated in these forward-looking statements as a result of certain factors including, but not limited to, the risks described below and elsewhere in this Prospectus.

Attaching to the Group's business activities are a number of risk factors relating to the individual business areas, as well as risks relating to developments in the financial markets and/or other risks that to various extents may affect several of the Group's business areas. The following sets out examples of some of the different risk categories Management believes to be material at the Prospectus Date:

- Risks related to the Group's current situation
- Business risk
- Financial risk
- Credit risk
- Liquidity risk
- Operational risk
- Other risks related to the Group's business
- Risks related to the Offering

The risk factors set out below have been divided into the above categories. The categories and the risk factors described are not listed in any order of priority with regard to significance or likelihood of occurrence. Certain of the risk factors are grouped under the caption "Risks related to the Group's

current situation" based on their individual relevance to the Group's current financial position and prevailing economic conditions in Denmark and the global economic situation.

In the 'business risk' category, the risk factors are structured according to their relevance to the Group in general and to each of the business areas, Banking, Non-life Insurance and Life Insurance. The categories, breakdowns and captions used below serve presentational purposes only and have no influence on the scope or interpretation of the individual risks. The significance of individual risks cannot be quantified and their likelihood of occurrence cannot be predicted. Accordingly, the risk factors set out below may materialise to various extents, causing unforeseen consequences.

RISKS RELATED TO THE GROUP'S CURRENT SITUATION

Risk of significant impairment writedowns on loans and credit losses on mortgage deeds in the Bank and a resulting increased capital need

In the Banking business, there is a risk of significant impairment writedowns on loans and credit losses on mortgage deeds and, accordingly, the Company expects to incur significant impairment writedowns on loans and credit losses on mortgage deeds in the years ahead. Such future impairment writedowns on loans and credit losses on mortgage deeds may have an adverse effect on the business, results of operations, financial position and prospects of both the Bank and of the Group.

The purpose of the Offering is, among other things, to address the expected future impairment writedowns on loans and credit losses on mortgage deeds. If the actual impairment writedowns prove to be greater than the Company anticipates, it could raise a need for contribution of additional capital to Alm. Brand Bank and the Company. In the event the Company requires fresh capital, either due to the Bank's situation or as a result of general economic conditions or tighter regulatory requirements, there can be no assurance that such capital will be available on sufficiently attractive terms, which could have a material adverse effect on the Bank's or the Company's business, results of operations, financial position and prospects.

Risk related to Alm. Brand Bank's need to refinance its funding

A significant part of Alm. Brand Bank's current funding, including Alm. Brand Bank's bond loan with individual government guarantee and an aggregate principal amount of DKK 6 billion, will mature during the period until 30 June 2013. Accordingly, Alm. Brand Bank will need to refinance a significant part of its current funding by this date. Depending on developments in the Bank's position, including in the total loans and

advances, impairment writedowns on loans and credit losses on mortgage deeds, deposits by the Bank's customers and developments in future regulatory capital requirements and solvency, as well as general economic developments, the need for refinancing may exceed the amount available for funding purposes. Moreover, there can be no assurance that Alm. Brand Bank would, at the relevant point in time, be able to obtain new funding on sufficiently attractive terms. If Alm. Brand Bank is unable to obtain additional funding on sufficiently attractive terms, this could have a material adverse effect on the Bank's or the Group's business, results of operations, financial position and prospects.

BUSINESS RISK

For presentational purposes, the Group's business risks have been divided into (1) general business risks applying to all companies of the Group; (2) business risks related to Banking; (3) business risks related to Non-life Insurance; and (4) business risks related to Life Insurance.

GENERAL BUSINESS RISKS APPLYING TO THE GROUP

Risks related to the current global economic conditions in the financial markets and the domestic economic conditions

Difficult credit and liquidity conditions have prevailed in the financial markets in recent years, constraining liquidity, increasing volatility and causing a general widening of credit spreads and in some cases limited turnover and, as a result, arbitrary pricing of certain securities and other asset classes. Although conditions have improved in the global financial markets, volatility remains very high. The basic perception of credit risk has changed, and financial institutions all over the world have lowered their credit lines to other banks. Also, the various extraordinary measures introduced by governments and central banks on a global scale, through which a lot of liquidity has been injected into the financial system, will eventually have to be phased out. If conditions in the financial markets deteriorate, it could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Group's financial performance is strongly affected by the general economic conditions in Denmark. Recent years' weak economic conditions have in various ways had an adverse effect on the financial situation in Denmark. Economic growth in Denmark has been weak or negative, unemployment has risen and asset values have declined, especially in the property market. The adverse economic developments, including the changes in liquidity in the financial markets, the level and volatility of equity prices and fixed rate securities, foreign exchange rates, commodity prices, interest rates and inflation rates have impaired both the opportunities for obtaining credit

and the costs thereof, and may continue to affect the Group's business. This will affect the income, wealth, liquidity, business and/or financial position of the Group's customers, which in turn may impair the quality and value of the Group's existing customer base and generally reduce demand for the Group's financial products and services. As a result, some or several of the above-mentioned factors may continue to have an adverse effect on the Group's business, results of operations, financial position and prospects.

The Group may need additional capital, which may be difficult to obtain, and this may have an adverse impact on the Group

The Company or several of the companies of the Group may need additional capital in the future. There can be no assurance that the Group or the individual group companies will be able to attract sufficient capital from other sources to secure a continuation of operations following depletion of their current and expected future capital resources, and this may have a material adverse impact on the Group's business, results of operations, financial position and prospects.

Risks related to the Group's and the group companies' reliance on having a sufficient capital base with which to retain and attract customers and external funding

A situation in which the Group's customers believe that the capital base of the Group or of individual group companies is inadequate could mean that the customers reduce or terminate their commitments with the Group or individual group companies. If this were to occur to a greater extent than anticipated, the Group or the individual group companies may prove to have insufficient cash resources. In such situation, there may be a risk that the Group or the individual group companies cannot obtain sufficient funding from external sources in place of such cash resources or that such funding cannot be obtained on commercial terms deemed to be satisfactory for the Group, which could have an adverse effect on the Group's business, results of operations, financial position and prospects.

BUSINESS RISKS RELATED TO THE BANK

Risks related to mortgage deeds

The Bank is exposed to a risk of substantial losses on the Bank's mortgage deed portfolio and commitments related to mortgage deeds due to, among other things, the general economic developments involving weak growth and impaired payment ability among mortgage deed debtors, poor pricing and marketability of mortgage deeds, property market developments with stagnant or negative price developments, substantial uncertainty about the value of property prices and rent levels and, in turn, the underlying collateral security. If the extent of writedowns, losses and price adjustments on mortgage deeds and commitments related to mortgage deeds

grow bigger than anticipated, it may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

Risks related to the property market

Most of the Bank's loans and advances exposure is to the property market. There is a risk of substantial credit losses on the Bank's property market exposures, resulting, among other things, from property market developments with prices being stagnant or negative, substantial uncertainty about the future development of property prices and rent levels and expectations of continued weak economic activity. If the extent of impairment writedowns and losses from the property segment grow bigger than anticipated by the Bank, it may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

Risks related to the market for agricultural customers

The Bank is exposed to a risk of substantial credit losses on its commitments in the agricultural sector due to, among other things, the economic slump experienced by the sector involving falling prices and debtors' impaired payment ability. If the extent of writedowns and losses from the Bank's commitments in the agricultural sector grow bigger than anticipated, it may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

Impairment writedowns on loans etc. in the current financial situation may not be sufficient to cover losses on loans and advances on an ongoing basis

The Bank makes impairment writedowns to cover losses on loans and advances and on the mortgage deed portfolio, etc. Impairments made are based on available information, estimates and assumptions and are subject to substantial uncertainty. There can be no assurance that impairment writedowns made will be sufficient to cover losses on loans and advances on an ongoing basis. The current economic situation, which has resulted from the financial crisis, has led to a shortage of liquidity in relation to a number of different asset classes, making it increasingly difficult to assess the value of assets. The global financial markets have been very volatile in recent years, and it is difficult to measure the impact of the global financial crisis on asset values and customer credit ratings by way of statistical models. Actual losses on the Bank's loans and advances vary with economic developments, and the current market conditions may accelerate the frequency of losses on loans and advances. Adverse changes in the credit quality of the Bank's borrowers and counterparties or a decline in the value of assets used as collateral resulting from a further general deterioration of Danish or global economic conditions may affect the value of the Bank's assets and may require the Bank to increase the impairment writedowns on loans and advances, which in turn may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

A decline in the value or the marketability of collateral securing the Bank's loans and advances could require the Bank to increase provisions for losses on loans and advances, etc.

The Bank may have secured loans and advances to customers by way of guarantees or against real property, land, vehicles, agricultural or production equipment, or securities. A downturn in the markets for these asset classes or a general decline in economic conditions in the industries in which the customers operate may result in illiquidity or a decline in the value of collateral provided in respect of loans and advances. Collateral values may drop to below the outstanding principal of the relevant loans. A decline in the value of collateral securing these loans or the inability to obtain additional collateral may, in some cases, require the Bank to review the relevant loans and make additional provisions for losses on loans and advances etc. In addition, failure to recover the expected value of collateral in the case of foreclosure may also expose the Bank to losses. Such illiquidity or such losses may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

Risks related to Alm. Brand Bank's individual solvency need

Alm. Brand Bank is subject to the general solvency and capital adequacy requirements set out in the Danish Financial Business Act. Alm. Brand Bank determines its individual solvency need on a regular basis in accordance with the Danish Financial Business Act. The Danish FSA may define individual solvency requirements that exceed Alm. Brand Bank's own calculations of its solvency need and Alm. Brand Bank's actual solvency, and the Danish FSA may order Alm. Brand Bank to make impairment writedowns on commitments for the purpose of calculating the capital base, which may influence Alm. Brand Bank's solvency ratio, among other things. Similarly, Alm. Brand Bank may itself calculate and determine an individual solvency need which is higher than Alm. Brand Bank's actual solvency. If, in the future, the Danish FSA determines a higher individual solvency requirement or orders Alm. Brand Bank to make writedowns on commitments in excess of the Bank's own assessments, or if the Bank itself determines a higher individual solvency need, a need may arise for Alm. Brand Bank to raise additional capital. Alm. Brand Bank's position, as well as external circumstances, including general economic and regulatory conditions, may have the effect that the Group or Alm. Brand Bank is unable to obtain such capital and that, as a result, Alm. Brand Bank would not be in a position to meet such future solvency and capital adequacy requirements and thereby retain its licence to operate a banking business. If Alm. Brand Bank requires fresh capital and it proves impossible to raise such capital, or if Alm. Brand Bank is unable to retain its banking licence, it may have a material adverse effect on Alm. Brand Bank's business, results of operations, financial position and prospects.

Risks related to retaining and attracting customers

Negative publicity involving the Bank or the Group as well as uncertainty and declining confidence in the Bank, its capital base or future operations from among current or potential customers may impair the Bank's ability to retain and attract new customers and/or cause existing customers to scale back their business with the Bank. If this were to occur to a greater extent than anticipated, the Bank may prove to have insufficient cash resources. There can be no assurance that the Bank will be able to obtain alternative funding on acceptable terms. If alternative funding cannot be obtained, or if the Bank's business activities are reduced, because customers scale back their business with the Bank, it could have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

Systemic risks

Due to the interrelated nature of the Danish and global financial systems and capital markets, any non-payment, bank runs or other types of financial difficulties experienced by a Danish or foreign bank or any other company that provides financial services may lead to liquidity problems, losses as well as payment and other difficulties for other companies operating in the financial sector. If a company providing financial services incurs difficulties, it may have a spillover effect on others in the financial sector, for instance through lending, trading, clearing and other relations among providers of financial services. Such risk is called systemic risk, and it may have a material adverse effect on the markets in which the Bank conducts its operations. If a systemic risk were to crystallise, it may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

Risks related to Alm. Brand Bank's membership of the Private Contingency Association

Bank Package I, which is described in detail in I.12 "Regulatory initiatives to secure financial stability", is funded in part by the Danish State and in part by the banks that have entered into an agreement with the Private Contingency Association (the "Participating Banks"). Alm. Brand Bank is a Participating Bank. During the period 1 October 2008 to 30 September 2010, the Private Contingency Association has paid an annual guarantee commission of DKK 7.5 billion to the Danish State, or a total of DKK 15 billion (the "Guarantee Commission"). The Guarantee Commission is final and will not be repaid by the Danish State. In the event losses are incurred under Bank Package I, the Private Contingency Association will cover DKK 10 billion by way of a supplementary loss guarantee provided by the Private Contingency Association. The Danish State will apply the Guarantee Commission funds of DKK 15 billion to cover any losses in excess of DKK 10 billion. If the aggregate losses under Bank Package I exceed DKK 25 billion, the Private Contingency Association will be required to cover any additional losses up to DKK 10 billion by way of a supplementary loss guarantee. Accordingly, the Participating

Banks will cover, through the Private Contingency Association, potential losses under Bank Package I up to DKK 35 billion, while the Danish State will cover any losses in excess of DKK 35 billion.

The Participating Banks have undertaken to make payments to the Private Contingency Association and provide a pro-rata guarantee for their share of Bank Package I. As the members of the Private Contingency Association are jointly and severally liable, the banks that withstand the effects of the crisis will be required to cover the proportion of the amount up to DKK 35 billion otherwise payable by banks acquired by Finansiel Stabilitet A/S under Bank Package I. Alm. Brand Bank's pro-rata share of the payments under Bank Package I is calculated at 1.0749%.

Finansiel Stabilitet A/S calculated the loss under Bank Package I at 30 September 2010. This calculation will be used to determine the extent to which the DKK 10 billion loss guarantee will come to apply and whether the Participating Banks will be required to cover additional losses by way of the supplementary loss guarantee in the event of an aggregate loss under Bank Package I in excess of DKK 25 billion. The calculation will be based on net realisable values. The final calculation is not yet available, but Finansiel Stabilitet A/S estimated at 30 June 2010 that the losses would amount to DKK 8–10 billion. At 30 September 2010, Alm. Brand Bank made a provision of DKK 86 million in relation to Alm. Brand Bank's participation in Bank Package I, which amount implies an expected loss under Bank Package I of DKK 8 billion. If the losses turn out to be greater than that amount, Alm. Brand Bank would be required to make additional provisions and payments to the Private Contingency Association, which could have an adverse effect on the value of the Company's ownership interest in Alm. Brand Bank and, in turn, on the Company's business, results of operations, financial position and prospects.

Alm. Brand Bank is under an obligation in certain circumstances to issue shares due to a conversion of state-funded capital injections, which may dilute the Company's ownership interest in Alm. Brand Bank

Due to the state-funded capital injection of hybrid Tier 1 capital (Bank Package II) that will be prompted by a shortage of capital in Alm. Brand Bank, Alm. Brand Bank may in certain cases be obliged to convert parts of the state-funded capital injection into share capital in Alm. Brand Bank. A possible conversion of the state-funded capital injection into new shares will be made at a price to be determined by a valuation expert and will cause the Company's ownership interest in Alm. Brand Bank to be diluted. Such dilution may have a material adverse effect on the value of the Company's ownership interest in Alm. Brand Bank and, in turn, on the Company's results of operations, financial position and prospects.

Risks related to a commitment to sell Alm. Brand Bank in the event of failure to comply with applicable solvency requirements

In connection with obtaining a commitment for an individual government guarantee in respect of issued bonds, Alm. Brand Bank has undertaken to Finansiel Stabilitet A/S that if Alm. Brand Bank does not comply with the solvency requirements applying to Alm. Brand Bank, Alm. Brand Bank will have an obligation, at the request of the Danish State, to transfer Alm. Brand Bank's activities to a buyer designated by the Danish State. This obligation will not apply, however, if Alm. Brand Bank identifies a buyer willing to pay a better price and to redeem the obligations of the Danish State under the guarantee. Due to the obligation to divest Alm. Brand Bank's activities, a divestment may occur at a point in time which is unfavourable from a financial or business perspective, which may have a material adverse effect on Group's business, results of operations, financial position and prospects.

Risks related to the commitment to contribute capital to Alm. Brand Bank

In connection with obtaining a commitment for an individual government guarantee, the Company has made a commitment to contribute the necessary capital to Alm. Brand Bank in order that Alm. Brand Bank will from time to time comply with the higher of the solvency requirements and Alm. Brand Bank's individual solvency need. The commitment to contribute capital amounts to a maximum of DKK 2 billion (DKK 600 million of which was contributed on 17 November 2010). If the Company's obligation were to crystallise, there may be a need to transfer a very substantial amount of assets from the Company to Alm. Brand Bank, which may have a material adverse effect on the business, results of operations, financial position and prospects of the other companies of the Group.

Risks related to investment advice

As part of the Bank's business activities, the Bank provides investment advice, including for institutional clients. If the Bank's client suffers a loss as a result of the Bank's investment advice or because of negligence or fraudulent acts by external asset managers, there will be a risk that in certain circumstances the Bank's clients will be in a position to claim damages from the Bank. Such a claim for damages may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

Risks related to customers' exposures with other lenders

The Bank's customers may have exposures with other banks or lenders. Given the extent to which such exposures are cancelled or terminated by the banks or lenders in question, this could have a spillover effect on the Bank's commitments with the customers in question and thereby have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

BUSINESS RISKS RELATED TO NON-LIFE INSURANCE

Ordinary insurance risks

Non-life Insurance is exposed to the risk of claims expenses and costs exceeding premium income (premium risks) and the risk of claims provisions being insufficient to cover the actual cost of claims (reserve risks). If claims expenses and costs exceed premium income by more than anticipated, including as a result of premiums being too low, incorrectly estimated claims risk or insufficient provisions, it may have a material adverse effect on the business, results of operations, financial position and prospects of Non-life Insurance.

Catastrophe risks

Non-life Insurance is exposed to losses from unpredictable material events relating to the various individual risks or a large group of the risks covered. Such events include, among others, windstorms, cloudbursts, severe hail, hurricanes, severe winter weather, floods, other weather-related events, fires, explosions and man-made disasters, such as terrorist attacks. Management believes the largest single risks before reinsurance cover to be storm and other weather-related events. If such events were to occur to a greater extent than anticipated, it may have a material adverse effect on the business, results of operations, financial position and prospects of Non-life Insurance.

Risk of an incorrect assessment of Estimated Maximum Loss ("EML").

When entering into major insurance contracts, an Estimated Maximum Loss ("EML") to be covered by the contract is assessed. The size of the EML is assessed when the risk is written, and if the EML exceeds DKK 400 million, facultative reinsurance will be taken out for the insurance contract. An incorrect assessment of the EML may cause the actual claim to exceed the EML. In such cases, Non-life Insurance would cover the part of a claim exceeding the EML. This may have a material adverse effect on the business, results of operations, financial position and prospects of Non-life Insurance.

Inflation risk in connection with workers' compensation claims

The amount of future workers' compensation claims payable by Non-life Insurance depends on wage developments in Denmark. Accordingly, Non-life Insurance has exposure to inflation risk, as stronger-than-expected wage developments would result in higher workers' compensation claims. If provisions for workers' compensation claims made by Non-life Insurance prove to be incorrect due to a stronger and/or unforeseen increase in wage index developments, it may have a material adverse effect on the business, results of operations, financial position and prospects of Non-life Insurance.

Consequences of amendments to legislation and legal practice

Levels of workers' compensation and other personal injury claims in Non-life Insurance depend on legislation as well as developments in legal practise. New rules of law and leading judicial decisions that expand the workers' compensation concept or claims levels may result in substantial increases in claims levels, including for cases already settled and, accordingly, such rules and decisions may have a material adverse effect on the business, results of operations, financial position and prospects of Non-life Insurance.

Non-life Insurance has substantial amounts due from policyholders and reinsurers on an ongoing basis

Non-life Insurance has substantial amounts due from policyholders and reinsurers on an ongoing basis. To the extent that such amounts due cannot be collected, it could have a material adverse effect on the business, results of operations, financial position and prospects of Non-life Insurance.

Risks related to the availability and supply of reinsurance

An important element of the Group's risk management strategy is to purchase reinsurance, thereby ceding part of the risk assumed by Non-life Insurance to reinsurers. As a result, Non-life Insurance has exposure to the risk that future reinsurance cover may prove to be unavailable or more expensive for Non-life Insurance to obtain, and this may have a material adverse effect on the business, results of operations, financial position and prospects of Non-life Insurance.

BUSINESS RISKS RELATED TO LIFE INSURANCE

Risks related to insurance with a guaranteed average benefit

Life Insurance is exposed to risks related to insurance with a guaranteed average benefit. As a result, shareholders' equity may be significantly affected if the average return generated over the life of the insurances fails to cover the guaranteed benefits. As the guaranteed benefits in Life Insurance are not fully hedged, this could have a material adverse effect on the business, results of operations, financial position and prospects of Life Insurance and, accordingly, of the Group.

Life Insurance is exposed to traditional portfolio and insurance risks

Life Insurance is exposed the risk of fluctuations in the amount and timing of benefits resulting from unexpected changes in mortality rates, life expectancy and disease rates. Changes in mortality rates involve the risk of deviations in the timing and size of cash flows (premiums and benefits) resulting from the occurrence or non-occurrence of deaths. Changes in life expectancy involve the risk of such deviations because longevity among policyholders and pensioners result in higher pay-

ments than the insurance company originally anticipated. Changes in disease rates involve the risk of deviations in the timing and size of cash flows resulting from the occurrence or non-occurrence of disability and illness. As a result, a material change in mortality rates, life expectancy and disease rates may have a material adverse effect on the business, results of operations, financial position and prospects of Life Insurance and, accordingly, of the Group.

FINANCIAL RISK

Exposure to market risk, interest rate risk, cash flow risk, foreign exchange risk and price risk

The Group is exposed to a risk of loss in the event of negative developments in market values due to fluctuations in interest, currency or equity positions and can be affected by general as well as specific market developments (market risks).

The Group's exposure to market risk is inherent to its Banking, Non-life Insurance and Life Insurance businesses. Developments in the financial markets may change the value of the companies' investment and trading portfolios and affect other parts of the business activities, including the possibility of obtaining funding. Recent years' instability in the financial markets and the resulting high volatility has made, and continues to make, it difficult to predict and take account of changes in financial or market conditions. It is also difficult to predict how such changes may affect the Group's results of operations and business activities.

The Group is exposed to changes in interest rate levels, as such changes may affect the value of the Group's assets and liabilities (interest rate risk). The Company's Board of Directors determines the framework for the Group's overall interest rate risk at least once a year, and the utilisation of lines is monitored on a regular basis. The overall framework is distributed on Alm. Brand Forsikring, Alm. Brand Liv og Pension and Alm. Brand Bank.

The Group is exposed to cash flow interest rate risk arising from floating rate deposits and disbursement obligations, as future cash flows are subject to interest rate developments (cash flow risk).

The Group is exposed to foreign exchange fluctuations, as such fluctuations may affect the value of the Group's assets and liabilities denominated in foreign currency and may also impact income from foreign currency trading (foreign exchange risk).

The Group's equity market risk arises because of changes in equity price levels, as such changes impact the value of the Group's equity portfolio.

Price risk exposure arises when the Group accepts a calculated exposure to equity market risk which is determined on the basis of the investment strategy and the capital base. Equity market exposure consists of listed and unlisted (equity) investments as well as derivative financial instruments (futures and options), among other things. The Group is also exposed to changes in prices of real property through property investments and indirectly through loans provided by the Bank against a mortgage on real property as well as the Bank's mortgage deed portfolio.

Fluctuations in interest rates, prices, foreign exchange rates and equity prices may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

In addition to changes in market prices, illiquidity in certain markets, including the markets for structured products, private equity investments and property markets, or a general deterioration of liquidity in the financial markets, may cause a situation in which the Group is either not in a position to sell certain assets or will be forced to sell certain assets at a lower price, which may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

CREDIT RISK

Risks related to debtors and counterparties

The companies of the Group are exposed to the risk of incurring a loss resulting from borrowers, reinsurers or other counterparties failing to meet their obligations and the risk of the credit quality of such counterparties becoming impaired (credit risk). Credit risk also involves the risk that the Group is unable to assess the credit risk of potential borrowers, reinsurers and other counterparties and perhaps provides loans or concludes agreements that involve exposure to counterparties, thereby increasing the Group's credit risk exposure by more than intended. In Banking, credit risk arises mainly as a result of the Bank's lending activities, credit facilities, guarantees and investments. In Non-life Insurance and Life Insurance, credit risk mainly arises as a result of reinsurance contracts entered into. Market-related counterparty credit risk arises at Group level as a result of investments in, for example, fixed income securities and equities, as well as in other investments, including in real property which the Group owns or is otherwise exposed to. Settlement and payment risk arises following security transactions, derivative transactions and other transactions for which payment is remitted before it is possible to confirm that offsetting payments have been made to the Group. If one or more of the above-mentioned events arise, it may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

LIQUIDITY RISK

Risks related to funding and liquidity

Liquidity risk is defined as the risk of a substantial increase in funding costs and/or the inability to pay debts as they fall due. Liquidity risk is an inherent and unavoidable part of the Group's business as a financial intermediary. Liquidity risk arises as a result of timing differences between cash inflows and cash outflows. Such differences may give rise to losses due to:

- a disproportionate increase in the Group's funding costs;
- the inability of the Bank to grant new loans due to lack of funding; or
- the ultimate inability of the Group to honour its commitments due to lack of funding.

In Alm. Brand Bank, much of the funding for loans and advances derives from customer deposits. Accordingly, Alm. Brand Bank is also exposed to the risk of depositors withdrawing their deposits sooner than borrowers repaying their loans, thus causing a liquidity shortage. It is essential for Alm. Brand Bank to have easy access to funding. If Alm. Brand Bank does not have access to funding or to the markets in which Alm. Brand Bank raises funding, this could have an adverse effect on Alm. Brand Bank's ability to meet its obligations as they fall due, and prevent Alm. Brand Bank from obtaining satisfactory funding for its business. Alm. Brand Bank's funding agreements contain specific requirements as to the Bank's position, including with respect to financial position and compliance with statutory solvency requirements. If such requirements are not met, the lender will be entitled to terminate loans in accordance with the funding agreements. If Alm. Brand Bank were to find itself in such a position in the future, there can be no assurance that Alm. Brand Bank would be able to procure the necessary capital to comply with these funding agreements. The above-mentioned factors may generally cause creditors to get a negative impression of Alm. Brand Bank's cash resources, which could lead to higher borrowing costs and make access to a number of funding sources more difficult.

Alm. Brand Bank monitors liquidity closely on a regular basis. Alm. Brand Bank believes that liquidity risks are best handled through close management and strong resources. Alm. Brand Bank procures liquidity through three sources of funding:

- the money market;
- bond issues and the interbank market; and
- customer deposits.

The situation in the international capital markets has improved despite the fact that economic conditions remain turbulent and volatile. The current improvement in market conditions may not persist, however. The situation may turn negative and

market conditions may deteriorate to a level worse than before, and there is a risk that, in such event, the Group's funding costs may be adversely affected by illiquid money and senior bond markets and widening credit spreads. In addition, if the turmoil continues in the global financial markets and in the global economy, it may have an adverse effect on the Group's liquidity and counterparty willingness to do business with the Group. If any of the above-mentioned risks were to crystallise, it may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Risks related to additional capital needs

The Company and its subsidiaries must comply with capital adequacy requirements in accordance with the rules applicable from time to time. Capital adequacy statements indicate the relationship between capital and risk-weighted assets. Capital is affected by factors such as profit after tax, dividend payments and expected credit losses. Risk-weighted items are affected by factors such as the volume of loans and advances and other receivables, credit ratings of other assets as well as market risk and operational risk. In the current market situation, there is a substantial risk that the Group's customers will experience lower credit ratings, which would trigger an increase in risk-weighted items. In covering its capital needs, the Group also relies on having access to additional funding in the future.

The Group's future capital needs depend on a wide range of factors, including existing or new regulatory requirements, the Group's future growth and its ability to access alternative funding sources. If the funds currently available to the Group were to become insufficient to fund and meet future operational needs and regulatory requirements, the Group may need to raise additional capital and/or cut back on its assets. Equity financing or financing through subordinated debt may, if at all available, be subject to terms that are not attractive to the Group.

If the Group recognises a need and is unable to obtain adequate capital on favourable terms, or at all, it could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Risks related to credit rating

The Group's credit rating has an effect on the Group's funding costs, access to international capital markets and the number of counterparties that are willing to enter into transactions with the Group. If external business partners revise their credit rating of the Group, it could have a material adverse effect on the Group's access to liquidity, which in turn may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

OPERATIONAL RISK

Operational risk in general

The Group's activities are subject to operational risk, including the risk of fraud by employees or by a third party, typing or registration errors, errors caused by IT or telecommunication system breakdowns, failure to obtain appropriate in-house approvals, failure to observe regulatory requirements or codes of conduct as well as negative effects of external events that may affect the Group's business and repute, which in turn may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Risks related to IT technology, systems and outsourcing

The Group's business relies on advanced IT systems. IT systems are vulnerable to a number of situations, such as computer virus, malicious hacking, physical damage to vital IT centres and software or hardware malfunctions. Any failure in the Group's IT systems, including failure by external IT business partners or IT system costs that are higher than anticipated (or delays in connection with the development or implementation of such systems) may have a material adverse effect on the operation and the quality of the Group's customer service and may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Risks related to attracting and retaining employees

The Group relies in its results on the abilities and efforts of its highly qualified employees. The Group's continued ability to compete effectively in its business areas depends on the Group's ability to attract new employees and to retain, motivate and provide supplementary training for its employees. If the Group fails to attract and retain qualified employees, this may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Risks related to inadequate basis for decision etc. in Alm. Brand Bank

As described in I.6 "Business and market-Banking", the Danish FSA has issued orders to the Bank's management in connection with an ordinary inspection of Alm. Brand Bank in October and November 2010 concerning a number of specific matters. The orders were issued because the inspection had revealed an inadequate basis for decision in a number of instances. The Bank has duly noted the orders issued and has taken steps to rectify these matters in future. Until this has happened, there is an elevated risk that the Bank's basis for decision may prove inadequate. If the credit risk related to the Bank's exposures or the Bank's impairment writedowns or solvency need has been assessed too low relative to the actual credit risk or actual impairment writedowns or the actual solvency need, for example due to an inadequate basis for decision, it may have a material adverse effect on the Bank's business, results of operations, financial position and prospects.

OTHER RISKS RELATED TO THE GROUP'S BUSINESS

Risks related to legislation and regulations involving banking, insurance or financial services

The Group is subject to a vast range of laws and regulations involving banking, insurance or financial services and is exposed to the risk of intervention from a number of regulators and law enforcing authorities, including the Danish FSA. Failure to observe one or more of such laws or regulations may result in disciplinary action being taken against the Group, the Group being fined and/or having its concession or authorisation to operate revoked or becoming subject to civil liability.

The legal and regulatory system under which the Group operates its business and possible amendments thereto may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Accordingly, the Group is subject to many types of risk, all of which may arise in various ways, the primary ones being:

- amended legislation and regulations or amendments to legislative frameworks that may materially influence investor decisions in the areas in which the Group operates its business or cause an increase in the costs of doing business in such areas;
- changes in the concessioning of insurers and their management/banking licence or the like;
- changes to regulations governing marketing, sales and the contents of certain policies;
- limitations to an insurer's right to cancel, refuse or renew policies or to withdraw from markets;
- changes in regulatory requirements, such as regulatory rules regarding solvency and/or liquidity and the imposition of strict compliance obligations, growth or pricing restrictions;
- amendments to accounting standards;
- amendments to competition policy;
- differentiation among financial institutions by the government with respect to possible extensions of government guarantee schemes involving senior funding and/or deposits and the terms of such guarantees;
- implementation of or costs associated with compensation or reimbursement schemes for customers or depositors;
- expropriation, nationalisation, seizure of assets and amendments to real property legislation; and
- amended monetary, interest, solvency or other policies implemented by central banks or regulators.

The current financial market regulations are expected to be revised. The Group may take part in current or future government or regulatory initiatives, such as guarantee schemes or state-funded capital injections. Compliance with and/or application of such initiatives or schemes may result in regulation that would increase the capital adequacy requirements imposed on the Group. This may also result in the Group incur-

ring additional costs and obligations, and may require the Group to alter its business conduct, including reducing its risk and gearing in respect of certain activities, or otherwise have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Risks related to competition

The Danish market for the Group's products and services is very competitive. A scenario considered to be very likely in the wake of the financial crisis is a situation in which changes to the market and competition will continue over the next couple of years, resulting in fewer players. In addition, a number of factors also affect the financial sector, including changes in customer needs, technology, distribution channels as well as domestic and international regulations in the markets in which the Group operates its business or has strategic plans for operating a business. These and other factors impact the competition the Group is exposed to. If the Group is unable to stay competitive, it may have a material adverse effect on the Group's business, results of operations, financial position and prospects. Competitive pressures could result in increased pricing pressures on a number of the Group's products and services, particularly as competitors seek to win market share, and may harm the Group's ability to maintain or increase its results of operations.

Risks related to the Group being unable to implement its strategy

The Company's management has resolved to adopt and begun the work on a number of strategic changes and priority areas in order to enhance the Group's robustness and future business platform. Implementation of the Group's strategy depends on a number of factors, including Management and the Group's employees successfully taking the necessary steps to implement the strategy. There can be no assurance that Management will be able to implement such arrangements or that it can do so to the extent necessary or within the assumed time frame. The completion of the Group's strategy is furthermore subject to a number of external factors, including market conditions and the Group's ability to attract new and retain existing customers. Failure by Management to complete the strategy to the necessary extent may have a material adverse impact on the Group's business, results of operations, financial position and prospects and result in increased requirements to the Group's capital base, including its solvency.

Risks related to amended tax legislation

The Group's activities are subject to taxation. Tax is calculated in compliance with legislation and practice. Measures taken by the Danish government for the purpose of raising tax rates, introducing additional taxes or otherwise changing tax legislation or the interpretation thereof may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Risks related to pending or potential litigation and other regulatory risks

The Group's business is subject to statutory and regulatory requirements which expose it to potentially material litigation and regulatory risks. As a result, the Group may be involved in various disputes and litigation in Denmark or other jurisdictions, including litigation and regulatory investigations. Such disputes and litigation are subject to substantial uncertainty and the outcome is often difficult to predict, especially during the early stages of a case or an investigation.

The Company has limited access to paying dividends

The Company's ability to pay dividends on the Shares is dependent upon the availability of distributable reserves. The Board of Directors intends to define a dividend policy reflecting the Company's long-term earnings and cash flow potential while maintaining an appropriate level of capitalisation. Moreover, the Company is a holding company and the Company's ability to generate income and pay dividends depends on its subsidiaries' ability and right to declare and pay dividends. Special restrictions apply to Alm. Brand Bank in terms of declaring dividends. See I.10 "Capital resources". The actual payment of future dividends, if any, and the amounts thereof, will depend upon a number of factors including, but not limited to, the amount of the Company's distributable profits and reserves on an unconsolidated basis, the Group's capital expenditure and investment plans, earnings, level of profitability, ratio of debt to equity, applicable restrictions on the payment of dividends under agreements or under Danish and other applicable law and the level of dividends paid by comparable listed companies.

The interests of Alm. Brand af 1792 fmba may conflict with the interests of minority shareholders

Through its advance commitment to subscribe in the Offering, Alm. Brand af 1792 fmba will continue to hold about 58% of the Company's share capital if the binding underwriting commitment is not utilised. If Alm. Brand af 1792 fmba's binding underwriting commitment is utilised in full, Alm. Brand af 1792 fmba's ownership interest in the Company will amount to approximately 61%. Alm. Brand af 1792 fmba intends to retain a controlling shareholding interest in the Company in the foreseeable future. Given Alm. Brand af 1792 fmba's share holding in the Company, Alm. Brand af 1792 fmba will continue to exercise a controlling influence in the Company after completion of the Offering, partly by electing all shareholder-elected board members and causing the Company to implement certain resolutions. Depending on the number of shareholders attending the Company's general meetings, Alm. Brand af 1792 fmba may also in practice be in a position to resolve amendments to the articles of association and cause the Company to merge with another company without the approval of the minority shareholders.

Due to its shareholding, Alm. Brand af 1792 fmba would also be in a position to block a number of corporate resolutions by the Company, including amendments to the articles of association and resolutions to increase the share capital. Alm. Brand af 1792 fmba participating in the Offering implies that a very large proportion of Alm. Brand af 1792 fmba's assets will be placed in the Company's shares. If in future the Company requires an injection of fresh capital, it would be uncertain whether Alm. Brand af 1792 fmba would be in a position to participate in such capital increase. If a capital increase in the Company were to imply that Alm. Brand af 1792 fmba's shareholding in the Company would fall below 50%, it would require amendment of the articles of association of Alm. Brand af 1792 fmba. The interests of Alm. Brand af 1792 fmba may be contrary to the interests of the minority shareholders.

RISKS RELATED TO THE OFFERING

Risk that the market price of the Shares and the Pre-emptive Rights may be highly volatile

The market price of the Shares and the Pre-emptive Rights may be highly volatile and subject to significant fluctuations caused by various factors, many of which are beyond the Company's control and not necessarily related to the Group's business, operations or prospects. Factors having a potential impact on the price of the Shares and the Pre-emptive Rights include actual or anticipated fluctuations in results of operations, circumstances, trends or changes in the market for insurance and banking services, changes to the market's valuation of corresponding companies, management changes and additional issues of Shares by the Company. In addition, the equity market has generally been exposed to significant fluctuations in terms of price and turnover which may be unrelated to or disproportionately large in relation to the performance of the companies in question. Such general market factors may have an adverse effect on the market price of the Shares and the Pre-emptive Rights, irrespective of the Company's performance. The market price of the Pre-emptive Rights depends on the price of the Shares. A decline in the price of the Shares may have an adverse effect on the market price of the Pre-emptive Rights.

Risk of a negative impact on the share price in connection with the sale or potential issuance of additional Shares in the future

Upon completion of the Offering, the Company will be subject to a lock-up agreement in relation to the Sole Lead Manager for a limited period of time. See II.7 "Selling Shareholders and lock-up" for a more detailed description of the agreement, including any exceptions thereto. Upon expiry of the lock-up period, the Company may freely issue shares and other securities, which may cause the price of the Shares to fall. The Company has no current plans of offering additional Shares.

Any further offering or sale of Shares, Pre-emptive Rights or other securities by the Company, Alm. Brand af 1792 fmba or by the Company's other major shareholders, or a public assumption that an offering or sale might be made, could have an adverse effect on the market price of the Shares.

Risks that investors fail to meet their advance undertakings and/or underwriting guarantees to subscribe for Offer Shares

In connection with the Offering, a number of existing shareholders, including Alm. Brand af 1792 fmba, (collectively referred to as the "Group of Shareholders") have made advance undertakings, subject to the satisfaction of certain conditions, to exercise their Pre-emptive Rights for a total amount of DKK 908 million. Furthermore, a number of investors (the "Group of Underwriters") have undertaken, subject to the satisfaction of certain conditions, to subscribe for Offer Shares for a total amount of approximately DKK 653 million. In the event that one or more of the advance undertakings and underwriting guarantees are not met, there can be no assurance that the Company will be in a position to place the Offer Shares to other investors, which could mean that the Offering will not be fully subscribed or cannot be completed. This, in turn, could have a material adverse effect on the Company's business, results of operations, financial position and prospects and thereby have a material adverse effect on the market price of the Pre-emptive Rights and the Offer Shares.

Risk that the Offering is not completed and that it may be withdrawn in certain exceptional and unpredictable circumstances

The Offering may be withdrawn during the period prior to registration of the capital increase pertaining to the Offer Shares with the Danish Commerce and Companies Agency. In connection with the Offering, the Company and the Sole Lead Manager have entered into the Rights Issue Agreement. See II.5 "Terms and conditions of the Offering – Placing and underwriting". Pursuant to Rights Issue Agreement, the Sole Lead Manager may require at any time prior to registration of the capital increase pertaining to the Offer Shares that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement. The Sole Lead Manager is entitled to terminate the agreement upon the occurrence of certain exceptional or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion of the Offering, which Management believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all conditions in that respect set out in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, also terminate the Rights Issue Agreement and thus require that the Company withdraw the Offering. If such circumstances occur prior to registration of the capital increase pertaining to the Offer Shares with the

Danish Commerce and Companies Agency, and the Sole Lead Manager decides to terminate the Rights Issue Agreement, the Pre-emptive Rights will lapse, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and/or Offer Shares (in an off-market transaction, see below) to incur a loss. Any withdrawal will be announced through NASDAQ OMX.

Buyers of Offer Shares may incur a loss if the Offering is not completed

If the Offering is not completed, the Offer Shares will not be issued. However, trades of Offer Shares executed prior to the date of withdrawal will not be affected. The subscription amount for the Offer Shares will be refunded (less any transaction costs) to the last registered owner of the Offer Shares at the date of withdrawal. As a result, investors who have acquired Offer Shares may incur a loss corresponding to the difference between the purchase price and the subscription amount for the Offer Shares plus any transaction costs.

Risk that investors buying Pre-emptive Rights may lose their investment if the Offering is not completed

If the Offering is not completed, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the Offer Shares will be refunded (less any transaction costs) to the last registered owner of the Offer Shares at the date of withdrawal. All Pre-emptive Rights will lapse, and no Offer Shares will be issued. However, trades of Pre-emptive Rights executed prior to the date of withdrawal will not be affected. As a result, investors who acquired Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights plus any transaction costs.

The market for the Pre-emptive Rights may only offer limited liquidity, and if a market develops, the price of the Pre-emptive Rights may be subject to greater volatility than the price of the Existing Shares

There can be no assurance that a market will develop for the Pre-emptive Rights when they are first traded on NASDAQ OMX. If such a market develops, the Pre-emptive Rights may be exposed to higher levels of volatility than the Existing Shares.

Shareholders who do not exercise their Pre-emptive Rights may suffer a loss and will experience a substantial dilution of their shareholding

If Shareholders elect not to exercise their Pre-emptive Rights or otherwise sell their Pre-emptive Rights, or if Shareholders and financial intermediaries fail to comply with the procedures set out in II.5 "Terms and conditions of the Offering", the Pre-emptive Rights will lapse at zero value. As a result, the proportionate ownership interests and voting rights of these Shareholders would be reduced accordingly. Even if a Shareholder

were to sell his unexercised Pre-emptive Rights, or the Pre-emptive Rights are sold on his behalf, the consideration the Shareholder would receive in the market for the Pre-emptive Rights may not be reflective of the immediate dilution of his ownership interest in the Company resulting from the completion of the Offering.

There is a risk that the Pre-emptive Rights cannot be acquired and/or exercised by shareholders in jurisdictions outside Denmark

Holders of Shares, who are resident in jurisdictions outside Denmark, including the United States, Canada, Australia and Japan, may be unable to acquire and/or exercise Pre-emptive Rights, unless the Pre-emptive Rights and/or the Offer Shares or any rights or other securities being offered have been registered with the relevant authorities in such jurisdictions, or unless such acquisition or exercise is made in accordance with an exemption from registration requirements. The Company is under no obligation and does not intend to file a registration statement in any jurisdiction outside Denmark in respect of the Pre-emptive Rights or the Offer Shares and makes no representation as to the availability of any exemption from the registration requirement under the laws of any other jurisdiction outside Denmark in respect of any such rights in the future.

Additional risks involving shareholders outside Denmark

The Company is a public limited liability company organised under the laws of Denmark, which may make it difficult or impossible for Existing Shareholders of the Company resident or based outside Denmark to exercise or enforce certain rights. The rights of the Company's Existing Shareholders are governed by Danish law and by the Company's articles of association. These rights may differ from the typical rights of Existing Shareholders in the United States and other jurisdictions. See II.5 "Terms and conditions of the Offering". For example, it may be difficult or impossible for investors outside Denmark to serve process on or enforce judgments against the Company in connection with the Offering or in connection with their rights as Shareholders. It may not be possible for investors to serve process in their home countries against the Company or members of the Board of Directors or the Management Board, or to enforce against them in courts in their home jurisdictions or in other courts outside Denmark judgments obtained in such courts in the investors' home countries.

Shareholders outside Denmark are subject to foreign exchange risks

The Offer Shares are issued in Danish kroner, and offered for sale and traded via NASDAQ OMX in Danish kroner. Accordingly, the value of the Offer Shares calculated in a foreign local currency will fluctuate as and when the exchange rate between the local currency of the country in which an investor outside Denmark is based and the Danish krone fluctuates. If the value of the Danish krone depreciates against the local currency of the country in which an investor outside Denmark is based, the value of the Offer Shares will depreciate relative to the currency in question.

General information

This Prospectus has been prepared in compliance with Danish law, including Consolidating Act no. 959 of 11 August 2010 on Securities Trading (the "Danish Securities Trading Act"), Commission Regulation (EC) no. 809/2004 of 29 April 2004, as amended, and Executive Order no. 223 of 10 March 2010 issued by the Danish FSA on prospectuses for securities admitted to trading on a regulated market and for public offerings of securities of at least EUR 2,500,000 (the "Prospectus Order"). This prospectus is governed by Danish law.

This Prospectus has been prepared in connection with the Offering and in connection with the admission to trading and official listing on NASDAQ OMX of the Pre-emptive Rights and the Offer Shares.

The Prospectus has been prepared in Danish and translated into English. In the event of any discrepancy between the Danish Prospectus and the English translation, the Danish Prospectus shall prevail. The Danish Prospectus contains statements from the Company's independent auditors and the Sole Lead Manager which are not included in or incorporated by reference in the English translation.

SEB Enskilda Corporate Finance, Skandinaviska Enskilda Banken, Denmark, branch of Skandinaviska Enskilda Banken AB (publ), ("SEB Enskilda"), acts as the Sole Lead Manager in connection with the Offering and will receive remuneration from the Company for its services. In connection with their usual business activities, SEB Enskilda or some of its group enterprises may have provided and may in future provide investment advisory services to and carry on ordinary banking business with the Group.

No person is authorised to give any information or to make any representation in connection with the Offering not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been made or authorised by the Company or SEB Enskilda. The Company and SEB Enskilda accept no liability for any such information or representation.

The Company and other sources identified herein have provided the information contained in this Prospectus. The information in this Prospectus relates to the date printed on the front cover, unless expressly stated otherwise. The distribution of this Prospectus shall not in any circumstances imply that there have been no changes in the affairs of the Company since that date, or that the information contained in this Prospectus is correct as at any time subsequent to the date hereof.

Any material new circumstance, substantive error or inaccuracy in connection with the information in this Prospectus which may affect the assessment of the Pre-emptive Rights, the Of-

fer Shares or the Existing Shares and which occurs or is ascertained between the time of approval of this Prospectus and the final completion of the Offering to the public or the commencement of trading in the Offer Shares will be published as a supplement to the Prospectus pursuant to applicable laws and regulations in Denmark. Investors who have accepted to exercise Pre-emptive Rights and/or purchase Offer Shares prior to the publication of the supplement are entitled to withdraw their acceptance during two business days after the publication of such supplement, however, not later than until the Offering to the public is closed.

The Company is responsible for this Prospectus under current Danish legislation. No representation or warranty, implied or express, is made by SEB Enskilda regarding the accuracy or adequacy of this Prospectus or the information or representations contained herein.

Prospective subscribers or purchasers of Pre-emptive Rights and/or the Offer Shares should make an independent assessment as to whether the information in this Prospectus is relevant, and any subscription or any purchase of Pre-emptive Rights and/or the Offer Shares should be based on the examinations that the prospective subscribers or purchasers may deem necessary.

This Prospectus may not be forwarded, reproduced or otherwise redistributed by anyone but the Sole Lead Manager and the Company. Investors may not reproduce or distribute this Prospectus, in whole or in part, and investors may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than for considering the purchase of Pre-emptive Rights and the purchase of or subscription for the Offer Shares described in this Prospectus. Investors agree to the foregoing by accepting delivery of this Prospectus.

SELLING RESTRICTIONS

The Offering will be completed under Danish law, and neither the Company nor the Sole Lead Manager has taken any action or will take any action in any jurisdiction, with the exception of Denmark, which may result in a public offering of the Pre-emptive Rights and/or the Offer Shares.

The delivery of this Prospectus or the marketing of Pre-emptive Rights or Shares is, in certain jurisdictions, restricted by law and/or subject to other restrictions. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions, including any tax issues and currency restrictions that may be relevant in connection with the Offering. All investors should examine the tax consequences of an investment in Pre-emp-

tive Rights and Offer Shares or the trading in Pre-emptive Rights through their own advisers. This Prospectus does not constitute an offer of or an invitation to purchase Pre-emptive Rights or to purchase or subscribe for Offer Shares in any jurisdiction in which such offer or invitation would be unlawful.

The Pre-emptive Rights and the Offer Shares are subject to transfer and reselling restrictions in certain jurisdictions. Prospective purchasers of Pre-emptive Rights and/or subscribers for the Offer Shares shall comply with all applicable laws and provisions in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or Offer Shares or possess or distribute this Prospectus and shall obtain consent, approval or permission, as required, for the acquisition of the Pre-emptive Rights or the Offer Shares. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions. Neither the Company, the Company's auditors, nor the Sole Lead Manager accept any liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber of the Offer Shares. By purchasing or subscribing for the Pre-emptive Rights or the Offer Shares, purchasers of or subscribers for Pre-emptive Rights or Offer Shares will be deemed to have confirmed that the Company and SEB Enskilda and their respective group enterprises and Deloitte may rely on the compliance by such purchaser or subscriber with the representations, warranties, guarantees and agreements contained herein or made by such purchaser or subscriber in connection with the purchase or subscription.

This Prospectus may not be distributed in or otherwise made available, and the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager have received satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares.

NOTICE TO U.S. RESIDENTS

The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority,

nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Pre-emptive Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. No transfer of the Pre-emptive Rights and no offer or sale of the Offer Shares are permitted unless in connection with an offer or sale under Regulation S.

The Offering concerns securities in a Danish company. The Offering is subject to Danish disclosure requirements which deviate from the disclosure requirements under U.S. law. The financial statements contained in this document have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the EU, and may not be comparable with the financial statements of U.S. companies.

It may be difficult to enforce investors' rights and claims under U.S. federal securities laws because the Company is residing in Denmark and some or all members of the Company's Management (Board of Directors and Management Board) and Key Employees may be residents of Denmark. It may not be possible to file a lawsuit against a non-U.S. company such as the Company or its Management or Key Employees with a court outside the United States concerning breach of the U.S. securities laws. It may be difficult to enforce judgments obtained in U.S. courts against a non-U.S. company such as the Company and its affiliates.

NOTICE REGARDING THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), no offering of Pre-emptive Rights or Offer Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the Pre-emptive Rights and the Offer Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of Pre-emptive Rights and Offer Shares may be made to the public at any time in such Relevant Member State:

- a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- b) to any legal entity fulfilling at least two of the following criteria: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000; and (iii) an annual net revenue of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- c) to less than 100 individuals or legal persons (except for “qualified investors” as defined in the Prospectus Directive) subject to the prior written consent of the Company and the Sole Lead Manager; or
- d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offer of Pre-emptive Rights and Offer Shares to the public” in relation to any Pre-emptive Rights and Offer Shares in any Relevant Member State means the communication, in any form and by any means, of sufficient information on the terms of the Offering, the Pre-emptive Rights and Offer Shares so as to enable an investor to decide to purchase the Pre-emptive Rights or purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term “Prospectus Directive” means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

NOTICE TO RESIDENTS OF CANADA, AUSTRALIA, JAPAN AND OTHER JURISDICTIONS OUTSIDE DENMARK

The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

ENFORCEABILITY OF JUDGMENTS

The Company is a public limited company organised under the laws of Denmark. The members of Management are residents of Denmark, and all or a substantial share of the assets of the Company and such persons are located in Denmark. As a result, it may not be possible for investors to effect service of process outside Denmark upon the Company or such persons or to enforce against them judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside Denmark.

MARKET AND INDUSTRY DATA AND INFORMATION PROVIDED BY THIRD PARTIES

This Prospectus contains information on the markets in which the Group operates. A substantial part of the information comes from analyses prepared by external organisations. Such information is considered to be reliable, but the information has not been verified, and neither the Company nor the Sole Lead Manager makes any representation as to the accuracy of such information. Thus, developments in the Group's activities may deviate from the market developments stated in this Prospectus. The Company and the Sole Lead Manager assume no obligation to update such information. If information has been obtained from third parties, the Company confirms that such information has been accurately reproduced, and to the best of the Company's knowledge and belief and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

PRESENTATION OF FINANCIAL STATEMENTS AND OTHER INFORMATION

The annual reports of Alm. Brand for the years ended 31 December 2007, 2008 and 2009 are incorporated in this Prospectus by reference. The consolidated financial statements are prepared in accordance with IFRS as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act. In addition, the consolidated financial statements and the parent company financial statements are prepared in accordance with additional Danish disclosure requirements for listed financial enterprises.

The annual reports for the years ended 31 December 2007 and 2008 as well as the consolidated financial statements, the parent company financial statements and the management report for the year ended 31 December 2009 have all been audited.

Alm. Brand's interim report for the nine months ended 30 September 2010 with comparative figures for the same period of 2009 are similarly incorporated in this Prospectus by reference. The consolidated interim report has been prepared in accordance with IAS 34 as adopted by the EU, and the interim report of the parent company has been prepared in accordance with the Danish Financial Business Act. In addition, the interim report has been prepared in accordance with additional Danish disclosure requirements for listed financial enter-

prises. The interim report for the nine months ended 30 September 2010 has been reviewed. The comparative figures for the same period of 2009 have been neither audited nor reviewed.

Certain accounting and statistical figures in this Prospectus have been subject to rounding adjustments. The sum of these figures is therefore not necessarily equivalent to the total amounts stated, and the percentage figures are not necessarily exactly equivalent to the absolute figures.

References to "DKK" are to Danish kroner. References to "EUR" are to the single currency of the Member States participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Community, as amended from time to time.

In the historical consolidated financial statements, assets and liabilities denominated in foreign currency are measured at the rates of exchange published by Danmarks Nationalbank at the balance sheet date. Income and expenses denominated in foreign currency are recognised at the rates of exchange ruling at the transaction date. Exchange gains and losses are recognised in the income statement. The translations should not be construed as a representation that the Danish kroner amounts actually represent such amounts in the underlying currencies, or could be converted into the underlying currencies at the rates indicated or at any other rates.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, inter alia, regarding the Company's strategy, growth, business, results of operations, financial position and cash flows, which are subject to risks and uncertainties. In addition, this Prospectus contains statements concerning forecasts for the financial years 2010, 2011 and 2012. These forward-looking statements contain words such as "seek", "estimate", "assess", "expect", "presume", "intend", "may" or similar expressions or their negatives. Such forward-looking statements are based on information, assumptions and beliefs deemed reasonable by the Company, and which may change or be changed due to uncertainty relating to the economic, financial, competitive or regulatory environment. Such forward-looking statements are subject to known and unknown risks and uncertainties relating to an investment in the Company. The Company's actual results may differ significantly from the results discussed or implied in the forward-looking statements. Factors that might cause such differences include, but are not

limited to, those discussed in "Risk factors" herein. The forward-looking statements are made as at the Prospectus Date. Investors should carefully consider the risk factors described in this Prospectus before making any investment decision. If one or more of these risks materialise, it may have an adverse impact on the Company's business, position, results of operations or objectives. In addition, other risks that have not yet been identified or which the Company has not considered to be material may have an adverse impact, and investors may lose all or part of their investment. See "Risk factors". Except for any prospectus supplements that the Company may be required to publish under Danish law, the Company does not intend to and does not assume any obligation to update the forward-looking statements in this Prospectus after the Prospectus Date.

I. Business

1. Persons responsible

See “Responsibility and statements” for more details.

2. Auditors

The Company's independent auditors are Deloitte Statsautoriseret Revisionsaktieselskab ("Deloitte").

Deloitte Statsautoriseret Revisionsaktieselskab
Represented by state authorised public accountants
Henrik Priskorn and Jens Ringbæk
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark

The annual report for the financial year ended 31 December 2009 was audited by Deloitte as represented by state-authorised public accountants John Ladekarl and Jens Ringbæk.

The annual report for the financial year ended 31 December 2008 was audited by Deloitte as represented by state-authorised public accountants John Ladekarl and Jens Ringbæk.

The annual report for the financial year ended 31 December 2007 was audited by Deloitte as represented by state-authorised public accountants Henrik Priskorn and Jens Ringbæk.

State-authorised public accountant Henrik Priskorn was not an auditor of the Company in 2008 and 2009 due to the statutory rotation requirement.

The auditors in charge are members of the Institute of State Authorized Public Accountants in Denmark.

3. Selected financial information

See I.9 "Operating and financial review".

4. Risk factors

See “Risk factors” for a description of risk factors.

5. Company information

5.1. Name and registered office

Alm. Brand A/S
Company reg. (CVR) no. 77 33 35 17
Midtermolen 7
DK-2100 Copenhagen Ø
Denmark

Tel. +45 35 47 47 47

E-mail: almbrand@almbrand.dk

The registered office of the Company is situated in the City of Copenhagen, Denmark.

The Company has no registered secondary names.

5.2. Date of incorporation, legislation and supervision

DATE OF INCORPORATION

The Company was incorporated on 28 March 1985.

LEGISLATION

The Company is a financial holding company organised and registered as a Danish public limited company and governed by Danish law.

The rules on Danish public limited companies are laid down in the Danish Companies Act.

The Group is licensed by the Danish FSA to carry on business within non-life insurance, banking and securities trading and life and pension insurance pursuant to the rules of the Danish Insurance Contracts Act and the Danish Insurance Mediation Act. (cf. Consolidating Act no. 467 of 29 April 2010, as amended).

The Group is, among other things, governed by the rules of the Danish Financial Business Act and the Danish Securities Trading Act. The insurance companies are also governed by the rules of the Danish Insurance Contracts Act and the Danish Insurance Mediation Act.

SUPERVISION

Financial businesses are subject to the supervision of the Danish FSA, Århusgade 110, DK-2100 Copenhagen Ø, Denmark, which supervises compliance with the Danish Financial Business Act and rules issued thereunder.

5.3. Objects

The Company's objects are to hold – directly or indirectly – participating interests in insurance companies and financial companies and other companies.

5.4. Financial year and financial reporting

The Company's financial year runs from 1 January to 31 December.

The Company publishes interim reports for the first, second and third quarters of the financial year and a full-year report.

The Company's financial calendar for 2011 is set out below:

Annual report 2010	24 February 2011
Annual general meeting	27 April 2011
Interim report – Q1 2011	18 May 2011
Interim report – H1 2011	25 August 2011
Interim report – Q3 2011	16 November 2011

The Company's most recent annual general meeting was held on 28 April 2010. In addition, extraordinary general meetings were held on 5 August 2010 and on 28 October 2010.

5.5. Auditors

The Company's independent auditors are Deloitte Statsautoriseret Revisionsaktieselskab.

5.6. The Company's history and development

The activities of Alm. Brand date back to 1792, when "Den almindelige Brandforsikring for Landbygninger" (later Alm. Brand af 1792 G/S) was established by royal decree for the purpose of insuring properties outside the capital and provincial towns, primarily farms. The Company was Denmark's first insurance company operating in this segment.

In 1872, "Den almindelige Brandforsikring for Landbygninger" was privatised as a mutual company (later Alm. Brand af 1792 G/S). At the time, total insurance premiums amounted to DKK 3 million annually.

In 1903, the market conditions changed significantly, as a number of competing insurance companies were established.

In 1933, the number of insurance policies in the mutual company totalled approximately 300,000 and total premium income was approximately DKK 6 million.

In 1952, the mutual company had a market share of around 52% of all fire insurances in Denmark and was thus by far the largest company of the 11 Danish fire insurance companies in existence at the time.

In 1975, all insurance companies became able to write building and fire insurances outside Copenhagen and provincial towns. In 1976, the mutual company obtained a concession to write non-life insurances other than building fire insurance.

In 1977, the subsidiary Alm. Brand International was established. Its principal activity was reinsurance.

In 1984, annual premium income passed the DKK 1 billion mark, and the Company established offices in various parts of Denmark. Also in 1984, the Company made the first of a large number of acquisitions on which the current business activities of Alm. Brand are based. One of the companies acquired was Livsforsikringsaktieselskabet Nordlyset-Liv, which today operates under the name of Forsikringselskabet Alm. Brand Liv og Pension A/S.

In 1988, the mutual company further acquired the reinsurance company Aktieselskabet Det Københavnske Reassurance-Compagni (Copenhagen Re) and SJLbanken, which subsequently changed its name to Bankaktieselskabet Alm. Brand Bank. At the time, the bank carried on business as a savings and investment bank for high net worth individuals.

In 1990, Alm. Brand af 1792 G/S completed a significant restructuring of its activities to the effect that the business activities were distributed on four areas: non-life insurance, life insurance, reinsurance and financing operations. In that connection, Copenhagen Re acquired the reinsurance company Alm. Brand International from Alm. Brand af 1792 G/S. Copenhagen Re subsequently changed its name to Alm. Brand A/S, and Alm. Brand International changed its name to Copenhagen Re.

In 1994, the Company acquired EPA Bank A/S, which was merged with Alm. Brand Bank in 1995.

In 1996, the Company acquired Livsforsikrings-Aktieselskabet Utrecht, which became a part of the Company's life insurance activities.

In the following years, a number of small businesses within non-life insurance were acquired.

In 1999, the company then called Alm. Brand A/S obtained control of the listed company Finansieringsselskabet Gefion A/S (formerly Baltica Holding A/S), which subsequently changed its name to Alm. Brand Finans A/S.

In 2001, the then Alm. Brand A/S merged with Alm. Brand Finans A/S with Alm. Brand Finans A/S as the continuing company, but under the Alm. Brand A/S name. Following the merger, the new Alm. Brand A/S became the parent company of a group of companies with activities within personal accident insurance, life insurance, banking and reinsurance with the majority of the non-life insurance activities still being placed in Alm. Brand af 1792 G/S, which owned 50% of Alm. Brand A/S. In 2001, the Danish non-life insurance operations of the German company Provinzial Brandkasse Versicherungsanstalt Schleswig-Holstein were acquired. The year 2001 was furthermore characterised by the reinsurance activities of Copenhagen Re, which were very hard hit by the terrorist attacks of 11 September 2001, being put into run-off. Copenhagen Re was subsequently divested in 2009.

In 2002, the Group underwent another significant restructuring process, as the non-life insurance activities of Alm. Brand af 1792 G/S were transferred to a subsidiary of the limited liability company Alm. Brand A/S. In that connection, Alm. Brand af 1792 G/S was converted into an association (in Danish an "fmba") without any activities and with an ownership interest of 60.1% of the shares of Alm. Brand A/S. Alm. Brand af 1792 fmba remains a majority shareholder of the Company with an ownership interest at the Prospectus Date of 58.09%.

In the period after the crisis in 2001–2002 until 2008, the Group enjoyed very strong earnings. During this period, Alm. Brand A/S completed a number of share buy-back programmes with a total value of DKK 1.5 billion with a view to paying the proceeds to the Company's shareholders by cancellation of the Company's portfolio of treasury shares.

The financial crisis affected the Group's earnings and performance somewhat in 2008 and became very apparent and pronounced from the summer of 2009, particularly in the Bank. In the autumn of 2009, management changes were made in Alm. Brand Bank. As a result of the significantly changed market conditions, the Group adopted a new strategy in 2009, called "Fit for Fight" shortly before the management change. Running until 2012, the strategy is intended to help Alm. Brand adapt to the new economic situation for the Group as well as for society in general, thereby securing the Group's competitive strength.

See I.6 "Business and market" for a detailed description of the Group's strategy and activities.

5.7. Investments

The Group's investment activities for the financial years ended 31 December 2007, 2008 and 2009 primarily consisted of investments in intangible assets in connection with the development of an IT non-life insurance system, amounting to DKK 144 million in aggregate in the period from 2007 to 2009. The amount capitalised in respect of the IT non-life insurance system totalled DKK 98 million in 2007, DKK 45 million in 2008 and DKK 1 million in 2009.

Alm. Brand made no significant investments in the first nine months of 2010.

Alm. Brand currently has no existing obligations to make significant investments and currently has no plans for making any significant investments in 2010 or 2011.

6. Business and market

6.1. Introduction

The Group's principal activity is its non-life insurance operations, which accounted for 62% of the Group's total income in 2009. This principal activity is supported by the two business areas life and pension insurance and banking.

Alm. Brand Forsikring is the fourth largest non-life insurer in the Danish market with total gross premium income of DKK 4.7 billion in 2009 and a market share of approximately 10% in terms of gross premiums in 2009. Alm. Brand Bank is Denmark's 15th largest bank with a market share of approximately 1% in terms of working capital of DKK 13.9 billion at 31 December 2009. Alm. Brand Liv og Pension is the seventh largest commercial life and pension insurer in the Danish market with total premiums of DKK 0.7 billion in 2009 and a market share in 2009 of almost 1% in terms of premiums.

Non-life Insurance has activities within all customer segments, except corporate and marine insurance. Life Insurance offers insurance products and traditional savings products, including guaranteed benefit products, while pension savings such as a market rate product are offered through the Bank. Life Insurance only operates in the commercial market and therefore does not offer labour market pensions.

Going forward, the Bank will focus exclusively on private customers, leasing and Asset Management and Markets activities. All other activities are being wound up, including loans to commercial and agricultural customers, mortgage deed trading, loans for property development projects and investment commitments with illiquid assets, including mortgage deeds, etc.

6.2. Alm. Brand before and after the onset of the financial crisis

In the years leading up to the financial crisis, the Group's business volume grew in line with the strategy then pursued. These developments were based on the strategy launched for the Group's activities in 2005 for the period until 2010, called "Strategy 2010". Strategy 2010 was focused on growth, including through cross-selling among the Group's three business areas, growth with a view to achieving economies of scale and economic benefits for customers placing all their financial business with the Group.

As part of the strategy implementation, a number of branches in large Danish cities were strengthened in terms of resources, and the sales force was increased significantly.

Until the onset of the financial crisis, Alm. Brand grew in line with the strategy, and the profits developed positively. The Group's profit before tax and excluding minority interests rose from DKK 0.7 billion in 2005 to DKK 1.0 billion in 2007, corre-

sponding to an increase of more than 30%. The combined ratio for Non-life Insurance was around 90 from 2005 to 2007, and premium growth was approximately 6% p.a. The Bank's loans and advances rose from DKK 10.7 billion to DKK 17.1 billion during that period.

The financial crisis affected the Group's earnings and performance in 2008 and became very apparent and pronounced as from the summer of 2009. However, the Group's business areas were affected to different extents.

Non-life Insurance generated a record profit in 2006, but earnings subsequently declined as a result of an increase in the combined ratio from 88 in 2006 to 98 in 2009. The increase in the combined ratio was attributable to a rising claims frequency and higher average claims, particularly in the building and contents segments. In particular, claims expenses rose due to the construction boom triggered by the previous economic upturn, and this resulted in higher labour costs and the generally more expensive house contents of private customers due to growing prosperity. Moreover, the number of claims filed was higher than before, among other things due to an increase in the number of thefts. Premium increases were introduced for almost all customer groups in order to improve earnings. However, the premium increases had a limited effect due to a continued increase in claims expenses and a rising outflow of customers, particularly in the commercial customer segment, which was a consequence of the financial crisis, among other things.

The Bank was severely affected by the financial crisis and the subsequent economic downturn. As a result of the Bank's considerable exposure to the property market, especially through the mortgage deed market, property finance and project finance, impairment writedowns on loans and credit losses on mortgage deeds were substantial. In 2008, the Bank recorded impairment writedowns on loans and credit losses on mortgage deeds of DKK 464 million in aggregate.

In 2009, the situation for the Bank deteriorated further, and the Bank's total impairment writedowns on loans and credit losses on mortgage deeds thus amounted to DKK 1.7 billion. Alm. Brand Bank's management board was replaced and the strategy for the Bank was revised with the aim of winding up activities within property development projects and mortgage deeds. The strategy for the Bank was further delineated in 2010 to the effect that loans to agricultural customers and small and medium-sized businesses were discontinued, unless such loans were granted for credit defence purposes. Going forward, the Bank will focus exclusively on the private customer segment, leasing and asset management and markets.

The return of Life Insurance has been stable in spite for the financial crisis. In 2008, which was the worst year for the finan-

cial markets, no risk premium was booked to shareholders' equity. However, Alm. Brand Liv og Pension still achieved a full return on own funds. This was attributable, among other things, to Life Insurance's strategy of placing 10–15% of its investment assets in equities and 12–18% in property and distributing the remaining assets on government and mortgage bonds and to a high degree of balancing the duration of assets with technical provisions.

As a result of the significantly changed market conditions, the Group changed its strategy in June 2009 to the current "Fit for Fight" strategy, which is discussed in more detail below.

6.3. Strategy

Alm. Brand aims to create value for its shareholders through the profitable development of its Non-life Insurance activities. The aim is supported by targeted and efficient product deliveries from the two business areas Banking and Life Insurance.

Alm. Brand's vision "We take care of our customers" emphasises the Group's focus on customer satisfaction and customer loyalty. The Group's core customers in the private customer segment are customers aged 30 or over, who often have a car and/or own their own home. These customers are offered insurance and savings products at competitive prices. The Group's core customers in Non-life Insurance and Life Insurance also include small and medium-sized businesses, property owners and property administrators as well as agricultural customers. However, the latter category will not be able to raise any new loans with the Bank.

The Group's current strategy, "Fit for Fight", was introduced in June 2009 and covers the period until 2012. The strategy consists of the following five targets:

- Generating a return to the shareholders
- Profitable customer relations
- Enhancing customer loyalty
- Enhancing efficiency
- Improving employee commitment

GENERATING A RETURN TO THE SHAREHOLDERS

The Company's long-term goal is to deliver a return on equity (before tax) to the shareholders of 10% above the money market rate (3M CIBOR) on average over the Danish market cycle. In the current strategy period, the return will be driven primarily by earnings generated by Non-life Insurance. The return generated by Life Insurance is expected to be in line with previous years, whereas the Bank is not expected to make any positive contribution to the Group's return until after the current strategy period.

PROFITABLE CUSTOMER RELATIONS

The goal is to increase earnings and to ensure that each individual customer segment is profitable in the long term. Alm. Brand prices its products according to this principle. In recent years, Non-life Insurance has experienced rising claims inflation and thus poorer financial results on average per customer. The Group has subsequently introduced price increases on several segments without recording any major impact on its market share in non-life insurance. However, the Group has not been able to retain strong growth at the same time.

The Group's goal for the current strategy period is, as a minimum, to retain its market share within Non-life Insurance, while improving the quality of the underlying portfolio through higher pricing, increased risk selection and lower costs, including through cheaper distribution. Alm. Brand is thus prepared to let quality-enhancing initiatives take priority over growth until earnings in Non-life Insurance have been restored to a level corresponding to a combined ratio of 93.

ENHANCING CUSTOMER LOYALTY

One of the key factors in determining customer profitability is customer loyalty or expected customer longevity with the Group. Satisfied customers who receive good customer service when they are in touch with the Group will have a longer expected customer longevity than customers who have not received equally satisfactory customer service. Therefore, the Group regularly follows up on the customers' experiences when they have been in touch with the Group.

Alm. Brand's strategy is not to create loyalty through low prices, as the customers are generally offered prices that reflect their risk, the scope of the product and the related service. Customers from the Group's selected customer segments who have a wide variety of the Group's products are offered various benefit programmes in order to make it attractive for them to stay on with the Group. One example is the "dob-beltKUNDE" concept for customers who source products from several of the Group's business areas. Another example is the "plusKUNDE" concept, which offers benefits to customers who place all their insurances or all their banking business with the Group.

ENHANCING EFFICIENCY

Since year-end 2009, Alm. Brand has pursued a goal of achieving a 5% efficiency enhancement per year during the strategy period. This goal is a key element in ensuring that the Group can compete with the other major market players in terms of cost efficiency. As part of achieving this goal, Alm. Brand implemented a number of organisational changes and

staff reductions in 2009 and 2010. Accordingly, the average number of full-time equivalents in the Group was reduced from 1,882 in 2008 to expectedly around 1,595 in 2011, equivalent to an overall reduction of 15%.

During this period, Alm. Brand has also concentrated its distribution on fewer and more effective distribution channels in each business area, including a greater focus on distribution and service through call centres and the internet. The aim is to maintain a high degree of customer satisfaction in spite of efficiency enhancements at the distribution end. The overall effect of the focused market strategy is a significant reduction of overall distribution costs, particularly within Non-life Insurance and Banking.

Moreover, Alm. Brand has upgraded its IT platform over a number of years in order that all of the centralised Non-life Insurance systems, both customer-oriented and administrative systems, are based on the same platform. Most recently, Alm. Brand launched a new online branch concept through its website, which will increase the self-service options available to customers and make it possible for customers to contact the Group outside normal opening hours.

The Group's overall cost level is expected to decline in step with an ongoing adaptation to the expected level of business activity, and the overall expense ratio of Non-life Insurance is expected to decline by approximately 2 percentage points until end-2012 relative to the level at 31 December 2009, corresponding to an expense ratio of less than 17.

IMPROVING EMPLOYEE COMMITMENT

Alm. Brand wants its employees to be committed and to seek influence and assume responsibility for the planning and performance of their own jobs. The Group wants its customers to be able to distinguish it from its peers by developing the skills of each individual employee and focus on providing good customer service and service in general.

The Group measures employee commitment twice a year. One of these measurements goes a step further: In addition to commitment, it also measures management and collaboration in order to provide managers with a solid basis for planning the year's work and addressing challenges.

Competent management is crucial for employee welfare and job satisfaction and, by extension, for the Group's financial performance. In 2010, all managers of Alm. Brand have completed a coordinated development process, which was focused on a number of defined management competencies. These competencies all contribute to ensuring that Alm. Brand has professional managers, who are capable of executing strategic initiatives through their employees in line with the Group's values.

Alm. Brand invests considerable resources in in-house training of new and existing employees. The Alm. Brand Academy is the pivotal point of the Group's development of employee and management skills. The range and complexity of financial products has grown significantly in recent years, and the legislative basis is constantly changing, including the legislative requirements that follow e.g. from MIFID. This puts pressure on the Group's employees to continuously develop their skills to be able to provide customers with the best possible service and advice.

6.4. The Group's overall capital resources and capital target

The Company wishes to maintain strong focus on the long-term interests of its Shareholders and therefore regularly defines capital targets for the Group's business activities with a view to creating transparency between, on the one hand, the consideration of having sufficient excess capital adequacy to match future capital needs and, on the other hand, the consideration of preventing the Group from accumulating more capital than necessary. The purpose of the capital target is thus to establish clear guidelines for when the Company has excess capital available for distribution to its Shareholders.

The Group's current situation imposes higher requirements for the excess capital adequacy of the Group's activities, and the anticipated ongoing changes introduced by the authorities in respect of the calculation of capital requirements for the Group's Non-life Insurance, Life Insurance and Banking are expected to increase the Group's capital needs.

Against this background, Management defined a new internal capital target in the autumn of 2010 based on Management's expectations for the future capital requirements based on Basel III (banks) and Solvency II (insurance companies). The revised internal capital target will impact the Group's future dividend policy.

The new guidelines pursuant to Basel III will have to be implemented at EU and national level before they become applicable to Danish banks. The new rules under the Solvency II directive are expected to be implemented in the Danish legislative framework with effect from 1 January 2013. The final wording of the capital requirements under both Solvency II and Basel III may result in changes to the Group's capital target.

At 30 September 2010, the Group had total capital resources of DKK 4.4 billion for compliance with the capital target. DKK 1.8 billion of this amount was supplementary capital in the form of hybrid Tier 1 capital and subordinated loan capital. The Group's future capital requirement under the existing solvency rules as calculated at 17 November 2010 is DKK 4.0

billion, including Alm. Brand Bank's individual solvency need of 14.1%. The excess relative to the capital resources at 30 September 2010 is approximately DKK 0.4 billion. As at the Prospectus Date, the Company as well as the individual subsidiaries comply with all applicable statutory capital requirements for solvency.

Table 6-1: The Group's capital resources

DKKm	
Consolidated equity	3,304
Intangible assets	-91
Tax assets	-665
Supplementary capital	1,828
Consolidated capital base	4,376
Statutory capital requirement for the Group at 17 November 2010	3,961
Excess relative to statutory capital requirements	415

Source: Alm. Brand

In addition to the Group's existing capital resources at 30 September 2010 of DKK 4.4 billion, the Company's largest shareholder, Alm. Brand af 1792 fmba made a binding commitment on 22 June 2010 to grant the Company, at its request, subordinated capital of up to DKK 900 million by conversion of existing senior loans and/or by cash contribution. Prior to the Prospectus Date, Alm. Brand af 1792 fmba has granted the Company the DKK 900 million as senior loans, and the Company has the right to request that the amount be converted into a subordinated loan or converted into share capital in connection with a share issue in the Company. If the binding commitment by Alm. Brand af 1792 fmba to grant the Company subordinated capital of DKK 900 million were included in the Group's capital resources at 30 September 2010, the Group's capital resources would amount to DKK 5.3 billion, corresponding to an excess of DKK 1.3 billion relative to the solvency need calculated at 17 November 2010.

Table 6-3: The Group's internal capital target

DKKm	Capital target	Assumptions
Capital target		
Non-life Insurance	2,142	45% of gross premium income
Life Insurance	1,023	9% of life insurance provisions
Alm. Brand Bank	2,706	17.1% of risk-weighted assets*)
Alm. Brand Bank subsidiaries	338	Equity in subsidiaries not wholly owned
Diversification effect	-300	
Alm. Brand Group, total	5,909	

Note: The capital target of the Alm. Brand Bank parent company is determined as the higher of the individual solvency need plus 3 percentage points and 13%.*) Calculated as the individual solvency need at 17 November 2010 plus 3 percentage points. All other capital targets have been calculated as at 30 September 2010.

Source: Alm. Brand

For a further description of the binding commitment by Alm. Brand af 1792 fmba to grant the Company subordinated capital, see I.10 "Capital resources – Borrowing requirements and financing structure".

Of the above-mentioned DKK 900 million, Alm. Brand af 1792 fmba, on 17 November 2010, granted a senior loan of DKK 600 million to Alm. Brand A/S, which, subsequently, contributed DKK 600 million of equity to Alm. Brand Bank.

Table 6-2: The Group's capital resources after the Offering

DKKm	
Consolidated capital base at 30 September 2010	4,376
Net proceeds from the Offering	1,499
Consolidated capital base after the Offering	5,875
Statutory capital requirement for the Group at 17 November 2010	3,961
Excess relative to statutory capital requirements	1,914
Internal capital target for the Group	5,909
Excess relative to internal capital target	-34

Source: Alm. Brand

The completion of the Offering with expected net proceeds of approximately DKK 1,499 million will have the direct effect of increasing the Group's capital resources, calculated at 30 September 2010, to DKK 5.9 billion, equivalent to an excess relative to the statutory capital requirements of DKK 1.9 billion as calculated at 17 November 2010.

The Company has adjusted its internal capital target to the stricter future requirements under Solvency II and Basel III. This adjustment of the internal capital target increases the Group's total capital target to approximately DKK 5.9 billion, which in Management's opinion includes a satisfactory buffer

margin relative to the statutory capital requirements. After completion of the Offering with net proceeds of approximately DKK 1,499 million, the Group's capital resources will be in line with the internal capital target, assuming that the binding underwriting commitment made by Alm. Brand af 1792 fmba is not utilised by more than 2,000,000 Remaining Shares (equivalent to an overall subscription amount under the binding underwriting commitment of DKK 20 million). If the binding underwriting commitment made by Alm. Brand af 1792 fmba is utilised to the effect that Alm. Brand af 1792 fmba, after pro rata allocation in the Group of Underwriters, subscribes for more than 2,000,000 Remaining Shares, the Group's excess relative to the internal capital target after completion of the Offering will be reduced on a krone-for-krone basis by up to DKK 24 million (in case of full utilisation of the binding underwriting commitment and the resulting conversion of subordinated loans into share capital). See II.5 "Terms and conditions of the Offering – Placing and underwriting – Underwriting commitments and advance undertakings" for a further description of Alm. Brand af 1792 fmba's binding underwriting commitment.

Management believes that this level is adequate with a view to ensuring that the Group has the necessary flexibility under the current volatile market conditions. Management further believes that the capital need overall, but particularly for the Bank, will decline in step with the implementation of the Group's strategy for this business area. Changes in gross premiums in Non-life Insurance and life insurance provisions in Life Insurance could affect the internal capital target both positively and negatively. See I.10 "Capital resources–Capital target" for a further description of the Group's internal capital target.

The final wording of the capital requirements under the Solvency II and Basel III rules could furthermore lead to changes in the internal capital target of the Group and the individual subsidiaries.

6.5. Strategic agenda for each of the Group's business areas

The Group has defined the strategic agendas set out below for each of its business areas with a view to implementing the overall strategic goals for the Group:

NON-LIFE INSURANCE

Strategic agenda: Consolidation followed by profitable growth

- Reduction of the expense ratio
- Reduction of risk and amendment of terms
- Premium increases relative to risk

Until end-2012, Non-life Insurance will focus on significantly enhancing earnings per customer in order for Alm. Brand to match the best, large players in the Danish market. A large part of the improvement is expected to be achieved through operational efficiency enhancements and a resulting reduction of the expense ratio. The goal is to achieve an enhancement of 2 percentage points by end-2012 relative to end-2009.

BANKING

Strategic agenda: Restoring focus on the private customer segment and profitability

- Focus on the private customer segment
- Focus on Asset Management and Markets activities based on the Group's non-life insurance, life and pension insurance activities
- Winding-up of non-strategic business areas

The goal is for Alm. Brand Bank to become a bank with significantly reduced risk of impairment writedowns on loans and credit losses on mortgage deeds as compared with the situation today. The focus is particularly on offering attractive products to Non-life Insurance's core private customers and on offering services in the financial markets, while maintaining a profitable business.

LIFE INSURANCE

Strategic agenda: Business as usual

- Low-risk investment policy
- Focus on costs and risk

Recent years' strategy of expanding the position as a competitive pension provider has generated positive results and will be maintained in the years ahead.

The strategic agenda is described in detail under each individual business area.

6.6. Non-life Insurance

Non-life Insurance is the Group's core business, and Alm. Brand Forsikring is the fourth largest non-life insurer in the Danish market with total gross premium income of DKK 4.7 billion in 2009 and a market share of approximately 10% in terms of gross premiums in 2009. Non-life Insurance focuses exclusively on the Danish market with a special focus on the following segments: Private customers, small and medium-sized businesses, property owners and property administrators, agricultural customers and the public sector. The Group offers non-life insurance products to the selected segments through several different distribution channels. The private customer portfolio comprises approximately 400,000 households at the Prospectus Date.

Table 6-4: Development in gross premiums in Denmark, 2005–2009

	2009	2008	2007	2006	2005	Avg. annual growth
Gross premiums (DDKm) ¹	44,171	43,534	44,988	43,490	-	
Annual growth in gross premiums	1.5%	-3.2%	3.4%	-	-	0.5%

Note 1: Gross premiums indicate the annual gross premiums in Denmark less gross premium income earned by Danish insurers attributable to other EU countries or countries that have implemented the third non-life insurance directive. Adjusted gross premiums from before 2006 are not available.
Source: The Danish FSA, Markedsudviklingen i 2009 for Skadeforsikringsselskaber (Market Developments in 2009 for Non-life Insurers)

Table 6-5: Gross claims ratios in Denmark, 2005–2009

	2009	2008	2007	2006	2005	Avg.
Gross claims ratio	74.2%	74.6%	70.7%	65.8%	81.1%	73.3%

Source: The Danish FSA, Markedsudviklingen i 2008 for Skadeforsikringsselskaber (Market Developments in 2008 for Non-life Insurers) and Markedsudviklingen i 2009 for Skadeforsikringsselskaber (Market Developments in 2009 for Non-life Insurers)

The business concept of Non-life Insurance is based on the customers' need to insure against damage e.g. to motor vehicles, building and property, house contents and other contents as well as industrial injuries. Based on its experience, expertise and market share, the Group assumes and prices risks in a manner which is expected to generate profitable insurance operations.

THE DANISH NON-LIFE INSURANCE SECTOR

Unless otherwise indicated, the information provided in this market section has been derived from the Danish FSA (non-life insurance companies, statistical material 2009) and the Danish FSA's website (www.ftnet.dk) and relevant links. Management believes that the market description is correct and fair, but there can be no assurance that other sources may not have different opinions of the market.

Overview

Gross premiums in the Danish non-life insurance market totalled approximately DKK 44 billion in 2009. Management believes that the industry is relatively well-consolidated, and the four largest companies (Tryg, Topdanmark, Codan and Alm. Brand) account for around two thirds of the overall Danish market in terms of gross premiums. The next level of the competition comprises Gjensidige and If. The Danish non-life insurance market is dominated by profit-driven companies. The industry participants are comprised of listed companies, privately owned companies and mutual companies owned by policyholders.

Management believes that the key non-life insurance areas in Denmark are motor vehicle, building insurance, household comprehensive insurance and personal accident/health. In the

commercial and corporate segment, workers' compensation, property, marine and cargo and liability are also important products.

Management further believes that the most important distribution channels for non-life insurance products are direct distribution through a company's insurance agents, call centres, banks and franchisees, while distribution through brokers are most widely used for medium-sized companies and in the corporate segment.

Management believes that non-life insurers primarily compete on parameters such as brand recognition of the company, utilisation of distribution channels, product price and scope of cover, the quality of services to customers before and after a contract is entered into (including claims handling), product flexibility and innovative product design.

Recent developments

Management believes that the Danish non-life insurance industry has historically been characterised by cyclicalities due to unusual claims experience in certain years and a changing focus between growth in market share and profitability of insurance operations among market participants. In recent years, participants in the Danish non-life insurance market have generally shifted their focus from building market share towards ensuring profitable insurance operations. This trend has been amplified by the global financial crisis. Profitability of insurance operations has been achieved by non-life insurers through greater focus on the better pricing of underwriting risks and focus on cost control.

Table 6-4 shows the development in gross premiums in Denmark in the period 2005–2009. After a number of years with

Table 6-6: Premium income, premium growth, claims ratio and key ratios

DKKm	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Gross premium income					
Private			2,507	2,477	2,440
Commercial			2,207	2,292	2,138
Total	3,559	3,509	4,714	4,769	4,578
Premium growth					
Private			1.2%	1.5%	4.5%
Commercial			-3.7%	7.2%	10.0%
Total	1.4%	-1.6%	-1.2%	4.2%	7.0%
Claims ratio					
Private			78.9%	74.5%	69.2%
Commercial			73.5%	73.2%	68.7%
Total	79.8%	76.3%	76.4%	73.9%	69.0%
Key ratios					
Gross claims ratio	79.8%	76.3%	76.4%	73.9%	69.0%
Gross expense ratio	18.3%	19.2%	18.5%	19.0%	19.6%
Net reinsurance ratio	2.5%	2.9%	3.1%	3.6%	2.8%
Combined ratio	100.6%	98.4%	98.0%	96.5%	91.4%
Combined ratio ex weather-related claims, major claims and run-off result					
Major claims	85.7%	88.1%	88.8%	84.6%	81.6%
Weather-related claims	7.5%	8.8%	7.8%	9.3%	7.4%
Run-off result (settlement of prior-year provisions)	12.0%	3.0%	3.1%	1.9%	4.3%
	-4.6%	-1.5%	-1.7%	0.7%	-1.9%

Note: The quarterly growth rates are calculated on the basis of the first three quarters of the year relative to the corresponding three quarters of the preceding year.
Source: Alm. Brand

positive growth rates, growth in gross premiums slowed in 2008, which Management believes is the result of the global financial crisis.

Table 6-5 shows the development in the gross claims ratio in 2005–2009 for all non-life insurance companies in Denmark. In 2008 and 2009, the claims ratio rose to a level of around 74%. Management believes that the rising claims were attributable, among other things, to higher expenses for major claims, weather-related claims and theft claims and claims inflation (rising prices of labour and materials and more expensive house contents). In recent years, several Danish non-life insurers have increased their premiums towards their customers in order to counter the prevailing claims ratio trend.

During the past decade, the Nordic non-life insurance market has undergone a process of market concentration and consolidation through a number of mergers and acquisitions: If, Tryg and Codan thus each created pan-Nordic companies operating across a number of Nordic markets. The most re-

cent example of this market concentration and industry consolidation across national borders is Norwegian insurer Gjensidige's acquisition of Danish insurer Nykredit Forsikring in the spring of 2010.

ALM. BRAND'S NON-LIFE INSURANCE ACTIVITIES AND STRATEGY

Customers

Non-life Insurance offers insurances to private customers, small and medium-sized businesses, property owners and property administrators, agricultural customers and public sector customers in Denmark. The Group has deliberately opted not to focus on major corporate and marine customers, as competition for these customers increasingly takes place at the pan-Nordic level.

In the market for private customer insurances, the vision is to develop, provide advice with respect to, sell and manage profitable high-quality non-life insurance solutions for private indi-

viduals. The primary target group is customers aged 30 years or more, who are resident in Denmark and own their own home and/or a car.

In the market for commercial insurances, the vision is to provide advice with respect to, sell and deliver profitable, high-quality insurance solutions to agricultural customers, including hobby farmers, commercial farmers and large estates and manors and for small and medium-sized business, including commercial and residential properties, and the public sector, including municipalities, regions and universities in Denmark.

The Group aims for all customers to place as much of their business as possible with Alm. Brand and for all customers to remain loyal and satisfied customers.

Table 6-6 shows Non-life Insurance gross premium income, premium growth, claims ratio and combined ratio, distributed on the private customer and commercial customer segments.

Alm. Brand provides non-life insurance products under the Alm. Brand brand. Non-life Insurance is focused on direct insurance to customers in Denmark.

The following products are offered to private customers:

Motor insurance: Compulsory third-party liability insurance covering property damage and personal injury and voluntary all-risk insurance. This product is primarily written for passenger cars, but may also be written for other motor vehicles as well as trailers and caravans.

Household comprehensive insurance: Covers loss of or damage to the policyholder's private house contents. Also automatically includes a number of supplementary cover options, the most important of which is third-party liability and travel insurance.

Building insurance: Covers damage to buildings. In addition, holiday home insurance and change of home ownership insurance are offered as separate products.

Personal accident insurance: Covers death or disablement due to accident.

Other private customer insurances: Comprises horse and dog insurance, yacht insurance and vintage car insurance.

The following products are offered to commercial and agricultural customers:

Motor insurance: Compulsory third-party liability insurance covering property damage and personal injury and voluntary all-risk insurance. This product is written for passenger cars, vans and trucks for freight transport as well as for agricultural machinery.

Property: Provides cover for the loss of, or damage to, the buildings, inventory or equipment of commercial customers. In addition, cover is automatically provided for financial loss due to business interruption resulting from covered claims.

Professional liability insurance: Covers various types of liability, including claims incurred by a company arising from the conduct of its business or in connection with its products and professional liability incurred by professionals.

Workers' compensation: Covers the earnings capacity of employees after work-related accidents. This product is taken out by employers on behalf of their employees and is mandatory for all employees, except for those employed by the government and sole proprietorships.

Agricultural insurance: Provides cover for the loss of, or damage to, buildings, the contents of buildings, livestock, crops, machines and tools used in agricultural businesses.

Group personal accident: Provides cover for employees/members of companies/organisations for risks such as death and/or permanent disability caused by accidents.

Other commercial customer insurances: Comprises cargo insurance and short-term insurance, etc.

Table 6-7: Estimated sales distribution by distribution channels per customer segment

	Private	Commercial	Agricultural	Total
Insurance agents	59%	85%	91%	71%
Customer service centres	41%	0%	0%	23%
Brokers	0%	15%	9%	6%
Total	100%	100%	100%	100%

Note: The basis of distribution is estimated based on the distribution channels' sales budgets for 2010.
Source: Alm. Brand

See note 38 on pages F-45 and F-46 for information on gross premium income by the Danish FSA's segments.

Distribution

Non-life Insurance distributes its products through a number of shared distribution channels across all business areas. This approach supports the cross-selling strategy and the overall service provided to customers.

Non-life Insurance is divided into five geographical regions, each headed by a regional manager who has overall sales and service responsibility. Distribution to the private customer segment primarily takes place through insurance agents and through 15 sales centres and five customer service centres distributed across Denmark and supported through the Group's website. Commercial and agricultural customers are mainly served by insurance agents and insurance brokers through a centralised broker department. The overall sales force counts some 370 employees, including approximately 270 insurance agents.

Table 6-7 shows the estimated sales distribution by customer segment per distribution channel.

Strategy

The overall strategy for Non-life Insurance is consolidation followed by profitable growth. This will take place by offering the customers up-to-date and competitive products, a high level of service and accessibility and efficient and fair claims handling.

A number of intermediate goals have been defined, which must be completed with a view to implementing this overall strategy for the business area. These intermediate goals first and foremost include:

- Reduction of the expense ratio
- Reduction of risk and amendment of terms
- Premium increases relative to risk

Reduction of the expense ratio

Alm. Brand aims for an expense ratio in line with that of its strongest competitors in the Danish market. In the years from 2006 to 2009, the expense ratio fell by almost 10% from 20.5 to 18.5.

In August 2010, Alm. Brand Forsikring implemented a number of staff reductions and branch office closures, which are expected to further lower the expense ratio. In addition to staff reductions, Non-life Insurance is working to reduce the costs and enhance the efficiency of its business procedures. These efforts are expected to reduce the Non-life Insurance expense ratio by around 2 percentage points overall by end-2012, thereby pushing the expense ratio below 17.

With a view to reducing the costs, ongoing assessments are made as to which distribution channels are the most efficient. Against this backdrop, nine out of 20 branches were closed at 31 August 2010. As a result, Alm. Brand today has 11 branches, 15 sales centres and five customer service centres for telephone sales and advisory services. In that connection, it was decided that the insurance advisers will no longer be physically based at the branches. The branch closures were motivated partly by the fact that this distribution type is expensive relative to the sales it generates and partly by more and more customers wanting to be served by the insurance agents of Non-life Insurance, the customer service centres or to wholly or partly use the self-service options provided through the Company's website, including through the new e-branch concept, which was implemented in mid-2010.

The e-branch concept is one of several initiatives taken by Non-life Insurance to reduce costs through the use of IT solutions. Over the past nine years, Alm. Brand has thus made a targeted effort to replace all non-life insurance systems, including sales and administrative systems for all customer segments. From a customer point of view, the new system will speed up case processing and policy issuance. For Alm. Brand, the new system serves to organise all non-life insurance systems in one single system and to reduce system operation costs. At the same time, the new system provides a significantly shorter time to market for new products and price adjustments.

Finally, the Group has made targeted efforts to cut costs by enhancing the efficiency of administrative working procedures. In recent years, Non-life Insurance has thus reduced five claims handling departments to two; one in Roskilde, which handles private and commercial customer claims, and one in Aarhus, which handles agricultural claims. The handling of other types of claims, such as motor, personal accident and third-party liability claims, takes place from the Company's headquarters.

Reduction of risk and amendment of terms

The ambition is to reduce the expense ratio. The Company expects to achieve this by ensuring a balance between price and risk and by increasing the focus on acceptance policies and compliance with such policies.

Non-life Insurance has initiated a number of measures to reduce the risk attaching to the portfolio and to ensure better quality, lower repair costs, cheaper claims assessment and ongoing improvements of the private, commercial and agricultural customer portfolios.

In order to improve the profitability of the agricultural segment, a new "Quality and Risk" unit was set up in September 2010.

The department consists of two teams, an agricultural consultants team and a conversion team. The agricultural consultants are responsible for inspection, risk assessment and adjustment of insurances on a substantial part of the agricultural portfolio. This service is expected to result in fewer and less expensive claims. The conversion team will focus on commercial customers, technical industries and workers' compensation insurances. The purpose of this is to collect additional data for use in more precise risk assessment and determination of premiums.

Premium increases relative to risk

In order to ensure profitability in the Non-life Insurance portfolio, the Company has implemented several premium increases on household comprehensive and building insurance on an ongoing basis since 2008. Most existing customers have received notification of new insurance terms and conditions as well as new tariffs. This resulted in average price increases on the portfolio of around 12% on building insurances in 2009 and 8% on household comprehensive insurances from mid-2009 to mid-2010.

Most recently, Non-life Insurance has increased the premium on new household comprehensive and building business written with effect from mid-November 2010. Premiums on new business written in these lines have been increased by 9% and 13%, respectively, on average.

In addition, Non-life Insurance launched a new personal accident product in mid-September 2010, which provides a better match between price and risk, resulting in an average price increase of 30%. Notification of existing customers began in November 2010 for customers whose policies come up for renewal on 1 January 2011.

In the commercial customer segment, the premium on new building and contents business written was raised with effect from October 2009. For the existing portfolio, the premium increases will be implemented as and when the policies come up for renewal. During the first three quarters of 2010, approximately 96% of the customers were notified of premium increases of 12% on average.

Because the customers have been able to choose to increase the deductible and reduce the scope of cover as an alternative to the notified premium increases, premium income has not risen fully in line with the notified premium increases, but, on the other hand, the risk attaching to the portfolio has declined.

Investments

The investment activities of Non-life Insurance are predominantly placed in interest-bearing assets, most of which are government and mortgage bonds with a duration that matches the liabilities.

See I.11 "Risk, liquidity and capital management" for information on how the Group manages its investments.

6.7. Banking

Alm. Brand Bank is Denmark's 15th largest bank with a market share of approximately 1% in terms of working capital of DKK 13.9 billion at 31 December 2009. Alm. Brand Bank's activities are focused on Danish operations, and at 30 September 2010 the Bank had almost 62,000 private customers (measured by number of households) and just over 3,600 commercial customers. The Bank distributes its products through the Group's 11 branches, a centralised customer service centre and through its website/online bank. The Bank's pro rata consolidated loans and advances totalled DKK 13.2 billion at 30 September 2010 (excluding guarantees and reverse transactions). In order to increase the transparency of the Bank's financial statements, the pro rata consolidated figures provided are for the Alm. Brand Bank group. Unless otherwise indicated, comments are made on pro rata consolidated figures.

The Bank offers products that meet a variety of private customer financial needs, while all other previous customer groups, including small and medium-sized businesses and agricultural customers, are being wound up according to the Bank's revised strategy. In addition, the Bank has activities within leasing as well as bond, equity and currency trading and research (Markets) and asset management services (Asset Management), serving Non-life Insurance and Life Insurance among others.

In the period 2005–2008, the Bank pursued a growth strategy with the aim of increasing the Bank's earnings. Growth was largely confined to property-related lending, including loans secured against mortgage deeds. The growth strategy was abandoned at the end of 2008 due to the changed economic conditions and significant impairment writedowns on property-related loans and advances. The situation exacerbated further in 2009, and in the autumn of 2009 a new management board of the Bank resolved to revise the strategy for the purpose of winding up activities within property development projects and mortgage deeds. The strategy for the Bank was further delineated in the third quarter of 2010 to the effect that, in the future, the Bank will primarily support the private customer segments of Non-life Insurance and Life Insurance and offer services in the financial markets and wind up the remaining portfolio.

The Bank's pro rata consolidated lending portfolio totalled DKK 13.2 billion at 30 September 2010 (excluding guarantees and reverse transactions). The continuing part of the portfolio accounted for around DKK 3.6 billion, including loans to private customers of around DKK 3.3 billion, loans for invest-

ment credits in liquid securities against collateral from customers of around DKK 0.2 billion, and loans for continuing leasing activities of around DKK 0.1 billion. The rest of the portfolio, which is being wound up, amounted to around DKK 9.6 billion. Of this amount, private mortgage deeds accounted for around DKK 3.2 billion, including mortgage deeds in Alm. Brand Pantebreve A/S and in the investment commitments. It is expected that, over the coming years, some of the private mortgage deeds which are being wound up will be redeemed and replaced by home loans provided by the Bank.

The Alm. Brand Bank group comprises, among other entities, the wholly-owned company Alm. Brand Leasing A/S and the two listed subsidiaries Alm. Brand Pantebreve A/S (Alm. Brand Bank holds 93.8% of the share capital and 97.0% of the votes) and Alm. Brand Formue A/S (Alm. Brand Bank holds 43.5% of the share capital and 69.6% of the votes). Alm. Brand Bank holds a controlling interest in Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S, which are fully consolidated in the financial statements of the Alm. Brand Bank group. The percentages stated are calculated at the Prospectus Date. Alm. Brand Bank has requested that Alm. Brand Pantebreve A/S convene an extraordinary general meeting, among other things with a view to considering a resolution to delist Alm. Brand Pantebreve A/S from NASDAQ OMX. Accordingly, Alm. Brand Bank expects to complete a compulsory redemption of the minority shareholders as soon as possible. The mortgage deed portfolio is expected to be subsequently sold to Alm. Brand Bank's own portfolio of mortgage deeds.

See I.7 "Organisational structure" for a complete list of Alm. Brand Bank's consolidated subsidiaries.

THE DANISH BANKING SECTOR

Unless otherwise indicated, the information provided in this market section has been derived from the Danish FSA (banks, statistical material 2009 and H1 article 2010) and the Danish FSA's website (www.ftnet.dk) and relevant links. Management believes that the market description is correct and fair, but there can be no assurance that other sources may not have different opinions of the market.

Overview

In mid-2010, there were 125 banks in Denmark. The Danish FSA categorises Danish banks into groups 1–4. This categorisation is based on the amount of working capital, which is made up as the sum of deposits, issued bonds, subordinated debt and shareholders' equity.

- Group 1 comprises six banks with a working capital of more than DKK 50 billion.
- Group 2 comprises 12 banks with a working capital of DKK 10–50 billion.
- Group 3 comprises 80 banks with a working capital of DKK 250 million–DKK 10 billion.
- Group 4 comprises 27 banks with a working capital of less than DKK 250 million.

At mid-2010, Alm. Brand Bank was a group 2 bank.

Table 6-8: Annual impairment ratios

	2009	2008	2007	2006	2005
Groups 1-4	2.17%	0.96%	-0.02%	-0.07%	-0.03%
Group 1	1.46%	0.62%	-0.04%	-0.07%	-0.08%
Group 2	5.61%	2.03%	0.08%	-0.10%	-0.13%
Group 3	4.24%	2.48%	-0.01%	-0.01%	-0.17%
Group 4	1.45%	0.47%	0.00%	n/a	n/a

Note: Negative impairment ratios denote a reversal of prior-year provisions for losses.

Source: The Danish FSA, Markedsudviklingen for pengeinstitutter for 2009, 2008, 2007, 2006 og 2005 (Market Developments for Banks in 2009, 2008, 2007, 2006 and 2005).

Table 6-9: Annual growth in bank lending

	2009	2008	2007	2006	2005
Groups 1-4	-13%	6%	26%	26%	25%
Group 1	-13%	6%	25%	24%	25%
Group 2	-14%	13%	27%	30%	30%
Group 3	-10%	9%	36%	35%	25%
Group 4	2%	11%	n/a	n/a	n/a

Source: The Danish FSA, Markedsudviklingen for pengeinstitutter for 2009, 2008, 2007, 2006 og 2005 (Market Developments for Banks in 2009, 2008, 2007, 2006 and 2005).

The 98 banks in groups 1–3 cover around 99% of the aggregate balance sheet total, while group 4 comprises 27 small banks.

Loans and advances from group 1 and group 2 totalled approximately 82% and 8%, respectively, of total loans and advances provided by Danish banks at 30 June 2010. The two largest financial conglomerates are the two pan-Nordic banks Danske Bank and Nordea Bank, which together account for around 50% of the lending market in Denmark with Danske Bank accounting for approximately 35% and Nordea accounting for approximately 15%. Danske Bank is Denmark's largest bank, while Nordea is the largest bank in the Nordic region, where Danske Bank takes the second place.

The next level of Danish banks comprises Jyske Bank, Sydbank, Nykredit and Spar Nord, each of which accounts for single-digit shares of the Danish retail customer market. The rest of the market is very fragmented with many small and medium-sized banks with strong local branches and niche strategies.

Foreign competitors in the Danish banking sector primarily comprise Swedish banks such as SEB and Svenska Handelsbanken. German banks are also active in the Danish market, pursuing niche strategies within corporate banking, property financing and trading activities.

The Danish banking market comprises niche participants which specialise in lending, including KommuneKredit, Danish Ship Finance and FIH Erhvervsbank.

Despite the dominance of the two market leading banks, Management believes that competition in the Danish banking sector has been strong and efficient. The fragmented part of the sector, which comprises national and small local banks, gave rise to mounting competition in the years of favourable economic conditions and a rapidly growing housing market. Moreover, the entry of foreign banks on the Danish market has intensified competition, resulting in a period of declining lending margins.

RECENT DEVELOPMENTS

In 2008, Denmark experienced a property-related economic downturn, which Management believes was exacerbated by the global financial crisis. Property investors and homeowners experienced price falls on real property, while small businesses and agricultural customers recorded waning demand and mounting earnings pressure. This significantly affected the collateral underlying the banks' loans and advances. Moreover, a number of customers experienced a reduced ability to service their debts.

The financial crisis seriously began to impact bank earnings in the fourth quarter of 2008. The weak economic climate, particularly in the first half of the year, affected financial performances in 2009, but several banks nevertheless recorded moderate improvements relative to 2008. The large banks (group 1) generated an overall profit before tax of DKK 6.2 billion in 2009, against DKK 4.5 billion in 2008. The medium-sized banks (group 2) generated an overall loss before tax of DKK 11.0 billion in 2009, against a loss of DKK 3.8 billion in 2008.

The recession of the Danish economy and declining property prices entailed very substantial impairment writedowns in 2009, resulting in an annual impairment ratio of 2.17 (see table 6-8). For group 1, total impairment writedowns for the full year amounted to DKK 31.9 billion, equivalent to a weighted average impairment ratio of 1.46. In group 2, the corresponding numbers were DKK 14.3 billion and 5.61. The impairment writedowns primarily concerned commercial customers. Several banks in group 2 recorded extraordinarily large impairment writedowns on property financing exposures. A few banks also recorded large impairment writedowns on mortgage deeds.

The increase in impairment writedowns since mid-2008 has only to a limited extent materialised as actual losses at the present time. Pursuant to the existing financial reporting rules, the banks may not write down the value of a loan until an objective indication of impairment exists.

Total loans and advances provided by group 1 banks fell by 13% from DKK 1,813 billion at 31 December 2008 to DKK 1,583 billion at 31 December 2009. In group 2, loans and advances declined by 14% from DKK 231 billion at 31 December 2008 to DKK 199 billion at 31 December 2009 (see table 6-9).

The decline for group 1 banks mainly reflects a decline in loans and advances provided to businesses and to insurance companies and pension funds. The decline in loans and advances to businesses was partly attributable to a migration from bank lending to mortgage lending and partly to a significant slowdown of business activity.

Total deposits were relatively more stable. For group 1 banks, deposits fell marginally by 3% from DKK 1,323 billion at 31 December 2008 to DKK 1,279 billion at 31 December 2009. In group 2, deposits declined by 1% from DKK 177 billion at 31 December 2008 to DKK 174 billion at 31 December 2009.

In the wake of the financial crisis, there have been significant changes in the Danish banking sector. As a result of the turmoil in the financial markets, the Danish parliament adopted the Act on Financial Stability on 10 October 2008. The act in-

troduced, among other things, a general guarantee scheme, under which the Danish State provides an unconditional guarantee for the claims of unsecured creditors against banks, to the extent such claims are not otherwise covered (the so-called Bank Package I). This guarantee scheme expired on 30 September 2010.

As part of the creation of Bank Package I, a company (Finansiel Stabilitet A/S) was set up, which is wholly-owned by the Danish State. One of the objects of the company is to ensure that the claims of unsecured creditors of the banks, etc. comprised by Bank Package I are covered if such bank became distressed before expiry of the general guarantee scheme.

Several small Danish banks and savings banks have been forced to accept being acquired by other banks or taken over by the state-owned company Finansiel Stabilitet A/S which is in charge of taking over the liabilities of the distressed banks. The number of banks has, accordingly, been reduced substantially and the number is expected to be further reduced in the coming years.

Pursuant to the Act on Financial Stability, a transition scheme was established, which makes it possible for the banks to apply to Finansiel Stabilitet A/S for an individual government guarantee for unsubordinated, unsecured debt issued on or before 31 December 2010 with a maturity of up to three years. Applications for a government guarantee must be submitted under the transition scheme on or before 31 December 2010.

The so-called Bank Package II introduced a scheme according to which the Danish State may inject hybrid Tier 1 capital (capital injections) into credit institutions and act as underwriter in connection with the issuance of hybrid Tier 1 capital by such institutions. The deadline for submitting applications for a state-funded capital injection was 30 June 2009 at the latest, and the capital injection was disbursed on or before 31 December 2009.

See I.12 "Regulatory initiatives to secure financial stability" for additional information on these government initiatives.

THE BANK'S BUSINESS AREAS

The Bank's business activities are generally distributed on the following areas:

Retail Lending

Private customers are offered a wide range of banking products focusing on providing attractive prices and high quality personal advice. The focus is particularly on offering solutions to customers insured with Non-life Insurance. Alm. Brand Bank has almost 62,000 private customers (measured by number of households), who are served through the Group's 11 branches located in large Danish cities. In addition, the

Bank uses its customer service centre and its website for service and distribution purposes. Retail lending is the Bank's future focus area. In addition, the Bank offers pension savings based on unguaranteed market rate products allowing the customers to adapt their investments to their personal circumstances and risk profile.

Commercial and Agricultural Lending

The Bank previously catered to small and medium-sized businesses and agricultural customers, offering a wide range of banking products, including leasing. The Bank no longer provides loans to commercial and agricultural customers, unless such loans are granted for credit defence purposes. The Bank still offers leasing, while other portfolios in the area are being closed down.

Financial Markets

This part of the Bank handles all activities related to the financial markets and comprises Markets and Asset Management and related control and support functions, including research. Markets provides advisory services with respect to and buys and sells securities and currency. Assets Management provides asset management services and has assets of just over DKK 35 billion under management from institutional investors and large private investors. Most of the assets under management are intra-group funds.

THE BANK'S CURRENT SITUATION

Table 6-10 shows selected financial highlights and ratios for the Bank.

In the period until the end of 2008, the Bank pursued a growth strategy and generated growth in lending of 27.7% with the aim of increasing the Bank's earnings. At the same time, prior-year provisions were reversed in 2007, corresponding to a negative impairment ratio of 0.3. Growth in lending was largely confined to property-related lending, including loans secured against mortgage deeds. The growth strategy was abandoned at the end of 2008 due to the changed economic conditions and significant impairment writedowns on property-related loans and advances. These impairment writedowns are the cause of the losses incurred in the period after 2008.

Liquidity situation

At 30 September 2010, Alm. Brand Bank had excess liquidity of 228% relative to the statutory 10% requirement pursuant to section 152 of the Danish Financial Business Act. The size of the excess cover is, among other things, the result of Alm. Brand Bank's issuance of bonds under the individual government guarantee of DKK 6 billion at 30 June 2010. The bonds were issued as bullet loans with a maturity of three years. The bond issue consists of two individual issues of DKK 4 billion and DKK 2 billion, respectively. Alm. Brand Bank has the op-

Table 6-10: Selected financial highlights and ratios (pro rata consolidated)

DKKm	Q1-Q3	Q1-Q3	2009	2008	2007
	2010	2009			
	(unaudited)	(unaudited)			
Net interest and fee income	532	454	591	629	584
Profit/loss before tax	-660	-1,309	-1,758	-532	196
Loans and advances	14,286	15,526	15,024	17,209	18,006
Growth in lending	-8.0%	-12.0%	-12.7%	-4.4%	27.7%
Impairment ratio	3.1%	6.5%	7.8%	1.8%	-0.3%

Source: Alm. Brand

tion of wholly or partly redeeming the DKK 2 billion issue prematurely in 2011 and 2012 at par.

Solvency situation

Alm. Brand Bank had a solvency ratio of 11.9 at 30 September 2010, representing a decline relative to 31 December 2009 when the solvency ratio was 14.7. The decline in the solvency ratio was primarily attributable to a declining capital base due to losses in the first nine months of 2010.

At 30 September 2010, the risk-weighted items were DKK 1.1 billion lower than at 31 December 2009. This performance covers two opposing trends, as the weighted items involving credit risk fell by DKK 1.6 billion in the first nine months of 2010, while the weighted items involving market risk rose by DKK 0.5 billion during the same period. The decline in credit risk primarily reflected a declining lending balance, whereas the increase in market risk was mainly due to excess liquidity from the bond issue primarily being placed in mortgage bonds.

At 17 November 2010, Alm. Brand af 1792 fmba granted a senior loan of DKK 600 million to the Company. Subsequently, also at 17 November 2010, the Company contributed DKK 600 million of equity to Alm. Brand Bank.

The Danish FSA's ordinary inspection in October and November 2010

The Danish FSA conducted an ordinary inspection of Alm. Brand Bank in October and November 2010. In that connection, the Danish FSA assessed the Bank's impairment write-downs on loans and credit losses on mortgage deeds and the individual solvency need. As a result of the inspection of the portfolio, Alm. Brand Bank's board of directors and management board resolved on 17 November 2010 to increase Alm. Brand Bank's future individual solvency need from 10.5% (at 30 June 2010) to 14.1%, corresponding to an increase of Alm. Brand Bank's capital requirement by approximately DKK 0.5 billion. The assessment of the amount of impairment write-downs on loans and credit losses on mortgage deeds is subject to considerable uncertainty, which Management believes to be reflected in the calculation of the individual solven-

cy need. The individual solvency need relates mainly to the part of the Bank's lending portfolio that is being wound up, and the individual solvency need is expected to be reduced as and when the portfolio is wound up.

In connection with the Danish FSA's ordinary inspection of Alm. Brand Bank, the Danish FSA also reviewed selected business procedures, internal reporting and parts of Alm. Brand Bank's minute and audit books. In connection with the review, the Danish FSA issued a report to the board of directors of Alm. Brand Bank at 30 November 2010 imposing a number of orders on Alm. Brand Bank. The most important orders concern

- Alm. Brand Bank's continuous compliance with rules for documentation and calculation of impairment writedowns on individually assessed loans;
- tightening of administrative procedures regarding objective indication of impairment to the effect that they comply with the rules. In connection with the review, the Danish FSA found that in a few instances Alm. Brand Bank had not identified an objective indication of impairment, primarily with respect to certain private exposures which are not in default but where the borrower may be in financial difficulty;
- improvement of Alm. Brand Bank's basis for decision, particularly in connection with commercial exposures. However, the Danish FSA noted that Alm. Brand Bank's credit area had received additional resources and that efforts are being made to ensure better documentation;
- improvement of the quality of Alm. Brand Bank's data, as the Danish FSA found a number of instances of inadequate data registration in Alm. Brand Bank;
- ensuring that Alm. Brand Bank's internal reporting to Alm. Brand Bank's board of directors to a greater extent provides an overall impression of the lending portfolio; and
- ensuring that in connection with private exposures with members of Management (section 78 exposures), Alm. Brand Bank applies more thorough and regular monitoring and consideration than in connection with other private exposures.

Alm. Brand Bank has duly noted the orders and will continue efforts to tighten its procedures and workflows with a view to complying with these orders in future. The Danish FSA must approve the plan contemplated by the management of Alm. Brand Bank for compliance with these orders on or before 28 February 2011. Alm. Brand Bank's management has launched a number of initiatives with a view to improving procedures and workflows and expects to comply with the orders when these initiatives have been implemented. Management does not believe that the above-referenced orders will have any additional impact on the level of impairment writedowns on loans and credit losses on mortgage deeds or on the individual solvency need. Management does not believe that these orders will have any further impact on the announced level of impairment writedowns on loans and credit losses on mortgage deeds or on the individual solvency need.

See also Alm. Brand Bank's statement at: www.almbrand.dk/abdk/OmAlmBrand/Omkoncernen/Generelinformation/index.htm.

STRATEGY

The Bank's strategy is primarily to support the Group's main activity by being able to offer attractive banking products to the private customers of Non-life Insurance. The Bank's strategic focus has thus shifted significantly from the previous growth strategy involving a broad range of products for a large number of customer segments.

Focus on the private customer segment and leasing

Throughout the final quarter of 2009 and all of 2010, Alm. Brand Bank's efforts in the private customer segment were aimed at handling the existing portfolio of private mortgage deeds and generating additional sales to existing customers. These efforts will continue throughout the strategy period. From the beginning of 2011, the Bank will take proactive steps to attract new, creditworthy private customers with a borrowing requirement from the Non-life Insurance customer portfolio. Similarly, the Bank will take proactive steps to attract private customers with a savings requirement in order to increase the Bank's deposit portfolio. The aim is to turn such customers into full-service customers, i.e. customers placing all of their banking business with the Bank, and to make such customers invest through the Bank's Asset Management or Markets departments.

Based on a combination of an expected increase in the customer margin in this area and a tighter credit policy, Management believes that private customers will make a positive contribution to the Bank's earnings in future.

Leasing and services in Financial Markets are still offered to commercial customers, but apart from this the Bank has opted not to provide other loans and advances as a strategic

business area, and this area is consequently being closed down.

Asset Management and Markets activities based on the Group's non-life insurance, life insurance and pension activities

The Bank's trading and investment activities in the securities and currency segment comprise asset management, securities trading and investment advice. In addition to the Group's own portfolio, the target group comprises small and medium-sized banks, institutionals (pension funds), foundations and high net worth individuals.

Markets develops new products on an ongoing basis in order to cater to customer needs. The advisory services are supported by macroeconomic research papers, asset allocation models and specific recommendations with respect to securities.

Asset Management has just over DKK 35 billion under management. The vast majority of assets under management are intra-group funds. The Group's funds are managed as directed by Management on an arm's length basis under a concept requiring satisfactory performance, balanced risk exposure and competitive terms, including prices and reporting, with due consideration for the Group's needs from time to time. The goal for the next few years is to attract more external asset management customers.

In connection with asset management, the Bank will only to a limited extent offer investment credits and only for ultra-liquid securities against security provided by the customer and provided that the investment mandate rests with Financial Markets in order that exposures may be monitored closely and closed down if necessary.

Winding-up of non-strategic business areas

Based on the Bank's wish to maintain a lower risk profile in future and lack of critical mass in its business segments, the Bank has chosen to narrow its business volume and to opt away from providing loans to commercial and agricultural customers, mortgage deed trading, loans to property development projects and investment exposures to finance investments in illiquid assets, including mortgage deeds. As a result, the Bank will not accept any new customers in these areas. The business volume with existing customers will be phased out over a number of years and requests for expansion of existing exposures will generally be declined, unless such expansion is granted for credit defence purposes.

Completing a controlled winding-up process focused on limiting future losses and handling the Bank's impairment writedowns so as to minimise the risk of losses will be crucial for the Bank's earnings in the years ahead. This requires, among other things, proactive steps vis-à-vis mortgage deed customers in arrears and other non-performing exposures.

The Bank has placed the responsibility for winding up loans for property development projects, investment exposures and mortgage deeds with the Bank's credit secretariat. The credit secretariat will handle the individual exposures so as to mitigate potential losses as much as possible, and the secretariat is staffed by employees specialised in financing and in the management and operation of the asset types mortgaged. In addition, parts of the discontinued business areas and exposures (including agricultural customers and small and medium-sized businesses) will be wound up in close coordination with the credit secretariat.

The Bank's activities in relation to reducing its mortgage deed exposure consist of the "ambulance service" in relation to private mortgage deeds and tighter follow-up and monitoring procedures for commercial mortgage deeds and loans for investment in mortgage deed exposures. Private mortgage deed debtors are offered advice on their financial situation and alternative sources of finance. Management believes that such advice in many cases improves the debtors' ability to repay their debts and thus minimises the risk of future losses to the Bank. If the Bank is able to offer a home loan based on the debtor's financial situation, the mortgage deeds will be redeemed with a view to converting all of the debtor's mortgage credit debt and home loan debt with the Bank. Otherwise, the mortgage deed will continue unchanged. These efforts will be aimed at all private mortgage deed debtors.

The market value of the Bank's overall exposure to mortgage deeds was approximately DKK 4.4 billion at 30 September 2010. The exposure is distributed on Alm. Brand Bank's own portfolio of mortgage deeds, loans to the partly owned listed subsidiary Alm. Brand Pantebreve A/S and loans for investment in mortgage deed exposures. The exposure is illustrated in table 6-11.

Access to mortgage deeds for which the right of disposal does not rest with Alm. Brand Bank's own portfolio is expected to take place through acquisition of weak investment exposures. Mortgage deeds will be transferred to Alm. Brand Bank's own portfolio through a controlled close-down of weak investment exposures. This will strengthen the possibilities of handling weak mortgage deeds and is expected to further increase net interest income in the Bank.

In addition, the Bank is focused on optimising the management of mortgage deeds, including enforcement and handling of mortgage deeds in arrears.

ALM. BRAND BANK'S COOPERATIVE RELATIONS

Alm. Brand Bank uses various business partners that offer products and services related to mortgage credit, IT systems, etc.

Totalkredit

Totalkredit is Alm. Brand Bank's business partner within mortgage financing for private customers. On an equal footing with other banks participating in the business partnership, Alm. Brand Bank has entered into a collaboration agreement for the arrangement of mortgage loans through Totalkredit. Totalkredit makes process and advisory tools available. Alm. Brand Bank receives case handling fees and brokerage fees when a case is initiated and also receives a fixed percentage of the management fee charged on the portfolio written in the form of commission. Totalkredit has a right of setoff against commission income if losses are recorded on loans arranged by Alm. Brand Bank. Alm. Brand Bank also provides a loss guarantee (i) in cases with special types of risk, (ii) where Alm. Brand Bank has chosen not to provide the loan case with a special credit risk classification, (iii) until Totalkredit has approved the loan case and (iv) in the event that the mortgaged property has not been completed.

DLR Kredit

DLR Kredit is Alm. Brand Bank's business partner within mortgage financing for agricultural and commercial customers. On an equal footing with other banks participating in the business partnership, Alm. Brand Bank has entered into a collaboration agreement for the arrangement of mortgage loans through DLR Kredit. DLR Kredit makes process and advisory tools available. Alm. Brand Bank receives case handling fees and brokerage fees when a case is initiated and also receives a fixed percentage of the management fee charged on the portfolio written. Alm. Brand Bank provides "top-up" guarantees for the loans, meaning that a guarantee is provided for a top percentage of the loans. However, such guarantee may be invoked only in case of default on a loan provided by DLR Kredit to a customer.

Investeringsforeningen Alm. Brand Invest (Alm. Brand Invest)

Alm. Brand Bank is the primary provider of investment advice to the sub-funds of Alm. Brand Invest and the primary intermediary for Alm. Brand Invest's certificates and handles Alm. Brand Invest's sales and marketing activities. Alm. Brand Bank also serves as custodian bank for Alm. Brand Invest. The day-to-day management and administration of Alm. Brand Invest take place through Invest Administration A/S (which Alm. Brand Bank owns together with Lån & Spar Bank).

The Association of Local Banks in Denmark

Alm. Brand Bank is a member of the Association of Local Banks in Denmark. Alm. Brand Bank uses secretariat functions and miscellaneous services, including the Mastercard programme of the Association of Local Banks in Denmark.

Table 6-11: Total mortgage deed exposure at 30 September 2010

Market value of mortgage deeds at 30 September 2010 (DKKm)	Private	Commercial	Total
Alm. Brand Bank			
Own portfolio	512	464	976
Security for loans in mortgage exposure	1,520	650	2,170
Alm. Brand Pantebreve A/S	1,143	125	1,268
Total exposure	3,175	1,239	4,414

Note: In addition, the Bank has an overall exposure to debt instruments with a market value of DKK 63 million.
Source: Alm. Brand

Bankdata

The Alm. Brand Bank group's primary IT provider is Bankdata. The Alm. Brand Bank group's most important systems are provided by and the operation of the Alm. Brand Bank group's core systems takes place through Bankdata. The Alm. Brand Bank group participates actively in Bankdata projects and committees.

LENDING PORTFOLIO AND DEVELOPMENTS IN IMPAIRMENT WRITEDOWNS ON LOANS AND CREDIT LOSSES ON MORTGAGE DEEDS

The Bank's pro rata consolidated lending portfolio totalled DKK 13.2 billion at 30 September 2010 (excluding guarantees and reverse transactions). The continuing part of the portfolio accounted for around DKK 3.6 billion, including loans to private customers of around DKK 3.3 billion, loans for investment credits in liquid securities against collateral from customers of around DKK 0.2 billion, and loans for continuing leasing activities of around DKK 0.1 billion. The rest of the portfolio, which is being wound up, amounted to around DKK 9.6 billion. Of this amount, private mortgage deeds accounted for around DKK 3.2 billion, including mortgage deeds in Alm. Brand Pantebreve A/S and in the investment commitments. It is expected that, over the coming years, some of the private mortgage deeds which are being wound up will be redeemed and replaced by home loans provided by the Bank. As part of the Bank's strategy, the Bank has reduced loans in foreign currency, including in CHF. Accordingly, the Bank's CHF-denominated loans amounted to less than DKK 100 million at 30 September 2010.

The overview in table 6-12 shows a pro rata consolidated segment-by-segment breakdown of the Bank's lending portfolio. The Bank's impairment writedowns on loans and credit losses on mortgage deeds are mainly attributable to the areas that are being wound up. The loss and impairment ratio is calculated relative to average lending during the period. Lending is expected to decline in the years ahead as a result of the Bank's strategy. However, the winding-up portfolio is expected to continue over a number of years, as the Bank intends to wind up this portfolio so as to mitigate losses as much as possible.

Most of the Bank's lending is secured by mortgages on real property. The overall estimated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 are expected to relate mainly to the part of the portfolio of the Bank that is being wound up. Similarly, most of the losses and writedowns recognised in 2009 and in the nine months ended 30 September 2010 related to the part of the portfolio that is being wound up.

The loss and impairment ratio is calculated relative to average lending during the period. The performance of the individual lending segments in the first three quarters of 2010 is reviewed in detail in the following sections.

As a result of the Bank's strategy, most lending segments are being wound up. As part of the implementation of a controlled winding up of the individual exposures, the Bank has granted, and will continue to grant, loans as part of its credit defence efforts in relation to the Bank's collateral. This means that lending may increase in the individual segments, although the lending segment is being wound up.

The Danish FSA conducted an ordinary inspection of Alm. Brand Bank in October and November 2010. In that connection, the Danish FSA assessed the Bank's impairment writedowns on loans and credit losses on mortgage deeds and the individual solvency need. The inspection caused Alm. Brand Bank's management to increase impairment writedowns on a few large exposures and in the mortgage deed area, including mortgage deed investment exposures, in the third quarter of 2010. In Management's opinion, this in all material respects represents an advancement of impairment writedowns relative to the forecast previously provided by the Company for impairment writedowns on loans and credit losses on mortgage deeds. Also, Management's forecast for future impairment writedowns and credit losses on mortgage deeds for the period 1 January 2010 – 31 December 2012 was raised from approximately DKK 1.3 billion to approximately DKK 1.4 billion. This increase was driven by a more conservative valuation of mortgage deeds and was not caused by a higher level of arrears. Following the writedowns made in Q3 2010, Manage-

ment assesses that anticipated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 will total just under DKK 700 million. However, the amount of impairment writedowns on loans and credit losses on mortgage deeds in the Bank over the next few years is subject to substantial uncertainty, as described in more detail in I.15 "Prospective financial information".

The Bank's total impairment writedowns on loans and credit losses on mortgage deeds amounted to an expense of DKK 465 million in the third quarter of 2010 and DKK 751 million in aggregate for the nine months ended 30 September 2010, of which losses in the amount of DKK 113 million were identified for the nine months ended 30 September 2010. Credit losses and impairment writedowns on mortgage deeds totalling DKK 203 million for the nine months ended 30 September 2010 were recognised under value adjustments in the consolidated financial statements.

The Bank's total impairment writedowns on loans and credit losses on mortgage deeds amounted to an expense of DKK 1,667 million in 2009, of which DKK 230 million were identified losses. For 2009, credit losses and impairment writedowns on mortgage deeds totalling DKK 216 million were recognised under value adjustments in the consolidated financial statements. In 2008, the Bank recognised impairment writedowns on loans and credit losses on mortgage deeds of DKK 464 million. Identified losses on the mortgage deed portfolio to-

talled DKK 170 million in 2009, against DKK 25 million in 2008. In 2007, impairment writedowns on loans and credit losses on mortgage deeds amounted to an aggregate income of DKK 48 million.

Lending to private customers

The portfolio is geographically diversified across Denmark. Total loans and advances to private customers at 30 September 2010 were on a par with 31 December 2009. Impairment writedowns amounted to DKK 3 million for the nine months ended 30 September 2010, equivalent to 0.1% of the average portfolio. Management believes that some of the private customers, like the private customers of other Danish banks, are technically insolvent due to recent years' decline in housing prices.

Car finance

The car finance portfolio is mainly anchored in the subsidiary Alm. Brand Leasing A/S. The Bank offers car loans through the Bank's own branches. As a result of the cessation of financing through car dealers, the portfolio has declined. Impairment writedowns amounted to DKK 8 million for the nine months ended 30 September 2010, equivalent to 1.0% of the average portfolio. The impairment writedowns were primarily attributable to the winding up of defaulting agreements.

Agriculture

No new customer relationships have been established since end-2008. As a result of the Bank's new strategy, no new ag-

Table 6-12: The Bank's pro rata consolidated loans and impairment writedowns on loans and credit losses on mortgage deeds at 30 September 2010 by segment

DKKm	Loans, end of period				Impairment writedowns, end of period			
	30 Sept. 2010 (unaudited)	2009	2008	2007	30 Sept. 2010 (unaudited)	2009	2008	2007
Retail lending	3,327	3,356	3,524	-	3	57	11	-
Car finance	706	994	1,276	-	8	25	-9	-
Agriculture	1,213	1,125	1,081	-	29	79	5	-
Other commercial lending	613	1,008	1,211	-	25	38	41	-
Lending to subsidiaries*	577	1,345	1,287	-	-	-	-	-
Security financing	2,616	3,756	4,570	-	375	423	187	-
Investment properties	1,604	1,791	2,291	-	27	401	56	-
Residential mortgage deeds	1,390	856	1,028	-	40	77	20	-
Commercial mortgage deeds	562	263	309	-	163	139	104	-
Property development projects	547	515	609	-	57	378	30	-
The Private Contingency Association	-	-	-	-	24	50	19	-
Total excluding reverse transactions	13,155	15,009	17,186	17,225	751	1,667	464	-48
Reverse transactions	1,131	15	23	781				
Total	14,286	15,024	17,209	18,006	751	1,667	464	-48

*) Loans to subsidiaries comprises Alm. Brand Formue A/S and Alm. Brand Pantebreve A/S

Note: The lending portfolio and impairment writedowns cannot be made up by industry as above for 2007.

Source: Alm. Brand

gricultural customers are accepted and, moreover, the business volume with existing customers is expected to be wound up over a number of years. Impairment writedowns amounted to DKK 29 million for the nine months ended 30 September 2010, equivalent to 2.5% of the average agricultural portfolio. The Bank has granted additional loans within this segment as part of its credit defence efforts.

Other commercial lending

As a result of the Bank's new strategy, no new commercial customers are accepted, and the business volume with existing customers will be wound up over several years. The portfolio consists partly of loans to small businesses and partly of syndicated loans to medium-sized Danish businesses. In addition, the portfolio consists of commercial car and equipment leases established through Alm. Brand Leasing A/S. Impairment writedowns amounted to DKK 25 million for the nine months ended 30 September 2010, equivalent to 3.0% of the average portfolio.

Loans to subsidiaries (Alm. Brand Formue A/S and Alm. Brand Pantebreve A/S)

Alm. Brand Bank has granted loans to its two partly-owned, listed subsidiaries. Table 6-12 is based on pro rata consolidated figures. Accordingly, loans corresponding to Alm. Brand Bank's ownership interest appear from the segment-by-segment breakdown of own lending, while loans to subsidiaries in the table correspond to the ownership interest held by minority interests.

At 30 September 2010, minority interests had 57% ownership of Alm. Brand Formue A/S, which was unchanged compared with 31 December 2009, while minority interests' ownership of Alm. Brand Pantebreve A/S declined from 78% at 31 December 2009 to 24% at 30 September 2010. The change in the share attributable to minority interests was the main reason for the decline in loans to subsidiaries from DKK 1,345 million at 31 December 2009 to DKK 577 million at 30 September 2010. The change in the share attributable to minority interests resulted in a similar increase in the Bank's portfolio of mortgage deeds.

Alm. Brand Formue A/S generated a satisfactory performance for the nine months ended 30 September 2010. Alm. Brand Pantebreve A/S is affected by adverse property market developments and recorded substantial losses and credit-related value adjustments in the nine months ended 30 September 2010. Alm. Brand Bank has secured the necessary operating credits for Alm. Brand Pantebreve A/S until 28 February 2011.

No losses were identified or impairment writedowns made on loans to subsidiaries at 30 September 2010.

Security financing

This portfolio consists of investment commitments secured against mortgage deeds as well as equities and bonds. Mortgage deed facilities account for approximately 70% of this portfolio. Measured in terms of market value, commercial mortgage deeds represent approximately 30% of the mortgage deed portfolio. All mortgage deeds in arrears are measured individually, and mortgaged shares listed on recognised stock exchanges are measured at their fair value. At 30 September 2010, the bank recognised writedowns on commitments that were showing indications of weakness. This resulted in impairment writedowns of DKK 375 million for the nine months ended 30 September 2010, corresponding to 11.8% of the average portfolio. The writedowns were attributable to mortgage deed debtors defaulting on their loans and to a declining excess cover on the exposures as a result of price falls on securities. An amount of DKK 765 million was wound up on the portfolio in the nine months ended 30 September 2010. These commitments were mainly transferred to the residential and commercial mortgage deed segments. No new loans will be granted for mortgage deed investments.

Investment properties

The portfolio comprises lending to investment properties, primarily within retail trade and rentals. Danish properties make up approximately 70% of the portfolio, while the remaining 30% is made up of German properties with Danish debtors. The future strategy does not include investment property funding. For the nine months ended 30 September 2010, the Bank recognised impairment writedowns of DKK 27 million, corresponding to 1.6% of the average portfolio.

Residential mortgage deeds

This segment represents the Bank's portfolio of mortgage deeds secured primarily against single-family homes, commonhold flats and summer houses. The properties are located throughout Denmark. The Bank does not buy new mortgage deeds. Accordingly, this portfolio is being wound up, but new mortgage deeds may be added, when the Bank increases its ownership interest in Alm. Brand Pantebreve A/S, or if the Bank winds up an investment facility whose collateral security consists wholly or partly of mortgage deeds.

The Bank has updated the method of calculating residential and commercial mortgage deeds. Previously, residential mortgage deeds also comprised mortgage deeds in which the debtor was a private customer but the mortgaged property was a commercial property. These arrangements were not expedient, and such mortgage deeds will henceforth be categorised as commercial mortgage deeds. The change was implemented in the third quarter of 2010, resulting in a transfer of residential mortgage deeds worth approximately DKK 190 mil-

lion to commercial mortgage deeds. Moreover, impairment writedowns in the amount of almost DKK 40 million were transferred for the nine months ended 30 September 2010.

The portfolio is marked to market on a current basis using a cash flow-based pricing model, which considers factors such as estimated early redemptions and credit losses. Individual writedowns are taken on all mortgages in arrears or showing characteristic signs of weakness. Impairment writedowns amounted to DKK 40 million for the nine months ended 30 September 2010, equivalent to 3.5% of the average portfolio.

Commercial mortgage deeds

This segment comprises the Bank's portfolio consists of commercial mortgage deeds secured against three types of property: residential rental property, commercial property for office, trade and industrial use as well as land and mixed residential/commercial property. Land and mixed residential/commercial property cover around 25% of the overall portfolio, while residential rental property and commercial property account for equal shares of the remaining portfolio.

The Bank is no longer active in the market for commercial mortgage deeds. Accordingly, this portfolio is being wound up, but new mortgage deeds may be added, when Alm. Brand Bank increases its ownership interest in Alm. Brand Pantebreve A/S, or if the Bank winds up an investment facility whose collateral security consists wholly or partly of mortgage deeds. During the nine months ended 30 September 2010, the portfolio of commercial mortgage deeds grew by DKK 299 million relative to 31 December 2009. Approximately DKK 190 million of this amount was transferred from residential mortgage deeds as a result of a change in the method of calculating residential and commercial mortgage deeds. The remainder of the increase recorded in the nine months ended 30 September 2010 was attributable to the fact that Alm. Brand

Bank has increased its ownership interest in Alm. Brand Pantebreve A/S and that the Bank has wound up investment exposures that were wholly or partly secured against mortgage deeds.

Impairment writedowns amounted to DKK 163 million for the nine months ended 30 September 2010, equivalent to 39.6% of the average portfolio.

Property development projects

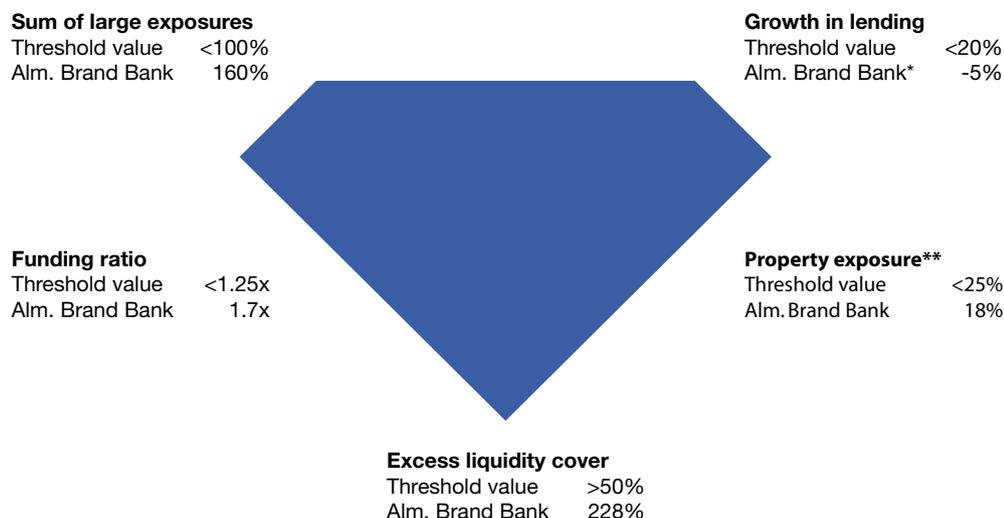
The portfolio consists of a limited number of property development projects. Financing of property projects is not a part of the Bank's strategy for the future and the Bank therefore does not participate in the financing of new property projects. However, the Bank will finance the completion of ongoing projects pursuant to agreements already made. The increase in lending from 31 December 2009 to 30 September 2010 was due to existing exposures, which were largely in line with the previously accepted, agreed and expected budgets. Impairment writedowns amounted to DKK 57 million for the nine months ended 30 September 2010, equivalent to 10.9% of the average portfolio. The Bank's loans and advances to this segment are expected to increase for the full year 2010. When the projects have been completed, the loans and advances are expected to decline significantly.

The Private Contingency Association / Finansiel Stabilitet A/S

At 30 September 2010, provisions in the amount of DKK 24 million had been made for losses on the guarantee provided vis-à-vis Finansiel Stabilitet A/S.

Reverse transactions

At 30 September 2010, reverse transactions had grown by DKK 1.1 billion relative to 31 December 2009.

Figure 6-1: The Danish FSA supervisory diamond and Alm. Brand Bank's current values 30 September 2010

*) Past 12 months.

**) The FSA ratio for property exposure is defined as loans and guarantees provided to the industries "Property administration and trade, business service" relative to total loans and guarantee debtors. This ratio reflects the property exposure related to commercial property. In addition, Alm. Brand Bank has an indirect commercial property exposure with respect to loans to mortgage deed investors and Alm. Brand Pantebreve A/S in which a part of the loan as well as the related collateral is related to commercial mortgage deeds. At 30 September 2010, the market value of these commercial mortgage deeds amounted to DKK 0.8 billion, cf. table 6-11. If the indirect commercial property exposure were included in the ratio, Alm. Brand Bank's property exposure would have been 23% at 30 September 2010.

Source: The Danish FSA and Alm. Brand

THE DANISH FSA'S SUPERVISORY DIAMOND

In June 2010, the Danish FSA introduced the so-called "supervisory diamond" for banks in a letter to the boards of directors and management boards of all banks in Denmark. The supervisory diamond establishes a number of indicators for risk areas considered to involve an increased risk in relation to banking operations and defines a number of specific risk areas with stipulated threshold values which banks are generally required to observe from the end of 2012.

The five threshold values are:

- The sum of large exposures (below 100% of the capital base)
- Growth in lending (less than 20% per year)
- Property exposure (less than 25% of total lending)
- Stable funding (lending not to exceed 1.25 times deposits)
- Excess liquidity cover (greater than 50%)

The threshold values have been defined with a view, on the one hand, to preventing excessive risk assumption and, on the other hand, to enabling healthy banks to carry on profitable banking operations and grant the necessary credit to businesses and households. Some of the risk areas of the supervisory diamond may be difficult for the institutions to change in the short term, and the introduction of the supervisory dia-

mond will therefore take place gradually until end-2012, after which the Danish FSA will implement systematic monitoring of the supervisory diamond indicators.

In the period until end-2012, the Danish FSA expects all banks to gradually implement the supervisory diamond indicators. In the future, all banks should therefore expect that, in connection with inspections, the Danish FSA will inquire as to the bank's position relative to the supervision diamond.

The funding ratio and the sum of large exposures in Alm. Brand Bank exceeded the threshold values at 30 September 2010. The Bank aims to reduce these indicators to a level below the threshold values over a number of years. Figure 6-1 shows the levels of the Danish FSA's indicators relative to Alm. Brand Bank's risk profile at 30 September 2010.

6.8. Life Insurance

Alm. Brand Liv og Pension is the seventh largest commercial life and pension insurer in the Danish market with total premiums of DKK 0.7 billion in 2009 and a market share in 2009 of almost 1% in terms of deductible premiums. Alm. Brand Liv og Pension focuses exclusively on individual fixed-term annuity and capital pension schemes and had approximately

80,000 customers in these segments at the Prospectus Date. Alm. Brand's life insurance and pension products are offered through the Group's own distribution network.

The Danish life and pension insurance sector consists of two segments, a commercial segment and a non-commercial segment. The non-commercial segment comprises schemes involving compulsory and typically collectively agreed membership and, by extension, pension scheme participation (e.g. ATP, PensionDanmark, Kommunernes Pensionsforsikring and Industriens Pension). The commercial segment comprises individual schemes and labour market schemes agreed for the individual company. In relation to the individual schemes, the individual pension customer may select the pension provider, and in relation to labour market schemes, the individual company may select the pension provider. The commercial segment accounts for slightly more than half of the overall market in terms of premiums and total assets.

In addition to life insurance companies, which are only authorised to sell life insurances or similar products, banks also offer pension savings through capital pension schemes and fixed-term annuities. Danish legislation requires that personal accident insurance (cover in case of physical injury), life insurance (cover on death), cover in case of disability, insurance against certain critical illnesses, etc. are offered through a life insurance company. Insurances providing financial benefits in case of longevity (annuities) are a mixture of insurance and savings. There has always been a tradition in the market for linking life insurances and pension savings, and therefore life insurance providers also offer pension savings. In terms of pension savings, customers expect to be able to choose between traditional average rate products and products based on market return.

The business concept of Alm. Brand's life insurance activities is based on the customers' need to insure themselves and/or their families against disability and death, etc. and the need for pension savings. Through its experience and expertise in underwriting and pricing risk effectively, and on its ability to produce a return on invested funds, the Group generates profitable insurance operations. The individual schemes, which Alm. Brand is focused on, are typically characterised by lower risk than labour market schemes, because personal health information is obtained. In 2009, the Life Insurance Company changed the life expectancy used in the calculation of life insurance provisions by approximately three years for a 60-year-old policyholder due to an increase in average life expectancy.

THE DANISH COMMERCIAL LIFE AND PENSION INSURANCE SECTOR

Unless otherwise indicated, the information provided in this section on the market has been derived from the Danish FSA

(life insurance companies and lateral pension funds, statistical material 2009) and the Danish FSA's website (www.ftnet.dk) and relevant links. Management believes that the market description is correct and fair, but there can be no assurance that other sources may not have different opinions of the market.

Overview

Premiums in the Danish commercial life and pension insurance market totalled DKK 56 billion on 2009. Management believes that the industry is very well-consolidated, and the four largest companies (Danica Pension, PFA Pension, Norddea Pension and SEB Pension) account for approximately 80% of the overall Danish market. The next level of competitors comprises Topdanmark and AP Pension, each holding a market share of around 6%. The market participants consist of banks, privately owned companies and listed companies.

Management believes that the most important distribution channels for commercial life and pension insurance products are direct distribution through a company's insurance agents, brokers and banks. Life insurance and pension companies without a separate network of bank branches typically enter into distribution agreements with the banks.

Management believes that life and pension insurance companies primarily compete on parameters such as brand recognition of the issuing company, product price (administrative expenses), investment return and innovative product design.

Recent developments

Table 6-13 shows the annual growth in premiums for commercial life and pension insurance companies in Denmark in the period 2005–2009. After a number of years with average annual growth rates of around 10%, growth in premiums slowed down in 2009, which Management believes was due to the global financial crisis. In 2009, premiums declined by approximately 6%. The decline in premiums was attributable to fewer extraordinary pension contributions, i.e. lump sum premiums in addition to the flow of regular premiums agreed in the insurance contracts. Regular premiums on insurance contracts increased by approximately 4% in 2009.

The savings-based pension assets of commercial life and pension insurance companies and banks amounted to approximately DKK 1,204 billion in Denmark in 2009 (see table 6-14). The savings-based assets are impacted by contributions and payments as well as by the investment return on the assets. After the financial market plunges in 2008, equity prices in particular rose in 2009. Accordingly, the overall rate of return on investments amounted to 7.5 in 2009, against a negative return of 3.1% in 2008.

As a result of the adverse impact of the financial crisis on the financial markets in 2008 and partly in 2009, the companies'

Table 6-13: Annual growth in premiums for commercial life and pension insurance companies in Denmark, 2005–2009

	2009	2008	2007	2006	2005	Avg. annual growth
Annual growth in premiums	-5.8%	10.7%	10.6%	10.0%	7.6%	6.1%

Source: The Danish FSA, Markedsudviklingen i 2008 for livsforsikringselskaber og tværgående pensionskasser (Market Developments in 2008 for Life Insurance Companies and Lateral Pension Funds) and Markedsudviklingen i 2009 for livsforsikringselskaber og tværgående pensionskasser (Market Developments in 2009 for Life Insurance Companies and Lateral Pension Funds).

Table 6-14: Savings-based pension assets of commercial life and pension insurance companies and banks in Denmark, 2005–2009

	2009	2008	2007	2006	2005	Avg. annual growth
Savings-based pension assets (DKKbn)	1,204	1,070	1,123	1,088	1,012	
Annual growth in savings-based pension assets	12.5%	-4.7%	3.2%	7.6%	16.0%	4.5%

Source: The Danish FSA, Markedsudviklingen i 2008 for livsforsikringselskaber og tværgående pensionskasser (Market Developments in 2008 for Life Insurance Companies and Lateral Pension Funds) and Markedsudviklingen i 2009 for livsforsikringselskaber og tværgående pensionskasser (Market Developments in 2009 for Life Insurance Companies and Lateral Pension Funds).

buffers, i.e. their ability to absorb losses without affecting shareholders' equity, were significantly reduced. The buffers consist partly of undistributed reserves and partly of the so-called bonus potentials which may be applied in full or in part. The buffers are directly affected by losses on equities or real property, while changes in interest rates may reduce or increase the buffers depending on the net effect of the change in liabilities and capital losses/gains on interest-bearing claims.

Subsequently, a significant focus area for the market was therefore to build buffers and protect capital resources. The elements typically applied include implementation of a transfer and surrender charge (ensuring that customers leaving a life insurance company pay their share of capital losses, etc.), reduction of the rate paid on policyholders' funds (to levels below 4.5% on which the highest guarantees are typically based), acquisition of financial instruments to hedge the asset/liabilities balance (typically swaps and swaptions) and restructuring of the composition of investments, among other things by reducing the proportion of equities.

In addition, several life insurance companies have chosen to increase their focus on market rate products, thereby transferring the investment risk to the customers. This includes a focus on transferring existing savings from the traditional guaranteed products to market rate products. It should be noted that providers of pension savings advisory services, including transfer between guaranteed products and market rate products, are subject to rules on good business practice.

In January 2008, an EU judgment was passed, which ordered Denmark to allow foreign pension companies access to the

Danish pension market. Specifically, contributions made to foreign companies should be granted the same tax privileges as contributions made to Danish companies. In order to obtain this permission, the Danish authorities require the foreign companies to charge tax on pension returns (PAL tax).

Setting up business in the Danish pension insurance market makes considerable demands on IT systems, processes and specific competencies with respect to Danish practice and particulars. Considering the size and earnings potential of the Danish market, Management believes that foreign companies are less likely to have any significant impact on the competitive environment.

With effect from and including the 2010 income year, only the first DKK 100,000 (2010 prices) paid into fixed-term annuity schemes and temporary life annuities is tax deductible, whereas there is still unlimited tax deductibility for payments into life-long annuities. This is expected to increase the aggregate market share of life insurance companies and pension funds at the expense of banks.

ALM. BRAND'S LIFE INSURANCE ACTIVITIES AND STRATEGY

The strategy of Life Insurance is primarily to support the Group's main activity by being able to offer attractive life insurance products, including personal accident insurance (cover in case of physical injury), life insurance (cover on death), cover in case of disability, insurance against certain critical illnesses, etc., to the customers of Non-life Insurance. Alm. Brand Liv og Pension has almost 102,000 insurance contracts, of

Table 6-15: Premiums, investment return after allocation of interest and provisions for insurance contracts

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Premiums	499	466	710	747	750
Return on customer funds before tax on pension returns ¹	9.8%	7.2%	8.5%	0.8%	0.6%
Total provisions for insurance contracts	11,764	11,244	11,263	10,801	11,049

Note 1: The quarterly return is calculated on the basis of the first three quarters of the year.
Source: Alm. Brand

which 68,000 pay regular premiums. In Alm. Brand, pension savings on market terms are offered through Alm. Brand Bank, Alm. Brand Liv og Pension and Alm. Brand Bank are therefore closely linked in the pension area.

Recent years' strategy of expanding the position as a competitive pension provider has generated positive results, and this strategy will be maintained in the years ahead.

Customers

Alm. Brand is focused on providing advice to customers and giving them an understanding of and the freedom to choose across the traditional lines separating the insurance and banking industries.

The Life Insurance Company offers individualised pension schemes and small and medium scale corporate schemes. The target groups are private individuals, owners and employees of small businesses and farmers who are all offered a pension concept tailored to their specific needs. The Life Insurance Company has opted not to offer labour market pensions.

Products

Alm. Brand has opted to offer guaranteed savings products in the Life Insurance Company together with the actual insurance products, while savings on market terms are effected through Alm. Brand Bank.

Alm. Brand Liv og Pension comprise life insurance, pension savings, pension insurance and health and personal accident insurance.

The pension activities in Alm. Brand Bank and Life Insurance together make up one common business unit – Pension. The financial results of health and personal accident insurance activities and banking activities form part of the Group's financial statements of Non-life Insurance and the Bank, respectively.

The Life Insurance Company offers all essential types of insurance cover and savings types, and the product offering is adjusted to match customer needs and market conditions on an

ongoing basis. The Life Insurance Company offers an average rate product with guaranteed benefits. Guarantees for new schemes are currently based on a rate of interest of 1.5%, which corresponds to the highest rate of interest currently allowed by the Danish FSA. The Life Insurance Company may choose to apply a lower rate of interest for new business written but has so far chosen, for competitive reasons, not to do so.

Based on customer needs and requirements, pension savings are effected either in Alm. Brand Liv og Pension or in Alm. Brand Bank.

More and more customers of the Group prefer to place their pension savings in unguaranteed market rate products with Alm. Brand Bank, which allows them to adapt their investments to their personal circumstances and risk profile. Alm. Brand Bank offers custody accounts in which the individual customer holds the securities directly. The most important part of the savings is conducted through Alm. Brand's investment scheme in which the customers may choose to let Alm. Brand manage their investments. The customers may also choose to make the investments themselves in whole or in part.

For competitive or financial reasons, in a few areas, the Life Insurance Company uses business partners instead of offering the product/service in-house. This applies, for instance, to hospital insurances.

Table 6-15 shows developments in premiums, return on customer funds and provisions for insurance contracts.

Distribution

Distribution takes place through the Group's own distribution network, which comprises pension specialists, insurance agents and selected banking advisers. The distribution network comprises branches, customer service centres and insurance agents who call on customers in their homes. In addition, customers have access to information and personal overviews through the Group's website. Life Insurance has opted not to conduct sales through brokers, primarily be-

cause the Life Insurance target group lies outside the customer segment typically represented by the brokers.

Constantly stricter regulation of the pension area and tougher requirements on advisory services have increased the need for pension specialists, who are expected to account for an increasing share of new business written. As a result, the Group has increased the number of pension specialists over the past year.

Return on equity principles

The Executive Order on the Contribution Principle issued by the Danish FSA lays down the return on equity guidelines, i.e. the return Alm. Brand may generate on the capital invested. The contribution rules govern the relationship between shareholders' equity and customer funds and the relationship between different customer groups. These rules are the result of the statutory requirement of fairness.

For Life Insurance, the return on equity principle is to achieve in 2010 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 excluding the collective bonus potential plus the full expense result net of reinsurance and 25% of the risk result net of reinsurance before bonus.

This profit principle means that Life Insurance will charge any losses against the expense result and, similarly, receive any profits. This serves to separate costs from investment return.

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

The Danish FSA has issued a new executive order containing new contribution rules which will take effect from 1 January 2011. The new executive order contains important changes which may impact earnings and solvency requirements for life insurance companies in general. Alm. Brand expects that the new rules will cause a more detailed division of the return but does not expect them to have any material effect on future earnings.

Investments

The investment strategy is defined separately for shareholders' equity funds and customer funds.

Shareholders' equity investment assets are generally placed in short-term interest-bearing assets.

Investment of customer pension funds takes account of the nature of the products and the guaranteed benefits provided. The average rate product is primarily directed at customers with relatively low risk tolerance. Funds are invested mainly in bonds, equities and real property. The proportion of equities is expected to be 10–15% of overall investments for customer funds. Real property is expected to be in the range of 12–18%. The bond portfolio is comprised of government and mortgage bonds etc. with due regard to long-term returns and the composition of commitments. A small part is placed in credit bonds and emerging market bonds.

The implementation of the new contribution rules will split the insurance portfolio into groups and a corresponding division of investment assets, and the expected composition of investment assets will thus be adapted to the various groups.

Regardless of fluctuations in market returns, the aim is to fix a rate on policyholders' savings that does not change substantially from one year to the next. The rate of policyholders' savings is fixed before the beginning of each year. However, the Life Insurance Company may, if deemed necessary, change the announced rate on policyholders' savings during the period. As from 2011, a separate rate on policyholders' savings will be fixed for each individual group.

See I.11 "Risk, liquidity and capital management" for information on how the Group manages its investments.

Strategy

The strategy for Life Insurance is characterised by "business as usual". The Group is working to expand its position as an attractive pension provider focusing on providing personal advice to customers and giving them an understanding of and the freedom to choose across the traditional lines separating the banking and insurance industries.

The Life Insurance Company is focused on individualised pension schemes and on small and medium scale corporate schemes. The target groups are private individuals, owners and employees of small businesses and farmers who are all offered a pension concept tailored to their specific needs.

The aim is to at least balance the expense results while keeping the Life Insurance expense loading competitive. Moreover, Life Insurance has a goal of achieving a positive insurance risk result. Life Insurance therefore maintains an acceptance policy requiring disclosure of personal health information, while limiting the risk at the personal customer level.

7. Organisational structure

7.1. Group structure

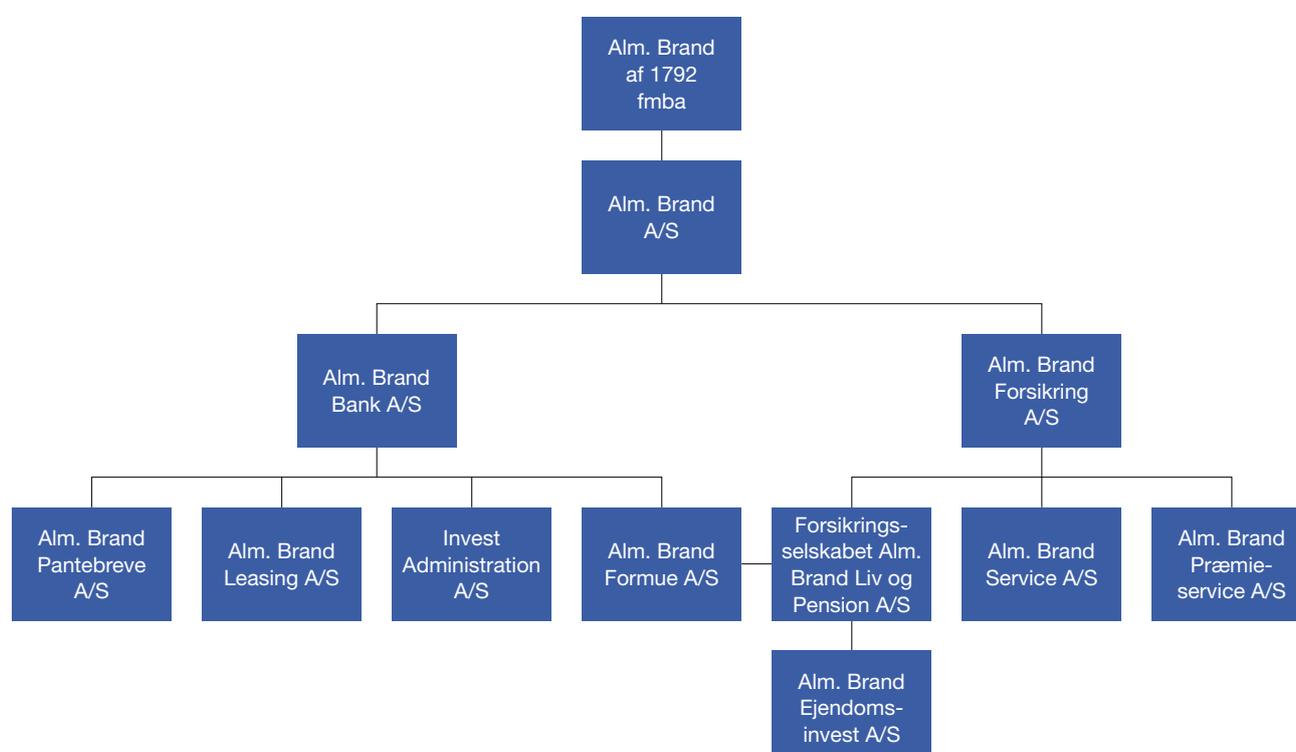
Alm. Brand A/S is a listed financial holding company and parent company of a number of subsidiaries operating within non-life insurance, banking and life and pension insurance. In addition, the group operates an investment business in the ordinary course of its operations, i.e. insurance and banking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

Alm. Brand A/S also holds a 50% indirect ownership interest in the associate Invest Administration A/S which manages Investeringsforeningen Alm. Brand Invest, a 25% ownership in-

terest in the associate Nordic Corporate Investments A/S which operates an investment business, and a 25% ownership interest in the associate Hirlap Finans ApS the objects of which are to own properties held temporarily acquired from Griffin Ejendomme.

Alm. Brand af 1792 fmba is an association whose members are the policyholders, from time to time, of Alm. Brand Forsikring. The association holds 58.09% of the share capital of Alm. Brand A/S.

Figure 7-1: Group structure at the Prospectus Date



Note: Dormant companies and the property companies Ejendomsselskabet af 16.03.2010 ApS, Ejendomsselskabet af 30. juni 2010 ApS and Ejendomsselskabet af 05.08.2010 ApS are not included in the figure above.
Source: Alm. Brand

Table 7-1: The Company's subsidiaries and group enterprises at the Prospectus Date

Company	Activity	Equity at 30 September 2010 (DKKm)	Ownership %	Voting rights %
Non-life Insurance¹				
Alm. Brand Forsikring A/S	Non-life insurance	2,794	100.0%	100.0%
Alm. Brand Service ApS	IT operations & development	57	100.0%	100.0%
Banking¹				
Alm. Brand Bank A/S	Banking	886	100.0%	100.0%
Alm. Brand Leasing A/S	Leasing	233	100.0%	100.0%
Alm. Brand Pantebreve A/S	Investment	3	93.8%	97.0%
Alm. Brand Formue A/S ²	Investment	335	53.7%	75.1%
Life Insurance				
Forsikringselskabet Alm. Brand Liv and Pension A/S	Life insurance	1,141	100.0%	100.0%
Alm. Brand Ejendomsinvest A/S	Real property	1,236	100.0%	100.0%
Other companies				
Invest Administration	Administration	7	50.0%	50.0%
Nordic Corporate Investments A/S	Investment	109	25.0%	25.0%
Hirlab Finans ApS	Trade, industry and investment	0	25.0%	25.0%
Alm. Brand Præmieservice A/S	Financing	1	100.0%	100.0%
Asgaard Finans A/S	Dormant	1	100.0%	100.0%

Note 1: The Alm. Brand Bank group also consists of three wholly-owned property companies (Ejendomsselskabet af 16.03.2010 ApS, Ejendomsselskabet af 30. juni 2010 ApS and Ejendomsselskabet af 05.08.2010 ApS). These three property companies owned by Alm. Brand Bank were established in connection with the take-over of a number of properties held temporarily.

Note 2: The Company's interest is held directly by Alm. Brand Bank which holds 43.5% of the share capital and 69.6% of the votes, and by Alm. Brand Liv og Pension which holds 10.2% of the share capital and 5.5% of the votes.

Source: Alm. Brand

Table 7-1 lists the Company's directly or indirectly owned subsidiaries and group enterprises at the Prospectus Date. The companies' registered offices are all situated in Copenhagen, Denmark.

On 12 October 2010, Alm. Brand Bank submitted a voluntary tender offer to the minority shareholders of Alm. Brand Pantebreve A/S. The reason for the tender offer was that Alm. Brand Bank wished to gain full control of the mortgage deed portfolio which Alm. Brand Bank before completion of the tender offer is exposed to through loans to Alm. Brand Pantebreve A/S. Alm. Brand Bank has decided that its mortgage deed activities are not part of the Bank's future strategy and that these activities and existing mortgage deed portfolios will be wound up over several years. The tender offer has thus been made as part of the implementation of this strategy and on the basis of Alm. Brand Bank's wish to acquire the underlying mortgage deeds at carrying amount in order to include them in Alm. Brand Bank's own portfolio. That way, Alm. Brand Bank can include the mortgage deeds in risk-mitigating initiatives, in which mortgage deed debtors are offered advice regarding their financial situation, and thus run the total mort-

gage deed portfolio more efficiently, which reduces Alm. Brand Bank's risk of loss. On expiry of the offer period on 10 November 2010, Alm. Brand Bank held and had received acceptances corresponding to 93.5% of the total share capital and 96.9% of the votes and completed the tender offer at a total acquisition price of DKK 3 million for the acquired shares. Accordingly, at the Prospectus Date, Alm. Brand Bank holds 93.8% of the total share capital and has requested that Alm. Brand Pantebreve A/S convene an extraordinary general meeting, among other things with a view to considering a resolution to delist Alm. Brand Pantebreve A/S from NASDAQ OMX. Alm. Brand Bank thus expects to complete a compulsory redemption of the remaining minority shareholders as soon as possible. The mortgage deed portfolio is expected to be subsequently sold to Alm. Brand Bank's own portfolio of mortgage deeds.

Pensionskassen under Alm. Brand A/S (pensionsafviklingskasse) is not part of the group structure. The Company is obliged to pay such ordinary and extraordinary contributions as may be determined in the pension scheme regulations of Pensionskassen under Alm. Brand A/S from time to time or as

may be agreed from time to time with the Danish FSA. Alm. Brand af 1792 fmba has undertaken to indemnify the Company for any and all costs the Company may incur from time to time in respect of these obligations. During the period 1 January 2007 until 30 September 2010, the Company (in 2008) made an extraordinary contribution of DKK 2 million to Pensionskassen under Alm. Brand A/S pursuant to this performance guarantee, which was paid in full by Alm. Brand af 1792 fmba. Members of Pensionskassen are the salaried employees admitted as members on or before 2 October 1970. Members of Pensionskassen under Alm. Brand A/S are also individuals receiving retirement, disablement or spouse's pension from Pensionskassen under Alm. Brand A/S. At 30 September 2010, there was 46 members and their average age was 79 years. Total technical provisions amounted to DKK 120 million at 30 September 2010. In accordance with section 7(2) of the Danish Consolidated Supervision of Company Pension Funds Act, Pensionskassen under Alm. Brand A/S has applied for permission to continue as a company pension fund as it has less than 50 members. The Danish FSA has given Pensionskassen permission to continue its operations until 1 February 2011, after which date Pensionskassen must submit a new application.

The Alm. Brand family also includes Alm. Brand Fond, which is an independent foundation making grants to charitable causes. The majority of the members of the board of trustees are appointed by Alm. Brand af 1792 fmba's board of directors.

7.2. Special matters in respect of the parent company Alm. Brand A/S

Alm. Brand A/S is a financial holding company. The Company has a number of corporate expenses, but no activities other than being the parent company of Alm. Brand Forsikring A/S, Alm. Brand Bank A/S and Asgaard Finans A/S.

8. Property, plant and equipment

8.1. Facilities

LAND AND BUILDINGS

Owned facilities

Alm. Brand Forsikring, Alm. Brand Liv og Pension and its subsidiary Alm. Brand Ejendomsinvest A/S own land and buildings with a carrying amount of DKK 1,472 million at 30 September 2010, of which properties wholly or partially used for the Group's offices and branches etc. have a carrying amount of DKK 1,032 million. There are no significant easements affecting the Group's properties.

Management believes that lease terms for intra-group leases are determined at arm's length and partly based on external valuer assessments and partly based on internal assessments. The Group's internal headquarter leases include the property at Midtermolen 5-7, DK-2100 Copenhagen Ø, Denmark, which lease, depending on the circumstances, may be terminated at three or 12 months' notice in accordance with the general rules of the Danish Act on Business Leases, and the property at Midtermolen 1-3, DK-2100 Copenhagen Ø, Denmark, which lease may be terminated at six months' notice, provided that, in the case of termination by the landlord, such notice shall not expire until 1 April 2012. The Group's internal leases for regional offices, branches and sales centres in Group-owned properties comprise 35 addresses and can be terminated at six months' notice to expire on 1 January 2013 at the earliest with respect to the tenant's termination and on 1 January 2018 at the earliest with respect to the landlord's termination. However, for a few leases no period of non-terminability has been stipulated.

As at 30 September 2010, the Group decided to close nine branches located at Group-owned properties. The leases are intra-group interminable until 1 January 2013, but the Group

will seek to find alternative use of these premises as soon as possible.

The Group's owned facilities are listed in table 8-1.

Leased facilities

The Group leases a small number of external leases at an annual rent of DKK 9 million.

8.2. Insurance

Management believes that the Group's insurances cover the overall insurance requirements and its general and common exposure on the basis of known risks in connection with property damage, personal injuries and liability.

Alm. Brand Forsikring takes out insurance for all the Group's own buildings and personal property. The buildings located at Midtermolen represent the largest single risk by far with an EML for fire of DKK 950 million. In case of injury, Alm. Brand will pay the first DKK 30 million for its own account. Claim expenses for more than DKK 30 million and up to a total loss of DKK 950 million are covered by the Group's reinsurance programme.

In addition, an EML has been calculated in case of a terrorist attack on Midtermolen. The calculated terrorist-EML amounts to DKK 1,371 million which is also covered by reinsurance, except for the Group's self-retention of DKK 30 million.

8.3. Environmental issues

Compared to their use, there are no key environmental issues concerning the Group's properties.

Table 8-1: The Group's owned land, buildings and production equipment at 30 September 2010

DKKm	Non-life	Life	Total
Carrying amount, end of period	23	1,449	1,472
Of which:			
Office properties	23	1,416	1,439
Residential property	-	33	33
Average rate of return, office properties	7.08%	6.27%	6.28%
Average rate of return, residential properties		6.00%	6.00%
Average rate of return, total	7.08%	6.26%	6.27%

Note: This statement includes properties owned by Alm. Brand Forsikring, Alm. Brand Liv og Pension and Alm. Brand Ejendomsinvest A/S, except properties acquired by Alm. Brand Forsikring in connection with a claim (site of fires). This statement does not include properties acquired by Alm. Brand Bank and Alm. Brand Pantebreve A/S with a view to defending a mortgage, or properties owned by Alm. Brand Bank's three wholly owned property companies (Ejendomsselskabet af 16.03.2010 ApS, Ejendomsselskabet af 30. juni 2010 ApS and Ejendomsselskabet af 05.08.2010 ApS).
Source: Alm. Brand

9. Operating and financial review

The following is a discussion of the Group's financial position and results of operations for the financial years ended 31 December 2009, 2008 and 2007 and for the nine months ended 30 September 2010 and 2009, and of the material factors that have affected or in Alm. Brand's opinion may affect the Group's present and future operations.

The following selected financial highlights for the Group for the financial years ended 31 December 2009, 2008 and 2007 have been extracted from Alm. Brand's audited consolidated and parent company financial statements for 2009 (with comparative information for 2008) and the audited annual report for 2007. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements of listed financial enterprises. The consolidated financial statements are presented in extract on pages F-8 to F-72 in this Prospectus.

The consolidated financial information for the nine months ended 30 September 2010 with comparative figures for the corresponding period of 2009 have been extracted from the official interim report for the nine months ended 30 September 2010. The interim consolidated financial statements are presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed financial enterprises. The interim report for the nine months ended 30 September 2010 has been reviewed. The comparative figures for the same period of 2009 have been neither audited nor reviewed. The interim financial statements are presented in extract on pages F-75 to F-80 in this Prospectus.

The following information should be read in conjunction with the Group's annual reports and the consolidated financial statements and the notes thereto for the financial years ended 31 December 2009, 2008 and 2007 included in Part III "Financial information", and in part the interim financial statements for the nine months ended 30 September 2010 and 2009, also included in Part III "Financial information".

9.1. Critical accounting policies

The preparation of the consolidated financial statements requires Management to make estimates, judgments and assumptions that affect the amounts reported in Alm. Brand's financial statements and the related notes. A description of Alm. Brand's accounting policies is included in Part III "Financial information" on pages F-64 to F-72 in this Prospectus. Certain elements of the accounting policies applied by the Group are based on estimates and valuation assumptions and others are based on subjective judgments.

The calculation of the carrying amounts of certain assets and liabilities requires an estimate of how future events will affect

the value of such assets and liabilities at the balance sheet date. The items most materially affected by accounting estimates are insurance obligations, loans and advances and receivables.

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

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

In addition, the Group is subject to risks and uncertainties that may cause actual results to deviate from the estimates. The most significant risks facing the Group are disclosed in "Risk Factors". Estimates and judgments are reviewed on an ongoing basis and are based on historical experience and on various other factors, including expectations for future events that are believed to be reasonable under the circumstances. Alm. Brand's critical accounting policies are set out by the Board of Directors and Management Board. Although Alm. Brand's judgments and estimates are believed to be appropriate, actual results may differ from these estimates under different assumptions or conditions. If actual results differ significantly from the Group's estimates and projections, this could have a material adverse effect on the consolidated financial statements.

9.2. Factors affecting Alm. Brand's results of operations

The Group's results of operations from 2007 up to and including the third quarter of 2010 have been affected by a number of external factors as well as by factors that have particularly impacted the Group.

The Group's three business areas are highly sensitive to general economic conditions, including in particular Danish and international economic trends. Moreover, the Group is very sensitive to extraordinary weather conditions such as storms, cloudbursts and severe winters and to major single events in the form of major claims. In recent years, higher crime rates, resulting in an increase in burglaries, have also had an impact on Alm. Brand and society at large.

The period from 2007 to mid-2008 was characterised by the economic boom that had prevailed for a number of years.

This meant low unemployment rates, higher share prices and a large turnover of residential and other property with resulting rising property prices. It also meant greater competition and lower income/cost ratio in certain business areas. During this period, the Group's three business areas were affected as follows:

- In Non-life Insurance, the high level of economic activity meant a thriving insurance market and a relatively low combined ratio. On the other hand, the period created a foundation for claims inflation in future periods, including significantly higher repair costs on real property.
- In the Bank, the favourable economic trends caused a major increase in total lending for properties, including in particular for mortgage deeds. Due to the competitive situation, this lending happened at decreasing interest margins despite the fact that inexpensive interbank funding was still available during part of 2007.
- In Life Insurance, the higher share prices resulted in consolidation in the form of an increasing collective bonus potential and full return on shareholders' equity. Despite the rapidly expanding pension market, premium income remained more or less in line with the previous year, however, largely due to the focus on savings in unguaranteed products in the Bank.

The period from mid-2008 to mid-2009 was marked by the financial crisis, which escalated in the autumn of 2008. The financial crisis brought on a recession in large parts of the EU and the USA, combined with a lack of confidence in the financial sector in a number of countries. Against this background, the EU and the USA had to launch extensive rescue packages in order to save the financial system. In the EU, the rescue operations were mainly undertaken by the individual member states. In Denmark, unemployment rose, and this period marked the beginning of a major decline in GDP and private sector employment figures. Also, a lower turnover of properties made it more difficult to assess the value of the collateral backing the Bank's lending. During this period, the Group's three business areas were affected as follows:

- In Non-life Insurance, the combined ratio was affected by increases in the minor claims frequency, among other things. These increases were due in part to a rise in the number of thefts and in part to the fact that, in Management's view, more claims are made during times of crisis, as policy holders are often more aware that claims incurred are covered by insurance. Moreover, the great consumer spending in past years with purchases of expensive house contents etc. combined with higher repair costs meant that average claims rose.

- During this period, the Bank was severely hit by the declining level of activity and falling property prices. Also, in a matter of a few months the mortgage deed trading market became very illiquid. These conditions led to major impairment writedowns on loans and credit losses on mortgage deeds in connection with the financial reporting for 2008 and again in connection with the interim reporting for 2009, and the Company had to inject capital into Alm. Brand Bank in order to meet the solvency requirements. As a result of the major impairment writedowns on loans and credit losses on mortgage deeds, a new management board for Alm. Brand Bank was appointed at the end of August 2009.
- In Life Insurance, the falling share prices and the declining level of interest rates, including the developments in the spread between mortgage bonds and government bonds in 2008, reduced the collective bonus potential to zero at the end of 2008, and for a period of time it was necessary to apply the bonus potential on paid-up policies and introduce a transfer and surrender charge. However, the Danish FSA temporarily adjusted the yield curve used to calculate life insurance provisions, and this adjustment somewhat lessened the impact of the bond market developments. In 2008, the Life Insurance Company had to transfer DKK 81 million to the shadow account.

The period from mid-2009 to the third quarter of 2010 was characterised by recovery from recession to limited economic growth. A considerable crisis still prevails in the EU and the USA, however, and deflation as well as a new recession are deemed to be real risks despite highly expansive fiscal policies in large parts of the EU and the USA in 2009 and 2010. In 2010, the level of interest rates is down significantly and there are indications of property prices having stabilised. During this period, Alm. Brand's three business areas were affected as follows:

- Non-life Insurance remained affected by an increasing combined ratio and in the first quarter, in particular, performance was adversely affected by snow load claims and an unusually severe winter. Moreover, Non-life Insurance was affected by cloudburst claims in August 2010. On the other hand, there have been signs in 2010 that the increase in the number of thefts had levelled off as well as a trend towards a declining claims frequency and a stabilisation of average claims. The lower level of interest rates has a negative impact on the combined ratio, however, increasing the demand for earnings growth in the insurance business.

- In the Bank, the new management initiated a turn-around, among other things implementing a new strategy. This period remained impacted by the large property lending which was still the cause of major impairment writedowns on loans and credit losses on mortgage deeds. The period also saw the Bank imposing a virtual lending stop in relation to new customers and deciding to wind up significant parts of the existing loan portfolio. During the period, Alm. Brand Bank received hybrid Tier 1 capital in the amount of DKK 856 million from the Danish State under Bank Package I and in June 2010 issued bonds in the amount of DKK 6 billion guaranteed by the Danish State following negotiations with Finansielt Stabilitet A/S.
- In Life Insurance, the financial market developments, including rising share prices, meant that the collective bonus potential amounted to 2.1% at the end of 2009 and that it was no longer necessary to apply the bonus potential on paid-up policies. Consequently, the transfer and surrender charge was also cancelled in the autumn of 2009. At 30 September 2010, the collective bonus potential had been more or less restored to its pre-financial crisis level, and at 30 September 2010 it is possible to take the full amount of the shadow account to income.

9.3. Consolidated financial statements for 2009, 2008 and 2007 and interim financial statements for the nine months ended 30 September 2010 and 2009

The following is an examination of the consolidated financial statements for the three most recent financial years and for the nine months ended 30 September 2010 and 2009.

The Group in 2009, 2008 and 2007

2009 was adversely impacted by the Bank's significant impairment writedowns on loans and credit losses on mortgage deeds, lending for property development projects and commercial properties – including commercial mortgage deeds in connection with investment commitments – being particularly hard hit by the economic downturn. The Bank's impairment writedowns on loans and credit losses on mortgage deeds totalled almost DKK 1.7 billion.

Despite the financial market downturn, which for the Bank resulted in major capital losses on investment assets – particularly on mortgage bonds and other interest-bearing assets – and in major impairment writedowns on loans and credit losses on mortgage deeds, the Group nonetheless reported a profit before tax of DKK 44 million for 2008, albeit significantly lower than the Group's profit for 2007 of DKK 986 million.

In the past two years, the Group has experienced an increase in claims expenses for house and household comprehensive claims as well as building and contents claims due to increases in the number and size of claims. The rise in the number of burglary and theft claims has been particularly marked. Also, in 2008 there was a large volume of major claims in the commercial customer segment. In 2009, the Group also experienced a rise in the number and size of claims in the personal accident business. As a result, the performance reported by the Non-life Insurance business for the past two years has been below that for 2007, when a good performance by the underlying portfolio, run-off gains and a strong investment result resulted in a profit before tax of DKK 647 million. The profits for 2008 and 2009 were DKK 262 million and DKK 287 million, respectively.

The performance of the Life Insurance business was very strong in 2009, the profit before tax amounting to DKK 139 million, up from DKK 43 million in 2008, which meant that the collective bonus potential could be partially restored, the transfer and surrender charge was removed and the policyholders' investment portfolios generated a profit of 8.5%, compared with 0.8% in 2008 and 0.6% in 2007. The significant increase in the profit generated by the policyholders' investment portfolios was primarily due to the rising equity markets and falling interest rates. The development in the financial markets in 2008, including the falling equity markets, meant that no risk premium was booked from Life Insurance. 2008 was also affected by the fact that the collective bonus potential was exhausted and it was necessary in addition to apply the bonus potential on paid-up policies.

As a result of two years' unsatisfactory performance, the Group has launched a number of activities to enhance its financial results and lower the risk exposure, mainly in the Bank and in Non-life Insurance. Alm. Brand Bank appointed a new management board in 2009 and at the same time its strategy was changed decisively. Consequently, the Bank's lending portfolio was reduced in terms of size and risk, price increases were effected in the Bank and Non-life Insurance, and a number of cost-saving measures implemented. Also, in Non-life Insurance a number of measures were introduced to limit claims.

The Group for the nine months ended 30 September 2010 compared with the nine months ended 30 September 2009

Before tax and including losses and writedowns in the Bank, the Group posted a loss of DKK 496 million for the nine months ended 30 September 2010. Excluding losses and writedowns in the Bank, the Group realised a profit of DKK 255 million for the same period.

Table 9-1: Selected consolidated financial highlights

	Q1-Q3 2010	Q1-Q3 2009	2009	2008	2007
Income statement (DKKm)	(unaudited)	(unaudited)			
Premium income	4,058	3,985	5,434	5,530	5,345
Interest income, etc.	1,252	1,555	1,995	2,425	2,111
Fee income, etc.	100	92	100	172	185
Other income from investment activities	2	3	23	21	40
Profit from investments in associates	5	0	0	2	0
Other income	17	15	19	26	40
Total income	5,434	5,650	7,571	8,176	7,721
Claims expenses	-3,627	-3,304	-4,499	-4,284	-4,081
Interest expenses	-419	-629	-803	-1,243	-973
Other expenses from investment activities	-23	-32	-27	-47	-68
Impairment of loans, advances and receivables, etc.	-548	-1,236	-1,451	-340	50
Acquisition costs and administrative expenses	-1,113	-1,148	-1,670	-1,520	-1,501
Other costs	2	1	0	-27	-41
Total costs	-5,728	-6,348	-8,450	-7,461	-6,614
Loss from business ceded	-82	-81	-136	-102	-85
Change in life insurance provisions	-373	-313	-233	-156	188
Change in collective bonus potential	-122	-120	-225	423	69
Value adjustments	523	337	198	-1,025	-288
Tax on pension investment returns	-152	-122	-141	-19	-11
Profit/loss before tax	-500	-997	-1,416	-164	980
Tax on pension investment returns	143	246	336	-53	-266
Profit/loss after tax	-357	-751	-1,080	-217	714
Share of profit/loss before tax attributable to Alm. Brand	-496	-967	-1,336	44	986
Share of profit/loss before tax attributable to minority shareholders	-4	-30	-80	-208	-6
Share of profit/loss after tax attributable to Alm. Brand	-353	-720	-1,000	-29	705
Share of profit/loss after tax attributable to minority shareholders	-4	-31	-80	-188	9

	Q1-Q3 2010	Q1-Q3 2009	2009	2008	2007
Balance sheet (DKKm)	(unaudited)	(unaudited)			
Total provisions for insurance contracts	19,164	18,945	17,894	17,714	18,331
Consolidated shareholders' equity	3,304	4,029	3,694	4,800	5,446
Minority interests	156	250	199	282	504
Total assets	49,669	47,815	47,498	45,777	47,886

	Q1-Q3 2010	Q1-Q3 2009	2009	2008	2007
Ratios	(unaudited)	(unaudited)			
Return on equity before tax p.a.	-19.9%	-31.0%	-33.4%	0.9%	18.0%
Diluted earnings per share	21	-43	-59	-2	35
Net asset value per share	186	224	207	264	260
Price/NAV	0.26	0.53	0.44	0.26	1.10
Share price at 31 December	48	119	91	69	286

Source: Alm. Brand

Table 9-2: Financial highlights for Non-life Insurance

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Income statement (DKKm)					
Gross premium income	3,559	3,509	4,714	4,769	4,578
Technical interest	25	43	53	125	112
Gross claims expenses	-2,839	-2,678	-3,601	-3,523	-3,156
Insurance operating expenses	-652	-672	-872	-905	-898
Reinsurance loss	-87	-101	-146	-173	-129
Technical result	6	101	148	293	507
Interest and dividends, etc.	214	295	370	376	338
Capital gains and losses	-46	10	1	-76	98
Management expenses relating to investment business	-15	-15	-29	-15	-15
Return on technical provisions	-120	-161	-205	-301	-268
Return on investment after technical interest	33	129	137	-16	153
Other ordinary items	2	1	2	-15	-13
Profit before tax	41	231	287	262	647
Tax	-10	-58	-79	-67	-185
Profit after tax	31	173	208	195	462

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Balance sheet (DKKm)					
Run-off gains/losses	162	52	80	-34	85
Total provisions for insurance contracts	7,399	6,955	6,631	6,260	5,930
Insurance assets	192	134	103	67	104
Total shareholders' equity	1,683	1,558	1,753	1,610	2,338
Total assets	9,854	9,048	8,933	8,436	8,786

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Ratios					
Gross claims ratio	79.8%	76.3%	76.4%	73.9%	69.0%
Gross expense ratio	18.3%	19.2%	18.5%	19.0%	19.6%
Net reinsurance ratio	2.5%	2.9%	3.1%	3.6%	2.8%
Combined ratio	100.6%	98.4%	98.0%	96.5%	91.4%
Operating ratio	99.8%	97.2%	96.9%	94.0%	89.2%
Relative run-off result	n/a	n/a	1.8%	-0.8%	2.2%
Return on equity before tax p.a.	3.3%	21.5%	19.1%	15.4%	30.3%
Return on equity after tax p.a.	2.5%	16.1%	13.8%	11.5%	21.6%
Solvency ratio	270.0%	300.0%	270.0%	270.0%	300.0%

Source: Alm. Brand

The performance of Non-life Insurance was severely impacted by extraordinary winter-related claims in the first quarter of 2010, as well as by the cloudburst claims in August 2010. In the nine months ended 30 September 2010, Non-life Insurance saw a decline in minor and major claims, and run-off gains were seen in almost all lines. Accordingly, the number of minor claims is declining and average claims expenses have stabilised.

The Bank's performance for the nine months ended 30 September 2010 remained affected by impairment writedowns on loans and credit losses on mortgage deeds at a total of DKK 751 million, against DKK 1,400 million in the same period of 2009. In addition, the performance for the nine months ended 30 September 2010 was adversely impacted by provisions for restructuring and branch office closures and an unrealised loss on the mortgage deed portfolio totalling DKK 59 million. This loss was attributable to an update of the security ranking of the mortgage deeds in the respective properties, which forms part of the basis for estimating the value of the mortgage deed portfolio in Alm. Brand Bank and Alm. Brand Bank's partly owned subsidiary, Alm. Brand Pantebreve A/S. A positive trend was seen in net interest income, the Alm. Brand Bank group's interest margin amounting to 2.4% for the nine months ended 30 September 2010, against 1.9% for the year-earlier period. Equally, fee income rose relative to the same period of 2009.

Life Insurance posted a profit of DKK 159 million, which Management considers satisfactory. The return on the policyholders' investment portfolio was 9.8% for the nine months ended 30 September 2010, due to positive market value adjustments on interest-bearing assets as well as on the equity portfolio. Financial market developments further strengthened the collective bonus potential by DKK 122 million in the nine months ended 30 September 2010. Also, shareholders' equity included the full return requirement, and the transfer to the shadow account was reversed. This brought the shadow account to DKK 0.

Non-life Insurance in 2009, 2008 and 2007

Gross premiums fell by DKK 55 million in 2009 to DKK 4,714 million, against DKK 4,769 million in 2008, corresponding to a decline of 1.2%. Premium income in the private customer segment in 2009 was lifted by price increases on building and household comprehensive insurance and rose by 1.2% relative to 2008. In the commercial customer segment, gross premiums dropped by 3.7%, reflecting the lower level of activity in small and medium-sized businesses, in particular. In general, the effects of the financial crisis on Danish trade and industry in the form of a slowdown in investments and expansions has translated into an impaired demand for insurance and reduced customer mobility between market participants relative to previous years. In 2007, gross premiums were up by DKK 299 million, or 7%, allowing Non-life Insurance to win market shares.

The increase in combined ratio from 96.5% in 2008 to 98.0% in 2009 was primarily due to a higher number of fire and theft claims and a higher number of and more expensive personal accident claims. The combined ratio performance from 2007 to 2008 was mainly attributable to higher claims expenses for house and household comprehensive claims as well as building and contents claims in the commercial customer segment. In 2008, the commercial customer segment in particular was hit by major claims. 2007 was marked by significantly more weather-related claims and major claims, which had a negative impact on the combined ratio of 2.5 percentage points.

In 2009, the investment return was favourably affected by declining short-term interest rates over the year, as the majority of the assets are placed in short-term bonds. Benchmarked against government bonds, the investment return exceeded expectations in 2009, primarily because the yield spread between mortgage bonds and government bonds narrowed in 2009 and because most of the assets in Non-life Insurance were placed in mortgage bonds. The opposite effect was experienced in 2008, when a widened yield spread resulted in a lower-than-expected investment return. The investment return in 2007 was primarily supported by the fact that assets used to cover reserves for workers' compensation were placed at a shorter duration than the reserves were.

Non-life Insurance for the nine months ended 30 September 2010 compared with the nine months ended 30 September 2009

Gross premium income for the nine months ended 30 September 2010 rose to DKK 3,559 million, up by 1.4% from DKK 3,509 million in the year-earlier period. The rise in premium income was explained by the premium increases announced for the majority of the portfolio during 2009 and 2010. The regularly announced premium increases in 2010 on the portfolio of building and contents policies in the commercial customer segment resulted in a slightly larger customer outflow than expected. Moreover, a number of customers chose to convert to policies with higher deductibles or reduced cover in order to set off the effect of premium increases. This resulted in reduced risk exposure for Non-life Insurance.

The combined ratio was 100.6 for the nine months ended 30 September 2010, against 98.4 for the same period of 2009. The combined ratio was impacted by winter claims in the first quarter of 2010 and by cloudburst claims in August 2010. Conversely, the combined ratio was affected by the drop in minor and major claims as well as by run-off gains seen in almost all lines. Accordingly, the number of minor claims is declining and average claims expenses have stabilised.

The investment return was affected by the declining interest rates seen in the nine months ended 30 September 2010. The lower interest rates resulted in significant negative market

Table 9-3: Financial highlights for the Bank

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Pro rata income statement (DKKm)					
Interest receivable	703	845	1,082	1,498	1,206
Interest payable	-297	-507	-634	-1,066	-832
Net interest income	406	338	448	432	374
Net fees and commissions receivable and dividends, etc.	126	116	143	197	210
Net interest and fee income	532	454	591	629	584
Value adjustments	-217	-89	-177	-290	70
Other operating income	16	15	17	14	12
Profit before expenses	331	380	431	353	666
Expenses and depreciation/amortisation	-397	-395	-658	-525	-515
Other operating expenses	-65	-59	-81	-24	0
Writedowns of loans, advances and receivables, etc.	-548	-1,236	-1,451	-340	50
Profit/loss from equity investments	19	1	1	4	-5
Profit/loss before tax	-660	-1,309	-1,758	-532	196
Tax	184	331	434	104	-48
Profit/loss after tax	-476	-978	-1,324	-428	148

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Pro rata balance sheet (DKKm)					
Loans and advances	14,286	15,526	15,024	17,209	18,006
Deposits	9,620	11,386	11,102	11,143	11,769
Shareholders' equity	886	1,158	1,362	937	1,365
Total assets	27,031	24,749	26,162	24,228	25,048

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Pro rata ratios					
Interest margin (banking group)	2.4%	1.9%	1.9%	1.8%	1.7%
Income/cost ratio	0.35	0.23	0.20	0.40	1.42
Impairment ratio	3.1%	6.5%	7.8%	1.8%	-0.3%
Solvency ratio (banking group)	12.6%	16.5%	16.0%	12.6%	11.7%
Return on equity before tax p.a.	n/a	n/a	-321.7%	-45.4%	15.2%
Return on equity after tax p.a.	n/a	n/a	-243.7%	-37.2%	11.5%
Return in excess of the money market rates	n/a	n/a	-324.1%	-50.8%	10.7%

Source: Alm. Brand

value adjustments of Non-life provisions, and these negative value adjustments were not fully offset by positive market value adjustments on assets.

The Bank in 2009, 2008 and 2007

The loss for 2009 was largely driven by major impairment writedowns on loans and by credit losses on mortgage deeds. The Bank suffered overall impairment writedowns on loans and credit losses on mortgage deeds of DKK 1,667 million in 2009, corresponding to 10.3% of the average lending portfolio. Of this amount, credit losses and impairment write-

downs on the mortgage deed portfolio amounted to DKK 216 million. The most significant impairment writedowns related to the areas of security financing (DKK 423 million); investment properties (DKK 401 million); commercial mortgage deeds (DKK 139 million) and property development projects (DKK 378 million). The loss for 2009 was also impacted by impairment writedowns on goodwill and other intangible assets in the amount of DKK 102 million. These impairment writedowns were made as a result of the Bank's changed strategy, which, among other things, involves the closing down of a number of activities.

In August 2009, Alm. Brand Bank received a commitment for funds under Bank Package II totalling DKK 856 million. Additionally, the Company injected new capital in the amount of DKK 1.2 billion in Alm. Brand Bank and converted subordinate capital in the amount of DKK 550 million into share capital in 2009. The Bank's performance for 2009 was impacted by the net costs of Bank Package I and Bank Package II of DKK 147 million in aggregate.

The performance for 2008 was also adversely affected by significant cyclical impairment and developments in the financial markets, including higher financing costs and negative value adjustments. The Bank suffered overall impairment write-downs on loans and credit losses on mortgage deeds of DKK 464 million in 2009, corresponding to 2.6% of the average lending portfolio. The most significant impairment writedowns related to the areas of security financing (DKK 187 million); investment properties (DKK 56 million) and commercial mortgage deeds (DKK 104 million).

In 2007, the performance was lifted by stronger growth in the Bank's lending and a higher level of activity in the Bank's stockbroking and asset management activities. Moreover, in 2007 the Bank was favourably affected by very moderate losses on loans and guarantees, recognising income in the amount of DKK 48 million from impairment writedowns on loans and credit losses on mortgage deeds.

The Bank for the nine months ended 30 September 2010 compared with the nine months ended 30 September 2009

The Bank's performance for the nine months ended 30 September 2010 remained affected by impairment writedowns on loans and credit losses on mortgage deeds at a total of DKK 751 million, against DKK 1,400 million in the same period of 2009. In addition, the performance for the nine months ended 30 September 2010 was adversely impacted by provisions for restructuring and branch office closures and an unrealised loss on the mortgage deed portfolio totalling DKK 59 million. This loss was attributable to an update of the security ranking of the mortgage deeds in the respective properties, which forms part of the basis for estimating the value of the mortgage deed portfolio in Alm. Brand Bank and Alm. Brand Bank's partly owned subsidiary, Alm. Brand Pantebreve A/S. A positive trend was seen in net interest income, the Alm. Brand Bank group's interest margin amounting to 2.4% for the nine months ended 30 September 2010, against 1.9% for the year-earlier period. Equally, fee income rose relative to the same period of 2009.

Life Insurance in 2009, 2008 and 2007

Pension contributions have been adversely affected by the economic developments in recent years. Customers have become more reluctant to set up new schemes and some customers have chosen to stop their payments on existing

schemes. Also, premium income has been affected by the shift from savings in guaranteed products to unguaranteed products in Alm. Brand Bank.

Claims and benefits in 2008 were relatively high compared with the levels in 2007 and 2009, which was explained by an increase in pension benefits from 2007 to 2008 and by a drop in surrenders from 2008 to 2009.

In 2008, as a result of the investment return performance, the collective bonus potential was exhausted and DKK 131 million of the bonus potential on paid-up policies had to be applied, which reduced total provisions.

The financial market downturn also meant that no risk premium was booked to shareholders' equity in 2008 and DKK 81 million was transferred to the shadow account.

In 2009, however, shareholders' equity included the full return requirement, and the transfer to the shadow account was partially reversed. The bonus potential on paid-up policies could be restored and the collective bonus potential at the end of 2009 was DKK 225 million. In 2007, shareholders' equity also included the full return requirement.

Total provisions rose by DKK 233 million in 2009. A significant part of the increase was attributable to the fact that no bonus potential on paid-up policies was applied at 31 December 2009. The increase in provisions was also attributable to strengthening as a result of a fall in interest rates and higher life expectancy for customers with life-long annuities. In 2007, provisions were down by DKK 188 million, in part due to the implementation of the yield curve and the rising level of interest rates.

Over the past three years, capital has twice been contributed to Alm. Brand Liv og Pension. In the first quarter of 2007, Alm. Brand Forsikring contributed DKK 120 million in subordinated loan capital and in the fourth quarter of 2008, DKK 300 million was contributed to Alm. Brand Liv og Pension. The background for the capital contributions was a wish to ensure the capital strength and flexibility of the Life Insurance Company. Following the positive performance in 2009, Alm. Brand Liv og Pension has been able to distribute DKK 200 million in dividend to the parent company.

Life Insurance for the nine months ended 30 September 2010 compared with the nine months ended 30 September 2009

In the nine months ended 30 September 2010, pension contributions increased relative to the year-earlier period. This increase largely consisted of lump sum premiums. Total contributions to the Bank's investment scheme increased similarly. The total increase over the year-earlier period was 9%.

Table 9-4: Financial highlights of Life Insurance

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Income statement (DKKm)					
Premiums	499	466	710	747	750
Investment return after allocation of interest	962	-617	780	37	57
Insurance benefits	-788	673	-889	-981	-918
Change in life insurance provisions	-373	-49	-233	-156	188
Change in collective bonus potential	-122	15	-225	413	61
Insurance operating expenses	-54	-313	-67	-72	-82
Profit/loss on reinsurance	5	-120	5	12	17
Technical result	129	55	81	0	73
Return on investment allocated to equity	30	52	58	43	31
Profit before tax	159	107	139	43	104
Tax	-40	-27	-26	-17	-35
Profit after tax	119	80	113	26	69

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Balance sheet (DKKm)					
Total provisions for insurance contracts	11,764	11,244	11,263	10,801	11,049
Total shareholders' equity	1,111	1,159	1,192	1,079	903
Total assets	14,336	12,971	12,691	12,101	12,168

	Q1-Q3 2010 (unaudited)	Q1-Q3 2009 (unaudited)	2009	2008	2007
Ratios					
Return before tax on pension returns	n/a	n/a	8.2%	1.1%	0.8%
Return on customer funds before tax on pension returns*	9.8%	7.2%	8.5%	0.8%	0.6%
Return on equity funds before tax on pension returns*	2.4%	4.4%	6.3%	6.2%	3.3%
Return after tax on pension returns	n/a	n/a	7.0%	0.9%	0.7%
Expense ratio on premiums	n/a	n/a	9.5%	9.7%	10.9%
Expense ratio on provisions	n/a	n/a	0.6%	0.7%	8.0%
Expenses per individual insured (rounded to the nearest DKK)	n/a	n/a	723	748	824
Expense result	n/a	n/a	0.0%	0.1%	0.0%
Insurance risk result	n/a	n/a	0.4%	0.5%	0.5%
Bonus rate	3.4%	1.1%	2.1%	0.0%	4.0%
Equity reserves	n/a	n/a	12.9%	11.9%	10.2%
Capital base reserves	n/a	n/a	6.2%	7.2%	4.2%
Solvency ratio	n/a	n/a	230%	252%	193%
Return on equity before tax p.a.	19.4%	12.8%	12.2%	4.4%	11.6%
Return on equity after tax p.a.	14.6%	9.6%	9.5%	2.7%	7.7%
Return on customer funds after deduction of expenses before tax	n/a	n/a	8.1%	1.2%	-0.6%
Return on subordinated loan capital before tax	n/a	n/a	-3.0%	-5.7%	-4.6%

* The return only covers Q1-Q3 and is thus not an annual return.
Source: Alm. Brand

The return on policyholders' investment portfolio was 9.8% for the nine months ended 30 September 2010, due to positive market value adjustments on interest-bearing assets as well as on the equity portfolio. Financial market developments further strengthened the collective bonus potential by DKK 122 million in the nine months ended 30 September 2010. Also, shareholders' equity included the full return requirement, and the transfer to the shadow account was reversed. This brought the shadow account to DKK 0.

9.4. Off-balance sheet liabilities

CONTINGENT LIABILITIES

As part of its ordinary banking operations, Alm. Brand Bank has a number of contingent liabilities, which in accordance with IFRS are not recognised in the balance sheet. Financial guarantees and loss guarantees in respect of mortgage loans were mainly provided in connection with the business partnership agreements with Totalkredit, DLR Kredit and BRF Kredit, and other contingent liabilities include guarantees provided to the Private Contingency Association and the Danish Guarantee Fund for Depositors and Investors.

Financial guarantees are guarantees provided in replacement of loans. Loss guarantees in respect of mortgage loans are generally provided for the uppermost risk on mortgage loans to private individuals and, to a limited degree, for commercial property. For private property, the cover of the guarantee is within 80% and for commercial property within 60% of the property's value determined through an independent valuation by the lender.

Registration and conversion guarantees are provided in connection with registration transactions on the raising and conversion of mortgage loans. Such guarantees are subject to minimal risk. Other contingent liabilities comprise various forms of guarantee subject to varying degrees of risk.

Alm. Brand Bank has entered into an agreement with Totalkredit to arrange mortgage loans. Totalkredit has a right of setoff against commission income if losses are recorded on loans arranged by Alm. Brand Bank. Alm. Brand Bank also provides a loss guarantee (i) in cases with special types of risk, (ii) where Alm. Brand Bank has chosen not to provide the loan case with a special credit risk classification, (iii) until Totalkredit has approved the loan case and (iv) in the event that the construction of the mortgaged property has not been completed.

Alm. Brand Bank has off-balance sheet guarantee commitments in the form of finance guarantees, loss guarantees in respect of mortgage loans, etc. totalling DKK 1.6 billion.

OTHER COMMITMENTS

Irrevocable credit commitments currently only comprise Alm. Brand Bank's credit commitments to other banks. The credit commitments meet the conditions set out in section 152 of the Danish Financial Business Act. In addition, Alm. Brand Bank is to a limited extent bound by a number of other commitments.

OTHER CONTINGENT LIABILITIES

The Group's companies have entered into leases, rental and service agreements for IT equipment and premises with total payments of DKK 49 million over a five-year period.

The Alm. Brand Group has concluded forward contracts etc. to hedge currency and interest rate risk.

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

Alm. Brand Liv og Pension has incurred a VAT adjustment liability of DKK 2 million relating to property.

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

Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand A/S (pensionsafviklingskasse). Alm. Brand A/S has issued a commitment to pay any such ordinary and extraordinary contributions as may be determined in the pension scheme regulations or as agreed with the Danish FSA. Alm. Brand af 1792 fmba has undertaken to indemnify the Company for any and all costs the Company may incur from time to time in respect of these obligations. During the period 1 January 2007 until 30 September 2010, the Company (in 2008) made an extraordinary contribution of DKK 2 million to Pensionskassen under Alm. Brand A/S pursuant to this performance guarantee, which was paid in full by Alm. Brand af 1792 fmba.

In connection with Alm. Brand Bank obtaining a commitment for a government guarantee until the end of 2013 in connection with the issuance of bonds, Alm. Brand A/S has undertaken to contribute the necessary capital to Alm. Brand Bank on order that Alm. Brand Bank complies with the solvency requirements from time to time. Depending on the financial position of Alm. Brand A/S, this contribution is capped at DKK

1–2 billion (DKK 600 million of which was contributed on 17 November 2010). See I.10 “Capital resources” and I.24 “Material contracts” for a more detailed description.

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

Being an active financial services group, the Group is a party to a number of lawsuits. The cases are reviewed on an ongoing basis, and the necessary provisions are made. Management believes that these cases will not inflict further losses on the Group.

9.5. Significant events after the balance sheet date

At 17 November 2010, Alm. Brand af 1792 fmba granted a senior loan of DKK 600 million to the Company. Subsequently, also at 17 November 2010, the Company contributed DKK 600 million of equity to Alm. Brand Bank.

The Danish FSA conducted an ordinary inspection of Alm. Brand Bank in October and November 2010. In that connection, the Danish FSA assessed the Bank's impairment write-downs on loans and credit losses on mortgage deeds and the individual solvency need. The inspection caused Alm. Brand Bank's management to increase impairment writedowns on a few large exposures and in the mortgage deed area, including mortgage deed investment exposures, in Q3 2010. In Management's opinion, this in all material respects represents an advancement of impairment writedowns relative to the forecast previously provided by the Company for impairment writedowns on loans and credit losses on mortgage deeds. Also, Management's forecast for future impairment writedowns and credit losses on mortgage deeds for the period 1 January 2010 – 31 December 2012 was raised from approximately DKK 1.3 billion to approximately DKK 1.4 billion. This increase was driven by a more conservative valuation of mortgage deeds and was not caused by higher level of arrears. Following the writedowns made in Q3 2010, Management assesses that anticipated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 will total just under DKK 700 million. However, the amount of impairment writedowns on loans and credit losses on mortgage deeds in the Bank over the next few years is subject to substantial uncertainty, as described in more detail in I.15 “Prospective financial information”.

In connection with the ordinary inspection, the Danish FSA also reviewed selected business procedures, internal reporting and parts of Alm. Brand Bank's minute and audit books. In

connection with the review, the Danish FSA imposed a number of orders on Alm. Brand Bank, which are described in detail in I.6 “Business and market–Banking”.

As a result of the inspection of the portfolio, Alm. Brand Bank's board of directors and management board resolved on 17 November 2010 to increase Alm. Brand Bank's future individual solvency need from 10.5% (at 30 June 2010) to 14.1%, corresponding to an increase of Alm. Brand Bank's capital requirement by approximately DKK 0.5 billion. The assessment of the amount of impairment writedowns on loans and credit losses on mortgage deeds is subject to considerable uncertainty, which Management believes to be reflected in the calculation of the individual solvency need. The individual solvency need relates mainly to the part of the Bank's lending portfolio that is being wound up, and the individual solvency need is expected to be reduced as and when the portfolio is wound up.

On 12 October 2010, Alm. Brand Bank submitted a voluntary tender offer to the minority shareholders of Alm. Brand Pantebreve A/S. The reason for the tender offer was that Alm. Brand Bank wished to gain full control of the mortgage deed portfolio which Alm. Brand Bank is exposed to before completion of the tender offer though loans to Alm. Brand Pantebreve A/S. Alm. Brand Bank has decided that its mortgage deed activities are not part of Alm. Brand Bank's future strategy and that these activities and existing mortgage deed portfolios will be wound up over a number of years. The tender offer has thus been made as part of the implementation of this strategy and on the basis of Alm. Brand Bank's wish to acquire the underlying mortgage deeds at their carrying amount in order to include them in Alm. Brand Bank's own portfolio. That way, Alm. Brand Bank can include the mortgage deeds in risk-mitigating initiatives, in which mortgage deed debtors are offered advice regarding their financial situation, and thus run the total mortgage deed portfolio more efficiently, which reduces Alm. Brand Bank's risk of loss. On expiry of the offer period on 10 November 2010, Alm. Brand Bank held and had received acceptances corresponding to 93.5% of the total share capital and 96.6% of the votes and completed the tender offer at a total acquisition price of DKK 3 million for the acquired shares. Accordingly, at the Prospectus Date, Alm. Brand Bank holds 93.8% of the total share capital and has requested that Alm. Brand Pantebreve A/S convene an extraordinary general meeting, among other things with a view to considering a resolution to delist Alm. Brand Pantebreve A/S from NASDAQ OMX. Alm. Brand Bank thus expects to complete a compulsory redemption of the remaining minority shareholders as soon as possible. The mortgage deed portfolio is expected to be subsequently sold to Alm. Brand Bank's own portfolio of mortgage deeds.

No other material events have occurred during the period from 1 October 2010 until the Prospectus Date which would be of material importance for the Prospectus.

10. Capital resources

The Company wishes to maintain strong focus on the long-term interests of its Shareholders and therefore regularly defines capital targets for the Group's business activities with a view to creating transparency between, on the one hand, the consideration of having sufficient excess capital adequacy to match future capital needs and, on the other hand, the consideration of preventing the Group from accumulating more capital than necessary. The purpose of the capital target is thus to establish clear guidelines for when the Company has excess capital available for distribution to its Shareholders.

The Group's current situation imposes higher requirements for the excess capital adequacy of the Group's activities, and the anticipated ongoing changes introduced by the authorities in respect of the calculation of capital requirements for the Group's Non-life Insurance, Life Insurance and Banking are expected to increase the Group's capital needs.

Against this background, Management defined a new internal capital target in the autumn of 2010 based on Management's expectations for the future capital requirements based on Basel III (banks) and Solvency II (insurance companies). The revised internal capital target will impact the Group's future dividend policy.

The new guidelines pursuant to Basel III will have to be implemented at EU and national level before they become applicable to Danish banks. The new rules under the Solvency II directive are expected to be implemented in the Danish legislative framework with effect from 1 January 2013. The final wording of the capital requirements under both Solvency II and Basel III may result in changes to the Group's capital target.

As at the Prospectus Date, the Company as well as the individual subsidiaries comply with all applicable statutory capital requirements for solvency.

10.1. Capital target

The Group's new internal capital target means that the capital requirement is substantially higher than the statutory minimum capital requirements expected to be laid down in the new regulations. The capital target reflects Management's wish for the Group's capital requirement to be sufficiently robust to absorb a number of external events that are outside the Group's own control or influence. By way of example, these external, but not unthinkable, events could be situations such as extreme weather conditions or an extended period of economic downturn and resulting impairment writedowns on loans and credit losses on mortgage deeds in the Bank. Furthermore, Management wishes the capital target to imply that the Group is sufficiently robust to be capable of absorbing large structural declines in the share prices and changed levels of interest

rates which may affect Life Insurance to a significant degree, but also significantly impact the Group's other activities.

The capital target at Group level is calculated by adding up the capital targets for the Group's individual operating activities, without thereby deducting any synergies or other factors existing between the Bank and the insurance activities of the Group for reasons of prudence. However, a number of diversification effects between Non-life Insurance and Life Insurance have been included in the calculation based on the possibilities set out so far in the Solvency II rules (the so-called QIS 5 rules).

CAPITAL TARGETS FOR NON-LIFE AND LIFE INSURANCE

The capital targets for Non-life and Life Insurance are calculated on the basis of the expected level of Solvency Capital Requirements (SCR) under the Solvency II rules (expected QIS 5 levels) with the addition of a buffer calculated on the basis of a wish to ensure sufficient excess capital adequacy also after the occurrence of any external and not unthinkable events outside the Group's control.

In order to make these capital targets operational in day-to-day management and transparent to the Company's shareholders, the calculated capital target for Non-life Insurance has been translated into a fixed percentage of gross premiums. As for Life Insurance, the capital target is translated into a fixed percentage of life insurance provisions.

The method is measured and assessed on an ongoing basis and the fixed percentages representing the capital targets will naturally be adjusted if the Solvency II requirements are changed significantly or if the scope of business or risk profile of the insurance companies change significantly.

Management's new capital target for Non-life Insurance results in an expected level of SCR plus a capital buffer of 30%, in aggregate amounting to 45% of gross premiums.

With the capital buffer, Non-life Insurance – over and above the caution already inherent in the SCR rules – has calculated a sufficient excess capital adequacy to withstand the calculated total expense of DKK 350 million of two more major 100-year storms with a full retention and a brief period of negative earnings. If storms or other extreme weather conditions do not occur, the capital buffer allows Non-life Insurance to absorb almost two years with a combined ratio at a level of 105. It is assessed that this will enable Management to implement the necessary managerial measures to overcome any further negative events.

The capital target for Life Insurance has been determined with due consideration for the fact that SCR in Life Insurance is highly volatile. The reason for this is that Life Insurance assets are volatile and sensitive to interest rate fluctuations and that the ability to set off collective bonus potential and borrow against paid-up policies varies according to interest rate levels etc. The capital target at 30 September 2010 is considerably greater than SCR calculated according to the current rules, but has been set out to ensure the desired excess relative to SCR under a number of specified stress scenarios, meaning that Life Insurance will be able to withstand interest rate fluctuations without customer returns being unduly reduced through forced sales or an overly cautious and expensive hedging strategy.

Management has decided to focus on risk in the form of the volatility of provisions rather than calculate the capital target based on premium levels which is normal industry practice. Against this background, Management has fixed the capital target for Life Insurance at 9% of life insurance provisions.

At the end of the third quarter of 2010, Life Insurance has a substantial capital buffer relative to the calculated SCR. A major drop in share prices or a large drop in the level of interest rates would mean a considerable increase in SCR, however, as the collective bonus potential is used up.

CAPITAL TARGET FOR THE BANK

The capital target for Alm. Brand Bank is calculated on the basis of Management's wish to at all times maintain an excess capital adequacy relative to the individual solvency need or relative to the statutory minimum requirement of 8% of risk-weighted assets if the statutory minimum requirement proves higher than the individual solvency need set out by Alm. Brand Bank's board of directors and management board. In addition, the capital target takes into account the estimated effects of the coming Basel III rules. The capital target is met through a combination of several capital elements such as shareholders' equity, hybrid Tier 1 capital and subordinated loan capital.

The Basel III rules are expected to introduce a requirement for an equity ratio of 10.5 of risk-weighted assets, including a capital buffer. In addition, Basel III is expected to introduce a requirement for an additional 2.5% countercyclical buffer to protect the Bank against future cyclical downturns. These requirements, which are expected to come into force in 2019 at the earliest, have already been incorporated in Alm. Brand Bank's capital target.

In connection with an inspection of the portfolio, the board of directors and management board of Alm. Brand Bank on 17 November 2010 resolved to raise Alm. Brand Bank's individual solvency need from 10.5% (at 30 June 2010) to 14.1%. The assessment of the amount of impairment writedowns on loans

and credit losses on mortgage deeds is subject to considerable uncertainty, which Management believes to be reflected in the calculation of the individual solvency need. The individual solvency need relates mainly to the part of the Bank's lending portfolio that is being wound up, and the individual solvency need is expected to be reduced as and when the portfolio is wound up.

The capital target for Alm. Brand Bank has been determined at an excess capital adequacy corresponding to a solvency ratio of at least 13.0, but always provided that the target is to be at least 3 percentage points higher than the individual solvency need set out by Alm. Brand Bank's board of directors and management board. In the slightly longer term, and not later than 2014, the target is for shareholders' equity to make up 10.5% of risk-weighted assets.

THE GROUP'S OVERALL CAPITAL RESOURCES AND CAPITAL TARGET

At 30 September 2010, the Group had total capital resources of DKK 4.4 billion for compliance with the capital target. DKK 1.8 billion of this amount was supplementary capital in the form of hybrid Tier 1 capital and subordinated loan capital. The Group's future capital requirement under the existing solvency rules as calculated at 17 November 2010 is DKK 4.0 billion, including Alm. Brand Bank's individual solvency need of 14.1%. The excess relative to the capital resources at 30 September 2010 is approximately DKK 0.4 billion.

As at the Prospectus Date, the Company as well as the individual subsidiaries comply with all applicable statutory capital requirements for solvency.

Table 10-1: The Group's capital resources

DKKm	
Consolidated equity	3,304
Intangible assets	-91
Tax assets	-665
Supplementary capital	1,828
Consolidated capital base at 30 September 2010	4,376
Statutory capital requirement for the Group	
at 17 November 2010	3,961
Excess relative to statutory capital requirements	415

Source: Alm. Brand

On 22 June 2010, Alm. Brand af 1792 fmba made a binding commitment to grant the Company, at its request, subordinated capital of up to DKK 900 million by conversion of existing senior loans and/or by cash contribution. Prior to the Prospectus Date, Alm. Brand af 1792 fmba has granted the Company the DKK 900 million as senior loans, and the Com-

pany has the right to request that the amount be converted into a subordinated loan or converted into share capital in connection with a share issue in the Company. If the binding commitment by Alm. Brand af 1792 fmba to grant the Company subordinated capital of DKK 900 million were included in the Group's capital resources at 30 September 2010, the Group's capital resources would amount to DKK 5.3 billion, corresponding to an excess of DKK 1.3 billion relative to the solvency need calculated at 17 November 2010. For a further description of the binding commitment by Alm. Brand af 1792 fmba to grant the Company subordinated capital, see I.10 "Capital resources – Borrowing requirements and financing structure".

Of the above-mentioned DKK 900 million, Alm. Brand af 1792 fmba, on 17 November 2010, granted a senior loan of DKK 600 million to Alm. Brand A/S, which, subsequently, contributed DKK 600 million of equity to Alm. Brand Bank.

Table 10-2: The Group's capital resources after the Offering

DKKm	
Consolidated capital base at 30 September 2010	4,376
Net proceeds from the Offering	1,499
Consolidated capital base after the Offering	5,875
Statutory capital requirement for the Group at 17 November 2010	3,961
Excess relative to statutory capital requirements	1,914
Internal capital target for the Group	5,909
Excess relative to internal capital target	-34

Source: Alm. Brand

The completion of the Offering with expected net proceeds of approximately DKK 1,496 million will have the direct effect of increasing the Group's capital resources, calculated at 30 September 2010, to DKK 5.9 billion, equivalent to an excess relative to the statutory capital requirements of DKK 1.9 billion as calculated at 17 November 2010.

The Company has adjusted its internal capital target to the stricter future requirements under Solvency II and Basel III. This adjustment of the internal capital target increases the Group's total capital target to approximately DKK 5.9 billion, which in Management's opinion includes a satisfactory buffer margin relative to the statutory capital requirements. After completion of the Offering with net proceeds of approximately DKK 1,499 million, the Group's capital resources will be in line with the internal capital target, assuming that the binding underwriting commitment made by Alm. Brand af 1792 fmba is not utilised by more than 2,000,000 Remaining Shares (equivalent to an overall subscription amount under the binding underwriting commitment of DKK 20 million). If the binding underwriting commitment made by Alm. Brand af 1792 fmba is utilised to the effect that Alm. Brand af 1792 fmba, after pro rata allocation in the Group of Underwriters, subscribes for more than 2,000,000 Remaining Shares, the Group's excess relative to the internal capital target after completion of the Offering will be reduced on a krone-for-krone basis by up to DKK 24 million (in case of 100% utilisation of the binding underwriting commitment and the resulting conversion of subordinated loans into share capital). See II.5 "Terms and conditions of the Offering – Placing and underwriting – Underwriting commitments and advance undertakings" for a further description of Alm. Brand af 1792 fmba's binding underwriting commitment.

Table 10-3: The Group's internal capital target

DKKm	Capital target	Assumptions
Capital target		
Non-life Insurance	2,142	45% of gross premium income
Life Insurance	1,023	9% of life insurance provisions
Alm. Brand Bank parent	2,706	17.1% of risk-weighted assets*)
Alm. Brand Bank subsidiaries	338	Equity in not wholly owned subsidiaries
Diversification effect	-300	
Alm. Brand Group, total	5,909	

Note: The capital target of the Alm. Brand Bank parent company is determined as the higher of the individual solvency need plus 3 percentage points and 13%.*) Calculated as the individual solvency need at 17 November 2010 plus 3 percentage points. All other capital targets have been calculated as at 30 September 2010.

Source: Alm. Brand

Management believes that this level is adequate with a view to ensuring that the Group has the necessary flexibility under the current volatile market conditions. Management further believes that the capital need overall, but particularly for the Bank, will decline in step with the implementation of the Group's strategy for this business area. Changes in gross premiums in Non-life Insurance and life insurance provisions in Life Insurance could affect the internal capital target both positively and negatively.

The final wording of the capital requirements under the Solvency II and Basel III rules could furthermore lead to changes in the internal capital target of the Group and the individual subsidiaries.

10.2. Borrowing requirement and financing structure

The Group's liquidity and funding do not flow freely between the Group's individual business areas. Outstanding accounts between Alm. Brand Forsikring, Alm. Brand Liv og Pension and Alm. Brand Bank are subject to the Danish FSA's guidelines on terms and scope, respectively. The terms of lending and other transactions must be on an arm's length basis and the limits for intra-group accounts must comply with the limits set out by the Danish FSA.

Alm. Brand Bank naturally fulfils the role as banker to the Company (the parent company of the Group), Alm. Brand Forsikring, Alm. Brand Liv og Pension and the subsidiaries of Alm. Brand Bank. The overall limit for Alm. Brand Bank's lending to the Company, Alm. Brand Liv og Pension and Alm. Brand Forsikring is DKK 500 million.

In view of this limited ability to support the cash requirements of the various business activities, the Group's lending and financing structure is described based on each individual business activity.

ALM. BRAND AF 1792 FMBA

On 22 June 2010, Alm. Brand af 1792 fmba made a binding commitment to grant the Company, at its request, subordinated capital of up to DKK 900 million (DKK 600 million of which would be cash and DKK 300 million of which would be by conversion from existing senior loans) on terms corresponding

to the existing subordinated loans granted to the Company. Prior to the Prospectus Date, Alm. Brand af 1792 fmba has granted the Company the DKK 900 million as senior loans, and the Company may request that the amount be converted into a subordinated loan or converted into share capital in connection with a share issue in the Company.

After the completion of the Offering in which Alm. Brand af 1792 fmba subscribes for its pro rata share of the Offer Shares, the commitment of 22 June 2010 will be fulfilled in its entirety and will therefore no longer apply. If the Offering is not completed, the Company will still have the right to request that the DKK 900 million be converted into a subordinated loan or converted into share capital in connection with a future share issue in Alm. Brand. For information about Alm. Brand af 1792 fmba's advance commitment to subscribe for shares in connection with the Offering, see II. 5 "Terms and conditions of the Offering – Placing and underwriting – Underwriting commitments and advance undertakings".

ALM. BRAND A/S

At 30 September 2010, the Company's total net cash funds were negative at DKK 210 million, of which DKK 300 million related to loans from Alm. Brand af 1792 fmba. In addition, the Company had a subordinated loan of DKK 250 million from Alm. Brand af 1792 fmba.

At 17 November 2010, Alm. Brand af 1792 fmba granted an additional senior loan of DKK 600 million to Alm. Brand A/S. Subsequently, also at 17 November 2010, the Company contributed DKK 600 million of equity to Alm. Brand Bank.

On completion of the Offering, the senior loans from Alm. Brand af 1792 fmba totalling DKK 900 million will be converted into share capital in the Company. DKK 300 million of this amount was recognised in the Company's balance sheet at 30 September 2010, while the remaining DKK 600 million was granted on 17 November 2010. If the binding underwriting commitment made by Alm. Brand af 1792 fmba is utilised to the effect that, after pro rata allocation in the Group of Underwriters, Alm. Brand af 1792 fmba will subscribe for more than 2,000,000 Remaining Shares, Alm. Brand af 1792 fmba will convert subordinated loans granted to the Company in the amount of up to DKK 24 million (in case of 100% utilisation of the binding underwriting commitment) into share capital in the Company.

Table 10-4: Summary balance sheet at 30 September 2010 for Alm. Brand A/S

DKKm	30 September 2010
Assets	
Investment in group enterprises	3,681
Investment assets	3
Cash and cash equivalents	90
Other assets	96
Total assets	3,870
Liabilities and equity	
Shareholders' equity	3,141
Subordinated loan capital	250
Payables to group enterprises	303
Other liabilities	176
Total liabilities and equity	3,870

Source: Alm. Brand

NON-LIFE AND LIFE INSURANCE

Non-life and Life Insurance (both organised in Alm. Brand Forsikring) base their business platform on accepting risk in return for pre-paid premiums and, consequently, they have no regular borrowing need as such.

Nonetheless, if disasters hit, Non-life Insurance may encounter a short-term need for large amounts to be paid out. Such negative cash flows can be covered either through short-term borrowing or the sale of highly liquid government or mortgage credit bonds, however.

Non-life Insurance has such cash and liquid government bonds and mortgage credit bonds totalling more than DKK 6 billion.

For Life Insurance, there is no such accumulation risk that makes negative cash flows a probability.

Alm. Brand Forsikring has a subordinated loan of DKK 149 million that expires on 15 March 2020.

Table 10-5: Summary balance sheet at 30 September 2010 for the Alm. Brand Forsikring group

DKKm	30 September 2010
Assets	
Investment assets	21,322
Cash and cash equivalents	572
Other assets	2,310
Total assets	24,204
Liabilities and equity	
Shareholders' equity	2,794
Subordinated loan capital	149
Payables to group enterprises	30
Other liabilities	21,231
Total liabilities and equity	24,204

Source: Alm. Brand

ALM. BRAND BANK

Based on the above, Alm. Brand Bank alone has an immediate funding need.

Table 10-6: Summary balance sheet at 30 September 2010 for Alm. Brand Bank

DKKm	30 September 2010
Assets	
Loans and advances	14,391
Investment assets	10,369
Cash and cash equivalents	898
Other assets	1,263
Total assets	26,921
Liabilities and equity	
Shareholders' equity	886
Supplementary capital	1,429
Deposits	9,625
Other liabilities	14,981
Total liabilities and equity	26,921

Note: The above is a summary parent company balance sheet for Alm. Brand Bank
Source: Alm. Brand

At 30 September 2010, the Bank's total lending activity amounts to DKK 13.2 billion (excluding guarantees and reverse transactions), which is to be funded through deposits and other sources. In recent years, Alm. Brand Bank has built a relatively stable base of deposits, although in light of the strong lending growth of recent years this has proven insufficient to fund Alm. Brand Bank's lending activity. Accordingly, Alm. Brand Bank has required regular funding through other sources. At 30 September 2010, total surplus liquidity amounted to DKK 6 billion.

As security for sum clearing, Alm. Brand Bank has provided a guarantee for a fixed sum of DKK 300 million to Danmarks Nationalbank. Only the actual amount is included in liquidity statements, however.

No committed lines have been agreed with other banks.

At 17 November 2010, Alm. Brand af 1792 fmba granted a senior loan of DKK 600 million to the Company. Subsequently, also at 17 November 2010, the Company contributed DKK 600 million in equity to Alm. Brand Bank. See table 10-8.

Table 10-7: Composition of Alm. Brand Bank's funding at 30 September 2010

DKKm	30 September 2010
Deposits	9,625
Interbank funding	5,251
Issued bonds	6,000
Subordinated loan	400
Hybrid Tier 1 capital	1,029
Total funding	22,305

Source: Alm. Brand

Alm. Brand Bank breaks down this external funding in short-term and long-term funding.

Short-term funding

Alm. Brand Bank's short-term funding in the form of interbank funding (senior loans and other short-term funding from other banks, etc.) with a term to maturity of less than six months totalled DKK 0 at 30 September 2010.

Table 10-8: Repayment schedule for Alm. Brand Bank's funding at 30 September 2010

DKKm	2010	2011	2012	2013	2014	2015	After 2015	Total
Interbank funding		1,489	3,762					5,251
Issued bonds				6,000				6,000
Subordinated loans		100	300					400
Hybrid Tier 1 capital							1,031	1,031
Total	0	1,589	4,062	6,000	0	0	1,031	12,682

Note: The hybrid Tier 1 capital has no maturity date, but the redemption price will be higher after 2014. The aim is therefore to partly redeem the hybrid Tier 1 capital in 2014. See 1.10 "Capital resources" for further details about the hybrid Tier 1 capital.

Source: Alm. Brand

Table 10-9: Repayment schedule for Alm. Brand Bank's interbank funding at 30 September 2010

Long-term interbank funding	DKKm
Floating rate EUR bullet loans maturing 2011.12.06	1,117
Floating rate EUR bullet loans maturing 2011.12.13	372
Floating rate EUR bullet loans maturing 2012.04.27	1,490
Floating rate EUR bullet loans maturing 2012.04.27	1,155
Floating rate EUR bullet loans maturing 2012.12.06	1,117
Long-term interbank funding	5,251

Source: Alm. Brand

Table 10-10: Repayment schedule for Alm. Brand Bank's bond loans at 30 September 2010

Repayment schedule, bond loans	DKKm
Floating rate DKK bullet loans maturing 2013.06.30	2,000
Floating rate DKK bullet loans maturing 2013.06.30	4,000
Total issued bonds	6,000

Source: Alm. Brand

Long-term funding

Long-term funding in the form of interbank funding, issued bonds, supplementary capital/subordinated loans and hybrid Tier 1 capital with a term to maturity of more than six months at 30 September 2010 totalled DKK 12.7 billion.

Only the issued bonds of DKK 6 billion are guaranteed.

Alm. Brand Bank's long-term funding in EUR is hedged for each individual loan by currency swaps that hedge the currency risk as well as convert the interest rate from EURIBOR to CIBOR.

The interest rate terms of the interbank funding is based on EURIBOR. The loans expiring in 2011 were granted at a premium of 27 bps. The two loans expiring on 27 April 2012 were granted at a premium of 22.5 bps. The loan expiring on 6 December 2012 was granted at a premium of 32 bps. See table 10-9.

Alm. Brand Bank's funding agreements contain specific requirements as to the Bank's position, including with respect to financial position and with respect to the Bank meeting statutory solvency requirements. If such requirements are not met, the lender will be entitled to terminate loans in accordance with the funding agreements. If Alm. Brand Bank were to find itself in such a position in the future, there can be no assurance that Alm. Brand Bank would be able to provide the necessary capital to comply with these funding agreements.

Alm. Brand Bank completed two bonds issues for a total amount of DKK 6 billion under the individual government guarantee at 30 June 2010. The bonds were issued as bullet loans with a maturity of three years. Accordingly, the loans expire on 30 June 2013. See table 10-10.

The bond issue consists of two individual issues of DKK 4 billion and DKK 2 billion, respectively. Alm. Brand Bank has the option of wholly or partly redeeming the DKK 2 billion issue prematurely in 2011 and 2012 at par plus accrued but not yet paid interest.

During their term, the issued bonds carry interest at a variable coupon based on 6-month CIBOR plus a premium of 6 bps for the DKK 4 billion issue and 13 bps for the DKK 2 billion issue.

As the issued bonds are listed on NASDAQ OMX, Alm. Brand Bank is subject to the rules applicable to issuers of listed bonds.

The government guarantee covering the above-mentioned bond loans was issued according to agreement between Alm. Brand Bank and Finansiel Stabilitet A/S on behalf of the Danish State. Under this agreement, individual government guarantees may be issued up to an aggregate amount of DKK 8

billion for new unsubordinated, unsecured debt with a maturity of up to three years. The obligation on the part of the Danish State to grant further guarantees expires on 31 December 2010.

As a result of the government guarantee, Alm. Brand Bank is subject to the following significant obligations and restrictions that remain in force throughout the term of the bond loans under government guarantee, pursuant to section 16c of the Danish Act on Financial Stability:

- Alm. Brand Bank is allowed to distribute dividends only provided that they can be paid out of the profit for the year.
- No capital reductions, whereby the amount is disbursed to shareholders, may be implemented by Alm. Brand Bank, no new programmes to buy back own shares may be initiated, bonus shares may not be issued at a discount and no other similar, favourable programmes may be applied.
- New share option programmes or similar programmes for Alm. Brand Bank's Management Board may not be launched and existing programmes and other similar programmes may not be extended or renewed.

Furthermore, certain individual terms have been imposed on Alm. Brand Bank, which will remain in place throughout the term of the bond loans under government guarantee. The most important of these terms relate to the following:

- If Alm. Brand Bank fails to comply with the solvency requirements, Alm. Brand Bank will have an obligation, at the request of the Danish State, to transfer Alm. Brand Bank's activities to a buyer designated by the Danish State. This obligation will not apply, however, if Alm. Brand Bank identifies a buyer willing to pay a better price and to redeem the obligations of the Danish State under the guarantee.
- The Company has made a commitment to contribute the necessary capital to Alm. Brand Bank in order that Alm. Brand Bank will at all times comply with the higher of the solvency requirement and Alm. Brand Bank's individual solvency need. This obligation has been maximised to the higher of:
 - o DKK 1 billion (DKK 600 million of which was contributed on 17 November 2010) and
 - o the net proceeds that the Company can procure up until the Company's annual general meeting in the spring of 2017 through borrowings from the Company's principal shareholder, Alm. Brand af 1792 fmba, and through distributions from the Company's subsidiaries, however, at a maximum of DKK 2 billion (DKK 600 million of which was contributed on 17 November 2010).

In accordance with the agreement on government guarantee, Alm. Brand Bank has committed itself to paying a current guarantee commission of 0.95% p.a. of the unutilised portion of the committed guarantee. The guarantee commission is payable from 1 October 2010 until redemption of the bonds.

Subordinated loan capital and hybrid Tier 1 capital

The following provides an overview of Alm. Brand Bank's subordinated loan capital and hybrid Tier 1 capital at 30 September 2010.

Table 10-11: Repayment schedule for Alm. Brand Bank's subordinated loan capital at 30 September 2010

Subordinated loan capital (DKKm)	
Floating rate bullet loans maturing 2013.05.09	100
Floating rate bullet loans maturing 2014.05.09	100
Floating rate bullet loans maturing 2015.12.03	200
Total subordinated loan capital	400

Source: Alm. Brand

Pursuant to section 136 of the Danish Financial Business Act, subordinated loan capital is included at a reduced amount in the calculated of Alm. Brand Bank's and the Group's capital base for the last three years before maturity. Alm. Brand Bank's subordinated loan capital carries interest at a floating rate of three-month CIBOR plus 105-220 bps and six-month CIBOR plus 100-250 bps respectively.

Alm. Brand Bank's subordinated loan capital of DKK 400 million at 30 September 2010 is expected to be redeemed before maturity, which requires the Danish FSA's approval.

Table 10-12: Alm. Brand Bank's hybrid Tier 1 capital at 30 September 2010

Hybrid Tier 1 capital (DKKm)	
Fixed rate bullet loans with indefinite terms	175
State-funded capital injection, bullet loan with indefinite term	854
Total hybrid Tier 1 capital	1,029

Source: Alm. Brand

The hybrid Tier 1 capital of DKK 175 million was issued on 12 October 2006 and is subject to a rate of interest for the first ten-year term of 5.86%. Subsequently, the capital certificates carry interest at 3-month CIBOR plus 270 bps. As part of the risk management efforts, the fair value of the hybrid Tier 1 capital is hedged by way of derivative financial instruments. As the capital certificates are listed on NASDAQ OMX, Alm. Brand Bank is subject to the rules applicable to issuers of listed bonds.

The state-funded capital injection of DKK 856 million in the form of hybrid Tier 1 capital was issued on 24 September 2009 at a nominal interest rate of 11.01%, payable semi-annually. During the period from 25 September 2012 to 24 September 2014, the capital injection may be redeemed at par.

Alm. Brand Bank aims to redeem part of the state-funded capital injection during this period, to the extent that the capital targets are met. Full or partial redemption during the period from 25 September 2014 to 24 September 2015 can be made at a price of 105 plus an additional premium of 5% of the nominal value of the capital injected, if the coupon is lost in whole or in part in the period until the date of redemption, and plus accrued but not yet paid interest until the date of redemption. After 24 September 2015, full or partial redemption can happen only at a price of 110 plus accrued but not yet paid interest until the date of redemption.

Both full redemption and partial redemption are subject to the prior approval of the Danish FSA, see the Danish Financial Business Act. The loan becomes repayable in case of (i) Alm. Brand Bank entering into liquidation, (ii) a bankruptcy order being made against Alm. Brand Bank, or (iii) the withdrawal by the Danish FSA of Alm. Brand Bank's licence to operate as a bank and approval of the winding up of Alm. Brand Bank, with the exception of winding up through merger, under section 227 of the Danish Financial Business Act.

The state-funded capital injection to Alm. Brand Bank is divided into two tranches with tranche 1 constituting DKK 561 million and tranche 2 constituting DKK 295 million. The second tranche was raised against issuance of convertible capital certificates. In respect of the convertible capital certificates, the Danish FSA may issue an order to convert all or a part of the issued capital certificates into new shares in Alm. Brand Bank if Alm. Brand Bank does not meet the solvency requirement applicable to Alm. Brand Bank under section 124(2) and (5) of the Danish Financial Business Act, or if the Danish FSA assesses that there is a clear risk that Alm. Brand Bank will fail to meet the solvency requirement applicable to Alm. Brand Bank. The conversion ratio will be fixed on the basis of the market value of Alm. Brand Bank's shares at the time of the conversion.

Having received the state-funded capital injection, Alm. Brand Bank is subject to a number of obligations under Bank Package II, including:

- During the period when the state-funded capital injection is in force, Alm. Brand Bank must publish a semi-annual report on its lending activities, including Alm. Brand Bank's lending policy.
- Alm. Brand Bank may not reduce its capital, pursuant to which the amount is disbursed to Alm. Brand Bank's shareholders, or instigate new programmes for buying back its own shares.
- Any dividends declared must be based solely on Alm. Brand Bank's net profit after tax, which constitutes distributable reserves, and accumulated during the period after 1 October 2010.

- Capital may not be transferred to parent or sister companies in contravention of the Danish Act on State-Funded Capital Injections.

Moreover, the following limitations apply with respect to remuneration for members of Alm. Brand Bank's Management Board:

- Remuneration to members of Alm. Brand Bank's Management Board by way of other variable pay components may not exceed 20% of the relevant person's total basic salary including pension.
- Alm. Brand Bank may not introduce any new share option programmes or other similar programmes for the Management Board or extend or renew existing programmes, issue bonus shares at a discount to the market price or use other similar programmes for Alm. Brand Bank's Management Board.
- Alm. Brand Bank may not deduct more than 50% of the individual Management Board members' salaries in its tax accounts, and Alm. Brand Bank must disclose the amount for which it has made tax deductions in a note to the annual report.

10.3. Restrictions concerning the use of capital resources

As a result of the state-funded injection of hybrid Tier 1 capital under Bank Package II, certain restrictions apply concerning the use of capital resources, including with respect to dividend distributions during the period in which the state-funded capital injection is in force. For additional information, see I.10 "Capital resources" and I.12 "Regulatory initiatives to secure financial stability".

The majority of the funding agreements made by Alm. Brand Bank are subject to requirements, e.g. with respect to financial ratios, compliance with statutory solvency requirements and limitations regarding charges, with which Alm. Brand Bank is required to comply during the term of the loans. Moreover, the agreements are subject to "Material Adverse Change" clauses, among other things providing the lender with a right of termination in case of a material adverse change in Alm. Brand Bank's activities, operations, financial strength, assets or Alm. Brand Bank's ability to meet its obligations under these agreements, etc. In case of breach of such requirements, the lender is entitled to terminate loans and facilities, which may consequently limit the Group's capital resources. Management is not aware of any other restrictions concerning the use of the Group's capital resources.

10.4. Cash flow statement

See Part III "Financial information" on pages F-11 to F-78, which shows cash flows from operating, investing and financing activities and changes for the year in cash and cash equivalents for the Alm. Brand Group for the financial years 2009, 2008 and 2007 and for the nine months ended 30 September 2010 and 30 September 2009.

The Alm. Brand Group's cash flows from operating activities amounted to DKK 919 million for 2009, DKK 727 million for 2008 and DKK 946 million for 2007. The corresponding cash flows for the nine months ended 30 September 2010 and 30 September 2009 were DKK 565 million and an outflow of DKK 1,177 million, respectively.

The Alm. Brand Group's cash flows from investing activities amounted to an outflow of DKK 5,069 million for 2009, an inflow of DKK 315 million for 2008 and an outflow of DKK 3,391 million for 2007. The corresponding cash flows for the nine months ended 30 September 2010 and 30 September 2009 were an outflow of DKK 2,187 million and an outflow of DKK 3,500 million, respectively.

The Alm. Brand Group's cash flows from financing activities amounted to an inflow of DKK 2,618 million for 2009, an outflow of DKK 1,021 million for 2008 and an inflow of DKK 3,896 million for 2007. The corresponding cash flows for the nine months ended 30 September 2010 and 30 September 2009 were inflows of DKK 1,195 million and DKK 900 million, respectively.

In 2009, cash flows were affected by the receipt of funds under Bank Package II and the raising of subordinated loan capital and senior loans from Alm. Brand af 1792 fmba. Also, debt to credit institutions rose by DKK 2.7 billion, resulting in increased investment in bonds, among other things.

In 2008, cash flows reflected the lack of major changes in financing or investment activities. A number of assets were realised, due in part to a drop in deposits and the Group's former share buy-back programme, resulting in a net cash inflow from investing activities.

Increasing investment in mortgage deeds and increased lending in 2007 were financed by means of increased deposits and debt to credit institutions.

Cash flows for the nine months ended 30 September 2010 were affected by an increase in claims paid resulting, among other things, from the severe winter weather in the first quarter and the cloudburst claims in August 2010. Cash flows were further affected by the issuance of bonds in the amount of DKK 6 billion, resulting in investment in bonds and a reduction of debt to credit institutions.

11. Risk, liquidity and capital management

11.1. Risk management organisation

In compliance with Danish legislation, the Company and all of the Group's subsidiaries have a two-tier management system with a board of directors and a management board. Detailed information about the members of the Company's Board of Directors and Management Board is set out in I.16 "Board of Directors, Management Board and Key Employees". The responsibilities and tasks of the Board of Directors and Management Board are defined in the rules of procedure for the Board of Directors and in the Company's instructions to the Management Board.

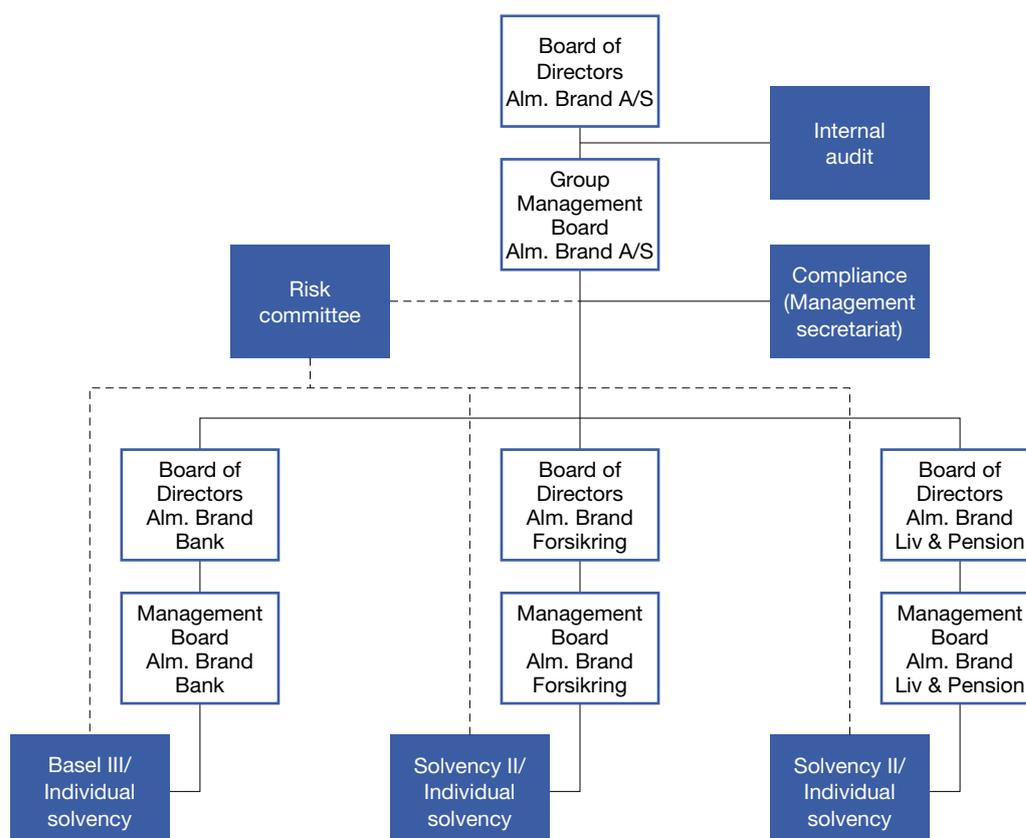
Managing the Group's risk exposure is a key executive focal area, because non-controlled developments of the various risks may have a substantial impact on the Group's financial performance and solvency and, by extension, its future business opportunities.

The Board of Directors lays down and approves the overall policy for the Group's acceptance of risks, just as it determines the overall framework in this respect and the required reporting. The management board of each subsidiary defines the operational risk management on this basis.

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

Figure 11-1 shows the Group's organisation for risk management and compliance. The figure does not reflect the legal structure of Alm. Brand A/S.

Figure 11-1: The Group's organisation for risk management and compliance



Source: Alm. Brand

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

The handling of business risks in Non-life Insurance, Life Insurance and the Bank as well as financial risks is managed in each of the legal entities by the respective boards of directors and management boards. Accordingly, the managements of the respective business areas are each responsible for both business and financial risk management as well as for ongoing risk monitoring. Also, each business area is responsible for identifying, quantifying and monitoring risk relevant to the individual business areas and for setting up and implementing relevant risk-management controls and strategies.

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

AUDIT COMMITTEE

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

The audit committees of all these companies consist of three board members:

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

Arne Nielsen contributes special competencies within auditing and accounting. Arne Nielsen is a state-authorized public accountant with a deposited licence and an independent member of the Board of Directors.

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

- the annual reports, including checking the accuracy of financial information disclosed in the annual report, and ensuring that accounting policies are relevant and have been consistently applied,

- internal control and risk management, including the review and assessment of Management's guidelines with a view to identifying, monitoring and managing the most important risks at least once a year. The audit committees also assess and review internal control and risk management systems, and
- internal and external audit, including to review and discuss the results of the work of the internal and external auditors and the auditors' observations and conclusions. The committees supervise the managements' follow-up on the recommendations to management reported by the internal and external auditors.

The audit committees were set up after the annual general meeting held in April 2009 and have held three meetings in 2009. The Audit Committee has held four meetings in 2010 as at the Prospectus Date. The audit committees are generally not involved in forward-looking events such as outlook and budgets.

11.2. Calculation of individual solvency need

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

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

The individual solvency need of Alm. Brand Bank is calculated on the basis of stress tests. Alm. Brand Forsikring and Alm. Brand Liv og Pension also use stress tests based on test calculations made in connection with the Solvency II regime.

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

Table 11-1 shows how different risks are assessed in Alm. Brand.

The aggregate capital requirement is, accordingly, calculated for all of the Group's companies subject to supervision. For Alm. Brand Bank, the overall individual solvency need is calculated by comparing the aggregate required capital (the adequate capital base) with the risk-weighted assets.

Table 11-1: Assessment of risk

Risks	Alm. Brand Bank Methods described by Danish FSA	Insurance QIS 4 stress	Alm. Brand Group Internal models
Pillar I			
Credit	X		X
Market	X	X	
Operational	X	X	
Insurance		X	
Pillar II			
Liquidity risks	X		
Growth in business volume	X		
Control environment			X
Strategic risks			X
Reputational risks			X
Risks in relation to the company size			X
Settlement risks			X
Group risks			X
External risks			X
Earnings risks	X		X
Concentration risks			X

Source: Alm. Brand

INTERNAL PROCESS

The responsibility for methods and the calculation of the capital need per subsidiary rests with the individual subsidiaries. This approach ensures that risks are assessed where the relevant expertise is available. The corporate Risk Management function supports this process in all subsidiaries by calculating the market risk of the assets. The internal audit department is responsible for conducting the independent evaluation of the calculation of the individual solvency need.

ALM. BRAND BANK

The Danish FSA conducted an ordinary inspection of Alm. Brand Bank in October and November 2010. In that connection, the Danish FSA assessed the Bank's impairment write-downs on loans and credit losses on mortgage deeds and the individual solvency need. As a result of the inspection of the portfolio, Alm. Brand Bank's board of directors and management board resolved on 17 November 2010 to increase Alm. Brand Bank's future individual solvency need from 10.5% (at 30 June 2010) to 14.1%, corresponding to an increase of Alm. Brand Bank's capital requirement by approximately DKK 0.5 billion. The assessment of the amount of impairment write-downs on loans and credit losses on mortgage deeds is subject to considerable uncertainty, which Management believes to be reflected in the calculation of the individual solvency need. The individual solvency need relates mainly to the part of the Bank's lending portfolio that is being wound up,

and the individual solvency need is expected to be reduced as and when the portfolio is wound up.

Credit risk

Alm. Brand Bank uses a model for calculating the individual solvency need that is based on the guidelines issued by the Danish FSA. The model is based on a general level of losses and supplements for customers with financial difficulties, including supplements for the mortgage deed exposure in the Bank. Furthermore, there are supplements for large exposures and credit concentration risks.

Market risk

Alm. Brand Bank calculates market risk on the basis of the stress levels of 30% for equities and 100 bps for interest rates specified by the Danish FSA combined with an interest rate twist scenario as described by the Danish FSA. An interest rate twist is a change in short-term interest rates (up to 12 months) of 70 bps combined with a change in long-term interest rates of 70 bps in the opposite direction. The calculation of currency risk is based on exchange rate indicator 2 as described by the Danish FSA.

Operational risk

The calculation of operational risk is based on the basic indicator method, which specifies 15% of the average net interest income and non-interest-related net income for the past three years.

Other risks

The remaining risks are calculated on the basis of sensitivity and scenario analyses.

The most important results of Alm. Brand Bank's individual solvency need are illustrated in table 11-2.

Table 11-2: The most important results of Alm. Brand Bank's individual solvency need at 17 November 2010

Risk type	Necessary capital (DKKm)	% of risk-weighted assets
Credit risk	1,944	12.3%
Market risk	191	1.2%
Operational risk	72	0.4%
Other risks	25	0.2%
Total	2,232	14.1%

Source: Alm. Brand

ALM. BRAND FORSIKRING (NON-LIFE INSURANCE AND LIFE INSURANCE)

Alm. Brand Forsikring calculates insurance risk and market risk on the basis of the QIS 4 standard model as specified by the Committee of European Insurance and Occupational Pensions Supervisors ("CEIOPS"). During 2009, CEIOPS suggested a significant tightening of the parameters used in the standard model. Alm. Brand monitors developments in CEIOPS's recommendations for updating the parameters used in the standard model and will in this connection assess whether

it is necessary to adjust the methods applied in calculating individual solvency needs. Calculations have been made in relation to QIS 5, which has not yet come into force.

CAPITAL MANAGEMENT IN THE GROUP

The Company has defined a dividend policy based on a capital model that meets the statutory capital requirements and provides financial latitude to cope with unforeseen events. See I.10 "Capital resources".

Management regularly considers whether the current capital base is adequate to ensure the desired strategic flexibility. This is done on the basis of sensitivity and scenario analyses.

Sensitivity analysis

The Group conducts a number of sensitivity analyses to illustrate how much the capital requirement may fluctuate. The elements investigated are:

- Parameter changes
- Changes in interest rate levels

Scenario analyses

The Group applies a number of different scenarios in its internal assessment of capital objectives. The scenarios estimate the effect on earnings and on the individual solvency need and the capital requirement. The scenarios applied and the negative factor in the scenarios are shown in table 11-3.

The scenarios are calculated on a regular basis and reviewed for correctness and fairness. Two new scenarios were implemented in 2010: run-off losses as in 2008, and snow load claims on a level with 2010. The results are submitted to the risk committee in connection with the monitoring of Alm. Brand's risk appetite.

Table 11-3: Scenarios applied in 2009

Scenarios applied in 2009	Negative factor
Claims scenarios	
Rising claims	Worst-case scenario expected every 20 years. Calculated using the QIS 4 standard model 95% quantile
Windstorm scenario	A 20-year windstorm. The difference between the 95% quantile for weather and expected weather-related expenses
Market risk	
Red scenario	Adverse developments in the financial markets affect the Group's capital and capital needs
Banking	
Central bank scenario	Prolonged, deep shock as described by the central bank
Three largest counterparties default	50% loss on the three largest exposures
Group	
All at once	All of the above events occur at the same time

Source: Alm. Brand

Table 11-4: The Group's sensitivity information

Sensitivity information, Group (DKKm)	Non-life	Banking*	Life**	Total	% of shareholders' equity
Risk on shareholders' equity in case of specific events					
Interest rate increase of 0.7 of a percentage point	3	-33	-15	-45	-1.4%
Interest rate fall of 0.7 of a percentage point	-33	33	15	15	0.5%
Equity price fall of 12%	-3	-59	0	-62	-1.9%
Fall in property prices of 8%	-2	0	0	-2	-0.1%
Maximum exchange rate loss of 99.5% probability in 10 days	0	-19	0	-19	-0.6%
Loss on counterparties of 8%	-2	-8	0	-10	-0.3%
Loss on credit of 8%	-59	-30	-6	-95	-2.9%
Catastrophe events:					
- one 100-year event	-205	0	0	-205	-6.2%
- two 100-year events	-350	0	0	-350	-10.6%

*) Based on the Bank's own portfolio

**) Excluding customer funds

Note: For Banking and Life Insurance, the table shows the sensitivity of assets attributable to shareholders' equity.

Source: Alm. Brand

11.3. Risk management

Various types of calculated risk are taken in support of the Group's long-term business objectives. The risks encountered in the various business areas differ considerably, but generally risk parameters can be divided into three types of risk irrespective of business unit, in accordance with the following sub-divisions:

- Business risk
 - o Non-life Insurance
 - o Life Insurance
 - o Banking
 - o Other business risks
- Financial risk
 - o Market risk
 - o Liquidity risk
- Operational risk

An overview of sensitivity information for the Group's most important business risks and financial risks is provided in table 11-4.

11.4. Business risk

NON-LIFE INSURANCE

The calculated risks are primarily assumed to be (i) premium risks (upon acceptance of the policy), (ii) reserve risks (risk of provisions being too low in relation to the cost of the claim), (iii) catastrophe risks (extreme events costs), and (iv) default risks (risk of a reinsurer going into liquidation). In all significant

areas, the desired risk profile of Non-life Insurance is taken into consideration. Business processes and controls have been developed in this respect, and regular reporting is provided to the board of directors and the management board of Alm. Brand Forsikring.

Premium risk

Premium risk is the risk that expenses related to claims and costs exceed earned premiums. This is assessed for each type of business, for which reason there are several premium risks. The overall directions as to what classes of insurance may be written have been laid down by the board of directors, and this includes rules for the maximum retention per risk and per claims event in Non-life Insurance. Acceptance and writing rules exist at customer and product level. Written risks are assessed for policies that may possibly be affected by the same loss event. Directions have been laid down as to what risks each seller may accept.

Once or twice a year, the quality assurance department performs controls (Closed File Review) on a sample basis of all significant products written and sales channels used. Findings and proposals for focus areas are reported to seven relevant managers/heads in charge as well as the internal audit department, and the management board of Alm. Brand Forsikring receives general quarterly reporting.

Pursuant to section 71 of the Danish Financial Business Act, the board of directors has defined rules for the introduction of new products. Before a new significant product is introduced, analyses of profitability, potential market, operational and credit risks need to be performed.

Products written and particularly large risks written are reported on a monthly basis. Writing of risks exceeding a specified limit must be approved by the management board and subsequently submitted to the board of directors. Developments in the individual lines are tracked on a monthly basis by means of reports to the management board and the board of directors.

Reserve risk

Reserve risk is the risk that the provisions made are too low in comparison to the ultimate cost of claims. Adequate provisions are based on recognised statistical methods and made by the Group's actuaries. Provisions are based on extracts of data from the business systems.

The provisions committee holds quarterly meetings. The participants are representatives from the different Non-life Insurance departments. The committee was established to ensure quality in the calculations of provisions.

Changes in provisions are reported each month to the management of Non-life Insurance. The report includes any run-off profits or losses on prior year claims as well as developments in the year under review.

Catastrophe risks

Catastrophe risks are those related to extreme events. The largest single risks before reinsurance in Non-life Insurance are windstorm/hurricane risks. In 2009, Alm. Brand Forsikring set up a model for the company's weather-related expenses. The model has been used on a regular basis to assess the size of risks associated with windstorm or cloudburst claims and it has also become an integral part of the process relating to renewal of Alm. Brand's reinsurance.

Catastrophe risks are covered through reinsurance. Once a year, the Board of Directors defines and approves the reinsurance strategy. The strategy outlines requirements for scope of cover, retention, reinsurers' required ratings, etc. The reinsurance department is responsible for the tactical and operational handling of reinsurance.

Alm. Brand is insured against losses caused by terrorist attacks through its membership of the Danish State's terrorism insurance pool and pays an annual risk premium to the Danish State for having a reinsurance guarantee available. Furthermore, Alm. Brand has elected to reduce the retention resulting from the State pool by taking out additional reinsurance.

Default risk

To reduce the risk of losses from insurance events, risks exceeding the determined maximum are reinsured.

The purpose of the reinsurance programme is to ensure that a single loss event or a random build-up of large losses does not lead to an unacceptable loss of capital, and also to reduce the size of fluctuations in technical results.

The reinsurance programme which includes determination of the retention of Non-life Insurance in various loss events, is adopted annually by the management board and the board of directors.

The need for reinsurance is assessed currently based on experience from the programme's efficiency. Market experience, the company's capital resources and prices for reinsurance cover are also included in the assessment.

Default risks are primarily the risk of Alm. Brand's reinsurers going into liquidation to the effect that part of the receivables may be lost and new coverage of the business would have to be purchased. Default risks can be divided into the following two elements:

- Risks of reinsurers not being able to pay; and
- Risks of reinsurers going into liquidation, for which reason Alm. Brand would have to purchase new coverage of Alm. Brand Forsikring's business.

To minimise the risk for each reinsurer, the reinsurer should as a main rule at least be rated A- with Standard & Poors, Moody's and/or A.M. Best. Any departure from the main rules needs to be approved by the board of directors. The reinsurance department is responsible for currently following up on the reinsurers' ratings.

The reinsurance programme for 2010 is based on the same guidelines as in 2009. For 2010, Alm. Brand has purchased catastrophe reinsurance up to DKK 4.4 billion with a retention of DKK 150 million. Additional reinsurance was bought at 30 September 2010, reducing the retention to DKK 75 million. This contract also covers snow load and cloudburst claims. All coverage is subject to the loss having occurred within a defined time limit.

Coverage is DKK 400 million for property damage and up to DKK 700 million for personal injury under personal accident and workers' compensation. The retention amounts to DKK 30 million and DKK 20 million, respectively, per event. In addition, frequency cover has been taken out on large property claims covering large fire claims between DKK 7.5 million and DKK 30 million. However, the cover will not take effect until Alm. Brand has incurred claims of DKK 125 million for this type.

In order to ensure coverage of losses resulting from windstorm/hurricane, the Group works with a number of windstorm scenarios based on the portfolio's exposure and on

calculated probability. The total cost to Non-life Insurance of a 100-year windstorm event is estimated to be DKK 205 million consisting of the retention and the reinstatement premiums for the windstorm reinsurance programme.

The risk to Non-life Insurance from a terrorist attack is considered to be largely covered by the reinsurance programme or excepted in the ceded coverage.

If the business area proposes to change existing products' scope of coverage or to implement new products, such proposals are submitted to the reinsurance department for assessment. This is done to ensure that the Group continuously complies with the applicable reinsurance policy and reinsurance manual.

In response to the unexpected, large snow load claims this past winter, Non-life Insurance extended its reinsurance programme to cover up to DKK 185 million for cloudburst/snow load against the previous cover for claims between DKK 85 million and DKK 135 million. Part of the programme was used in August 2010. The programme cannot be renewed, but new cover has been bought as described above.

Monitoring

Non-life Insurance has introduced a number of measures to ensure that the Group's rules, including acceptance policies, are complied with and kept up-to-date, and that current reporting takes place on all significant insurance risks.

Compliance with acceptance policies

A large number of ad hoc random tests are performed on a regular basis in specific sub-areas, which are reported to the relevant managers in charge. In addition, customer satisfaction and other surveys are performed annually for customers who have taken out insurance in the previous year.

Based on the results of these random tests, it is determined whether the acceptance policy has been observed and on this basis, a number of proposals for implementing improvements are prepared. This may, for example, imply enhanced IT support, updating of business processes, additional training of employees, restructuring of competencies for a number of employees and increased quality measurement.

BANKING

The Bank makes it a priority to identify, measure and manage the business risks that specifically attach to banking, especially credit risks. For this purpose, directions are drawn up for the Bank's lending operations which are described in a credit policy.

Credit policy

The directions for granting credits are intended to ensure that the Bank operates as a competent and bona fide bank with all customers, business partners, public authorities and competitors while also ensuring that the Bank has a known and desired risk.

The credit policy has been worked out on the basis of the Bank's individual products and the customer segments buying the Bank's lending products. The Bank strives to ensure that the return on individual products and customer segments reflects the risk involved and the return on equity requirements.

As a result of recent years' significant impairment writedowns on loans and credit losses on mortgage deeds and the decision not to pursue certain business areas, the lending terms were significantly tightened and the business areas which the Bank intends to pursue in the future similarly narrowed down.

Going forward, the Bank will seek a low degree of credit risk on its activities. The Bank intends to achieve this by adequate diversification on a large number of commitments with private customers, generally resident in Denmark, and against an adequate degree of collateral. Unsecured loans may be granted where deemed justified from a credit point of view, or where deemed necessary for credit defence purposes in relation to the Bank's collateral.

The Bank grants loans to private customers, for investment credits in liquid, listed securities against collateral, and for leasing purposes. The Bank's loans to private customers are to a wide extent based on the use of credit scoring models which have been developed over a number of years and which are constantly being developed and improved on the basis of empirical data and cyclical changes. Credit scoring models are applied at customer level and to secured as well as unsecured loans. Traditional budget calculation is used together with the credit scoring models for granting loans to private customers.

The Bank has opted not to grant loans to small and medium-sized businesses and to agricultural customers. This implies that no new loans are granted to such customer segments, but that loans may still be granted for credit defence purposes, etc.

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

Large exposures pursuant to Section 145 of the Danish Financial Business Act

Section 145 of the Danish Financial Business Act defines large exposures as exposures with a customer or group of mutually connected customers that, after deduction for particularly secure claims, represent more than 10% of Alm. Brand Bank's capital base. Single exposures, after deduction of particularly secure claims, may not amount to more than 25% of the capital base, and the sum of large exposures exceeding 10% may not add up to more than 800% of Alm. Brand Bank's capital base.

At 30 September 2010, Alm. Brand Bank had 11 large exposures, including nine representing 10–15% of the capital base, one representing 15–20% of the capital base, and one in excess of 25% of the capital base. The total proportion of exposures which after deduction amount to 10% or more of subordinated loan capital and short-term supplementary capital, represents 160% of the capital base.

At 30 September 2010, Alm. Brand Bank had made substantial writedowns on seven of the exposures representing between 10–15% of the capital base, and efforts are being made to settle the exposures at a minimum loss.

On 17 November 2010, Alm. Brand A/S contributed DKK 600 million of equity to Alm. Brand Bank, thereby increasing Alm. Brand Bank's capital base. If made up inclusive of the capital contributed, Alm. Brand Bank would have five large exposures, four exposures representing 10–15% of the capital base, and one representing 20–25% of the capital base. The total proportion of exposures which after deduction amount to 10% or more of subordinated loan capital and short-term supplementary capital represents 67% of the capital base. Thus, Alm. Brand Bank has reduced the number of large exposures and also reduced the exposure that exceeded 25% of the capital base to less than 25%.

No new large exposures will be granted as a result of Alm. Brand Bank's strategy and credit policy.

Method applied to estimate losses on loans and guarantees

Loans and guarantees are valued in accordance with the Danish FSA's executive order on the presentation of financial statements. Under the guidelines issued by the Danish FSA, the value must be written down if, based on objective criteria, impairment has occurred relative to the value when the loan was established. Moreover, an assessment must be made with respect to guarantees issued and other liabilities as to whether any amounts are expected to become payable under the liability.

A distinction is made between objective indication of impairment for individual and collective portfolios.

Individual impairment charges

The following exposures are tested individually for objective indication of impairment

- All exposures of DKK 10 million or more;
- All exposures subject to writedown or provision;
- All exposures registered and assessed as non-performing or threatened; and
- All exposures subject to section 78 and section 182 of the Danish Financial Business Act.

In an individual assessment, an objective indication of impairment has occurred if one of the following criteria is met:

- Bankruptcy or other reconstruction has occurred or is likely;
- More lenient terms have been granted than the Bank would normally have granted if the customer had not been in financial difficulty;
- The borrower has breached the contract; and
- The borrower has encountered serious difficulties after the loan was granted.

In case of objective indication of impairment, the need for impairment writedowns is assessed. A writedown proposal is drawn up based on the estimated risk of loss on the exposure, which is based on the customer's estimated ability and intention to repay, the realisable collateral of the exposure, and the liquidity of the exposure.

Collective impairment writedowns

Collective impairment writedowns are based on a segmentation model developed by the Association of Local Banks in Denmark. The model calculates collective impairment writedowns for the part of the portfolio that is not subject to individual writedowns. Collective impairment writedowns are made for loans where impairment has occurred relative to the date when the loan was established. Collective impairment writedowns are calculated as the difference between the present loss rate and the loss rate originally anticipated.

Exposures with Danish and foreign banks, etc.

The Bank's balances with financial institutions are monitored on a daily basis in credit limit management. In this connection, the Bank ensures that already established facilities comply with the defined allocation lines. All credit limits are reassessed regularly to determine whether they should be maintained or reduced/reversed.

Mortgage deeds in Alm. Brand Bank's own portfolio

Regularly and at least every six months, Alm. Brand Bank reviews its own portfolio of mortgage deeds with a view to assessing developments in portfolio composition, measuring credit loss performance, and assessing the risk of loss on non-performing individual mortgage deeds.

The result of the portfolio assessment and credit loss measurement is used to determine the credit loss supplements ap-

plied in Alm. Brand Bank's model for valuation of mortgage deeds at market value. Credit loss supplements are determined for different collateral groups and property types. The credit loss supplement is reassessed regularly in connection with portfolio and loss reviews.

The assessment of the risk of credit losses on non-performing mortgage deeds forms the basis of determining the estimated market value of such mortgage deeds.

The portfolio review is primarily based on the following factors:

- Alm. Brand Bank's own portfolio of mortgage deeds is placed in various accounts depending on type of mortgage deed, type of portfolio, etc.;
- Non-performing mortgage deeds are transferred after 60 days to so-called non-performing accounts implying that the mortgage deeds in the other accounts are considered to be performing; and
- Mortgage deeds in non-performing accounts are valued and written down individually.

Portfolio checks are made of the performing accounts to assess whether they include any mortgage deeds that ought to be transferred to one of the non-performing accounts.

Mortgage deeds in Alm. Brand Bank's listed subsidiary Alm. Brand Pantebreve A/S

At least every six months, the Bank's credit secretariat and the subsidiary's management board review the mortgage deeds with a view to assessing developments in portfolio composition, measuring credit loss performance, and assessing the risk of loss on non-performing individual mortgage deeds.

The result of the portfolio assessment and credit loss measurement is used to determine the credit loss supplements applied in the company's model for valuation of mortgage deeds at market value. Credit loss supplements are determined for different collateral groups and property types. The credit loss supplement is reassessed regularly in connection with portfolio and loss reviews. The assessment of the risk of credit losses on non-performing mortgage deeds forms the basis for determining the estimated market value of such mortgage deeds.

Ordinary inspection by the Danish FSA in October and November 2010

In connection with the Danish FSA's ordinary inspection of Alm. Brand Bank in October and November 2010, the Danish FSA reviewed selected business procedures, internal reporting and parts of Alm. Brand Bank's minute and audit books. In connection with the review, the Danish FSA issued a report to Alm. Brand Bank's board of directors at 30 November 2010 imposing a number of orders on Alm. Brand Bank. The most important orders concern

- Alm. Brand Bank's continuous compliance with rules for documentation and calculation of impairment writedowns on individually assessed loans;
- tightening of administrative procedures regarding objective indication of impairment to the effect that they comply with the rules. In connection with the review, the Danish FSA found that in a few instances Alm. Brand Bank had not identified an objective indication of impairment, primarily with respect to certain private exposures which are not in default but where the borrower may be in financial difficulty;
- improvement of Alm. Brand Bank's basis for decision, particularly in connection with commercial exposures. However, the Danish FSA noted that Alm. Brand Bank's credit area had received additional resources and that efforts are being made to ensure better documentation;
- improvement of the quality of Alm. Brand Bank's data, as the Danish FSA found a number of instances of inadequate data registration in Alm. Brand Bank;
- ensuring that Alm. Brand Bank's internal reporting to Alm. Brand Bank's board of directors to a greater extent provides an overall impression of the lending portfolio; and
- ensuring that in connection with private exposures with members of Management (section 78 exposures), Alm. Brand Bank applies more thorough regular monitoring and consideration than in connection with other private exposures.

Alm. Brand Bank has duly noted the orders and will continue efforts to tighten its procedures and workflows with a view to complying with these orders in future. The Danish FSA must approve the plan contemplated by the management of Alm. Brand Bank for compliance with these orders on or before 28 February 2011. Alm. Brand Bank's management has launched a number of initiatives with a view to improving procedures and workflows and expects to comply with the orders when such initiatives have been implemented. Management does not believe that the orders will have any further impact on the announced level of impairment writedowns on loans and credit losses on mortgage deeds or on the individual solvency need.

See also Alm. Brand Bank's statement at: www.almbrand.dk/abdk/OmAlmBrand/Omkoncernen/Generelinformation/index.htm.

Lending portfolio

The Bank's pro rata consolidated lending portfolio totalled DKK 13.2 billion at 30 September 2010 (excluding guarantees and reverse transactions). The continuing part of the portfolio accounted for around DKK 3.6 billion, including loans to private customers of around DKK 3.3 billion, loans for investment credits in liquid securities against collateral from customers of around DKK 0.2 billion, and loans for continuing leasing activities of around DKK 0.1 billion. The rest of the portfolio,

which is being wound up, amounted to around DKK 9.6 billion. Of this amount, private mortgage deeds accounted for around DKK 3.2 billion, including mortgage deeds in Alm. Brand Pantebreve A/S and in the investment commitments. It is expected that, over the coming years, some of the private mortgage deeds which are being wound up will be redeemed and replaced by home loans provided by the Bank.

Most of the Bank's lending is secured by mortgages on real property. The overall estimated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 are expected to relate mainly to the part of the portfolio of the Bank that is being wound up. Similarly, most of the losses and writedowns recognised in 2009 and in the nine months ended 30 September 2010 related to the part of the portfolio that is being wound up.

See I.6 "Business – Banking" for a description of the Bank's lending portfolio.

LIFE INSURANCE

No business is written in Life Insurance without the customer submitting an individual health statement. This means that the Company has deliberately opted not to write typical labour market pensions, as such pensions may be set up without personal health information. The principal insurance risks are

related to insurances with a guaranteed average benefit and biometric risks.

Risks related to guaranteed benefits

The principal insurance risks are related to insurances with a guaranteed average benefit. Until 1994, insurances were written with average guaranteed benefits of 4.5% after tax on pension investment returns. From 1994 to 1999, the benefit was 2.5% after tax on pension investment returns, and since 1999 it has been 1.5%. The Life Insurance business focuses on hedging the benefit guarantees provided, applying derivative instruments to ensure to some extent that interest rate exposure on assets and liabilities is at a similar level.

Changes in the value of investment assets resulting from changes in interest rates are therefore partly offset by corresponding changes in the value of the technical provisions and the collective bonus potential. However, shareholders' equity may be significantly affected if the average return generated over the life of the insurances fails to cover the guaranteed benefits.

The investment assets that match shareholders' equity in Alm. Brand Liv og Pension are held in a separate account. This account had a relatively short duration (at 30 September 2010), limiting the risks of price falls triggered by interest rate fluctuations.

Table 11-5: Alm. Brand Bank's pro rata consolidated loans and impairment writedowns on loans and credit losses on mortgage deeds at 30 September 2010 by segment

DKKm	Loans, end of period				Impairment writedowns, end of period			
	30 Sept. 2010 (unaudited)	2009	2008	2007	30 Sept. 2010 (unaudited)	2009	2008	2007
Retail lending	3,327	3,356	3,524	-	3	57	11	-
Car finance	706	994	1,276	-	8	25	-9	-
Agriculture	1,213	1,125	1,081	-	29	79	5	-
Other commercial lending	613	1,008	1,211	-	25	38	41	-
Lending to subsidiaries*	577	1,345	1,287	-	-	-	-	-
Security financing	2,616	3,756	4,570	-	375	423	187	-
Investment properties	1,604	1,791	2,291	-	27	401	56	-
Residential mortgage deeds	1,390	856	1,028	-	40	77	20	-
Commercial mortgage deeds	562	263	309	-	163	139	104	-
Property development projects	547	515	609	-	57	378	30	-
The Private Contingency Association	-	-	-	-	24	50	19	-
Total excluding reverse transactions	13,155	15,009	17,186	17,225	751	1,667	464	-48
Reverse transactions	1,131	15	23	781				
Total	14,286	15,024	17,209	18,006	751	1,667	464	-48

*) Lending to subsidiaries comprises Alm. Brand Formue A/S and Alm. Brand Pantebreve A/S

Note: The lending portfolio and impairment writedowns cannot be made up by industry as above for 2007.

Source: Alm. Brand

Biometric risks

Biometric risks primarily consist of mortality and disability and life expectancy.

The risk of disability and death is restricted by directions as to how large a risk the company may assume. The policy in Life Insurance is not to write business without the customer submitting an individual health statement. In addition, the risks are limited through proportional reinsurance to the effect that all disability risks exceeding DKK 0.6 million and all death risks exceeding DKK 1 million are reinsured at the rate of 85%.

Furthermore, the annuities sold by Life Insurance involve a survival risk (that is, risk related to customer life expectancy) that is not reinsured. The expected future higher customer life expectancy (longevity) must be taken into account in the calculation of market value provisions. Based on data from Statistics Denmark, Life Insurance has recognised a future improvement in life expectancy corresponding to a continuation of observations made over the past 25 years.

Changes in mortality and disability and life expectancy are monitored on a current basis, and the market value parameters used to calculate market value provisions are reviewed at least once a year. The market value expectations include a risk premium, corresponding to a 12% strengthening of mortality and disability and life expectancy.

See I.11 "Risk, liquidity and capital management – Business risks – Non-life Insurance" for a description of default risks, monitoring and compliance with acceptance policies.

OTHER BUSINESS RISKS

In addition to credit risks and insurance risks, business risks comprise risks of losses as a result of changes in external circumstances or events that damage the group's image or earnings. Business risks also include risks relating to growth, risks relating to reductions in earnings, risks relating to company size, risks as a result of strategic decisions and risks relating to settlement.

External risks

External risks comprise risks of external factors affecting the individual solvency need. These may be risks that arise as a result of changes in legislation or financial and business conditions.

The insurance area is subject to new legislation from time to time as insurance terms and coverage become out of date. Legislation has a direct consequence on the risk a company is exposed to. As to workers' compensation insurance, the Danish supreme court may in its ruling on individual cases estab-

lish a precedent for certain types of injuries which may subsequently lead to the reopening of a large number of similar cases. In recent years, several cases of occupational disability have been settled by the supreme court, resulting in increased compensation. The Danish Act on Liability for Damages was subject to a major revision in 2002.

As a professional company, Alm. Brand seeks to participate in and contribute to the pre-legislative work phase (among other things through the Danish Insurance Association, 'Forsikring & Pension') in order to influence future legislation. The courts' interpretation of new legislation may, however, trigger latent claims which have previously escaped focus. In that case there is the possibility of letting price developments reflect the legal practice – that is, to perform a subsequent adjustment of premiums, but only with prospective effect.

Economic conditions affect Alm. Brand's calculation of the individual solvency need as economic developments will have an impact on credit portfolio quality and bonus potential in Life Insurance. Also, there is a tendency to a higher claims frequency during economic downturns.

Alm. Brand uses scenario and sensitivity analyses to illustrate the potential impact on the Group's capital requirement and capital base. Such analyses are included in the assessment of the individual solvency need.

Reputational risk

Reputational risk is risk resulting from a poor reputation. Alm. Brand makes a proactive effort to reduce reputational risk through controls and business procedures. Alm. Brand Forsikring has a quality assurance department which applies consumer surveys and random testing, etc. to assure quality in the business on an ongoing basis. The Group has established business procedures for press alert to handle any events that may lead to adverse press coverage.

Growth in business volume

When volume increases, more capital should be retained to accommodate more liabilities than required at present. It is therefore relevant to also consider risks in the event of potential adverse future developments. This is monitored on an ongoing basis.

Earnings

It is relevant for a company to evaluate its earnings in relation to earnings capacity, stability, etc. Low or unstable earnings may suggest that a company will experience increased difficulties in absorbing potential losses in the future. The Group seeks to have a pricing policy implying that the price/risk relationship ensures earnings in all lines and business areas.

Risks in relation to company size

Various conditions may trigger risks in relation to company size. These risks are closely related to operational risks and control environments, and for Alm. Brand they are considered to be covered by such operational risks and control environments.

Strategic risk

Strategic risks are the risks involved in the Group's strategic decisions. The Group's strategy is developed on the basis of a structured process by senior management in cooperation with each board of directors, management board and managerial group in the Group's subsidiaries. The Group has also adopted a structured process to follow up on the implementation of the individual strategies.

Decline in operating income

For the Bank, a potential decline in interest and fee income and other operating income is included in the aggregate risk assessment.

Forenede Gruppeliv

For Life Insurance, the portfolio consisting of the holdings under Forenede Gruppeliv is closely monitored, and premiums are adjusted annually.

11.5. Financial risk

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

MARKET RISK

Market risk is the risk of losses resulting from variations in the fair value of assets and liabilities due to changes in market conditions. Market risk relates to interest rates, exchange rates and equity markets and are impacted by both general and specific market trends.

Market risk is cross-functional financial risks and are therefore relevant to the entire Group. Market risk is mainly calculated according to conventional risk measures.

Definition

Market risk consists of the following components:

- Interest rate risk (the risk of loss resulting from changes in the market rate)
- Exchange rate risk (the risk of loss on the Group's foreign currency positions resulting from changes in exchange rates)
- Equity risk (the risk of losses resulting from changes in equity prices)
- Other market risks include:

- o Property risk (the risk of a decline in property values of the Group's properties)
- o Credit and counterparty risk, that is, the risk of
 - the company incurring losses because a position's market value changes as a result of conditions related to the individual issuer of a debt instrument, and
 - the company incurring losses because a counterparty to a contract on a derivative financial instrument is incapable of honouring its obligations to the company
- o Concentration risk on assets (the risk of having too large a concentration of certain assets (equities, bonds, etc.) relative to large or weak commitments, geography, customers, etc.)
- o Inflation risk (the risk of increased workers' compensation claims due to strong wage developments).

It should be noted that counterparty risk is recognised under credit risk in Alm. Brand Bank's annual report.

Policy and responsibility (objectives)

The purpose of managing market risk is to balance the aggregate financial risk on assets and liabilities in order to obtain a satisfactory weighting of yield and risk. The risk management target is achieved through risk management policies that lay down guidelines for exposure to different types of financial risks. The investment and risk management policy for the individual companies of the Group has been adjusted to the conditions in which the companies operate.

The Board of Directors lays down and approves the overall policy for the Group's acceptance of market risks, just as it determines the overall framework in this respect and the required reporting.

Alm. Brand has set up an investment committee, the purpose of which is to handle the strategic allocation of assets in the Group. The investment committee is responsible for the Group's investment activities and determines them on the basis of limits and policies adopted by the boards of directors of the individual companies. Members of the investment committee are the Management Board, Key Employees and the head of Market Risk Management.

In addition, Alm. Brand has set up a product approval committee for financial products. Members of the product approval committee are heads and employees from the risk management department and from Markets. The committee is responsible for ensuring that business procedures, processing routines, etc. are in place before new products or activities are implemented. In this way, the product approval committee helps ensure that new products/activities are handled for administrative purposes before they are brought into use, thereby helping to mitigate the operational risk.

The current identification and monitoring of market risks take place in interaction with the individual business areas and the cross-functional risk management department, which has a coordinating responsibility for the management of market risk at Group level. The risk management department performs daily calculations and controls of market risk for the business areas.

Use of models

Conventional risk measures are primarily used to determine market risk. In addition, the insurance companies use internal asset-liability models and stress tests in the form of the Danish FSA's risk and capital assessments. A few derivative financial products whose value depends on both the equity and fixed income markets are assessed by internal models that estimate the equity risk and interest rate risk for the product.

The conventional risk measures are used in the daily assessment of market risk. Interest-bearing assets are assessed by the interest rate risk made up by the value change in the event of a general interest rate change of 1 percentage point.

Alm. Brand applies Value-at-Risk ("VaR") to measure and monitor risk in the Group. In Alm. Brand's use of VaR, the measure indicates the maximum loss that may occur within one day with a probability of 99.5%.

Life Insurance uses derivative instruments to ensure that interest rate exposure on assets and liabilities is at a similar level. The company has developed a simple ALM model to manage the correlation between assets and liabilities. Run every week, the model provides an analysis of the consequences of changes of up to +/- 2 percentage points in discount rates under the Danish Pension Investment Returns Tax Act. The ALM model builds on a number of assumptions relating to prepayment probabilities, parallel shifts in yield levels, etc. Being a statistical model, it calculates the effect of an immediate interest rate change. Shareholders' equity, real property and investments are not included in the calculation. Monthly follow-ups are made to see whether the model predictions correspond to actual results. Generally, the model provides a good indication of the effect of interest rate changes.

The ALM model includes limits for the company's risk tolerance. The limit is set at a maximum loss of DKK 600 million at an interest rate change of 2 percentage points. However, if the discount rate is between 2.5% and 3.5%, a drop in interest rates down to 1.5% is used, and if the discount rate is below 2.5%, a drop in interest rates of 1 percentage point is applied. The aim is to cap the net effect on the balance sheet at the specified interest rate change at a loss of DKK 600 million. In extreme situations, however, there may be significant deviations from this amount.

An equity market exposure is calculated for equities which includes the sensitivities to changes in the equity market of equities, financial instruments such as futures and options and other derivative financial instruments whose value depends on the equity market.

The aggregate net exposure to single currencies is used for currency risks. Exchange rate indicator 2 is also used. This is a VaR measure for a maximum loss with a 99% probability assuming unchanged currency positions in the subsequent ten days. The definition of exchange rate indicator 2 corresponds to the official definition of the Danish FSA.

The Danish FSA's risk and capital assessments are prepared for the insurance companies and constitute a stress test of the sensitivity of assets and liabilities to market risk scenarios which include interest rate changes, equity market declines, etc.

Monitoring

The cross-functional risk management department which has the coordinating responsibility for risk management at Group level monitors market risk on a daily basis. The risk management department checks compliance with the investment limits defined for each company of the Group.

The calculation of market risk and compliance with the investment limits defined for each company of the Group are reported to the boards of directors and management boards of the relevant companies.

Interest rate risk

Interest rate risk in Alm. Brand is calculated as the risk of a gain/loss as a result of an interest rate increase or decline. Interest rate risk is usually measured as the expected changes to interest rate positions that would result from an immediate upwards or downwards 1 percentage point change in all interest rates. Interest rate risk is measured across the Group for all business areas exposed to interest rate risk. For departments trading in fixed income options, the maximum percentage loss in case of a given interest rate change is also measured.

The Board of Directors determines the framework for the Group's overall interest rate risk at least once a year, and the utilisation of lines is monitored on a regular basis. The overall framework is distributed on Alm. Brand Forsikring, Alm. Brand Liv og Pension and Alm. Brand Bank and Alm. Brand Bank's subsidiaries. Thus, the maximum limit for interest rate risk is considered at Group level at least once a year, and interest rate risk is continuously monitored in the Company and each subsidiary. Interest rate risk at 30 September 2010 is shown in table 11-4.

Currency risk

Currency risk is the risk of losses on the Group's positions in foreign currency when exchange rates change. The risk is calculated as the largest sum of positions in currencies in which the Group has a net receivable and the sum of positions in currencies in which the Group has a net payable. Foreign currency is calculated as positions in each currency, and a risk limit has been defined for three currency categories, on which calculation, management and monitoring are based.

Currency risk is calculated and managed on a day-to-day basis across the Group.

Equity risk

Equity risk is the risk of losses because of changes in equity prices. Equity risk is calculated as the net sum of the fair value of short and long positions in equities and equity-related instruments. The management of equity risk distinguishes between listed and unlisted equities, and the position in individual companies is calculated and monitored separately.

Alm. Brand holds a number of unlisted shares, acquired for strategic reasons. Equities are typically valued on the basis of the latest known transaction. In the alternative, the value is calculated on the basis of a recognised valuation method. On initial recognition and subsequently, unlisted equities are measured at fair value. The adjustment of the equities to fair value is recognised in the income statement.

OTHER MARKET RISKS

Other market risks include property risk, credit and counterparty risk, concentration risk on assets (equities, bonds, etc.) and inflation risk.

Property risk

The Group is exposed to changes in prices of real property through property investments in Non-life Insurance and Life Insurance. Similarly, the Group is indirectly exposed to property prices through loans granted by the Bank secured against mortgages on real property.

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

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

Other credit risks

The Group seeks to limit credit risk by restricting the exposure to individual counterparties and to groups of counterparties with an identical profile.

Life Insurance has substantial amounts due from policyholders and reinsurers on an ongoing basis. Receivables from policyholders are secured through diversification on a very large group of policyholders, whereas receivables from reinsurers are secured through a minimum rating requirement from recognised rating agencies. Receivables deemed to be unrecoverable are written down or written off. The Group makes very limited investments in corporate bonds, the majority of which are investment grade (AAA to BBB). This ensures a limited credit risk exposure to such investment assets.

Inflation risk

In Alm. Brand Forsikring, payment of future workers' compensation claims depends on wage developments. This is taken into account in the calculation of workers' compensation provisions by applying the expected future wage index developments. This creates exposure to inflation risk, as stronger-than-expected wage developments would result in greater compensation levels. To limit this risk, Alm. Brand Forsikring has entered into inflation swaps that hedge most of the inflation risk on workers' compensation provisions, assuming a stable development in real wages.

LIQUIDITY RISK

Liquidity risk is defined as the risk of timing differences between cash inflows and cash outflows. These differences may give rise to losses as a result of:

- a disproportionate increase in the company's funding costs;
- inability of the company to grant new loans due to lack of funding; or
- ultimate inability of the company to honour its commitments due to lack of funding.

Policy and responsibility

Non-life Insurance and Life Insurance have limited liquidity risk. Premiums in the companies are pre-paid. As a result, the liquidity risk involves the pre-paid premiums being insufficient to cover the claims and costs of the year.

The investment portfolio of Non-life Insurance consists almost exclusively of bonds, the vast majority of which are mortgage bonds. Almost half of the assets of Life Insurance are invested in mortgage bonds.

The liquid funds and the bond portfolio, which primarily consists of short-term mortgage bonds, provide overall liquidity of more than DKK 6 billion.

Table 11-6: Maturity structure of Alm. Brand Bank's funding

DKKm	2010	2011	2012	2013	2014	2015	After 2015	Total
Interbank funding		1,489	3,762					5,251
Issued bonds				6,000				6,000
Subordinated loans		100	300					400
Hybrid Tier 1 capital							1,031	1,031
Total	0	1,589	4,062	6,000	0	0	1,031	12,682

Note: The hybrid Tier 1 capital has no maturity date, but the redemption price will be higher after 2014. The aim is therefore to partly redeem the hybrid Tier 1 capital in 2014. See I.10 "Capital resources" for further details about the hybrid Tier 1 capital.

Source: Alm. Brand

The greatest liquidity risk for Life Insurance is the risk of a large number of customers wanting to move their pension savings at the same time. However, the access to procuring liquidity by realising assets is quite substantial.

Alm. Brand Bank monitors liquidity closely on a regular basis. Alm. Brand Bank believes that liquidity risks are best handled through close management and strong resources. Alm. Brand Bank procures liquidity through three sources of funding:

- Money market;
- Bond issues and the interbank market; and
- Customer deposits.

In Alm. Brand Bank, liquidity management is based on a daily calculation of Alm. Brand Bank's liquidity based on section 152 of the Danish Financial Business Act. The management board of the Bank is updated on liquidity developments regularly and in monthly status meetings.

Alm. Brand Bank's liquidity management has two objectives. The short-term liquidity management is intended to ensure that Alm. Brand Bank at all times complies with the statutory requirements. The long-term liquidity management is intended to ensure that Alm. Brand Bank does not find itself in a situation where funding of Alm. Brand Bank's operations generates disproportionately large expenses. Compliance with the long-term strategy is achieved through internally defined limits for the composition of funding, including sources of funding and the maturity structure thereof.

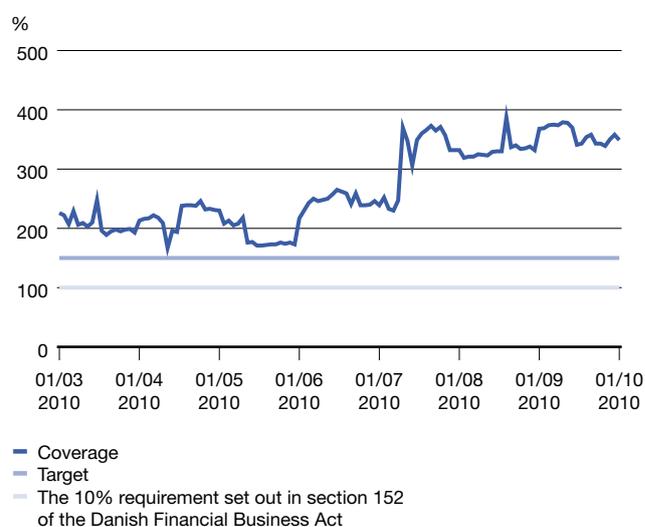
Short-term liquidity management (Alm. Brand Bank)

Alm. Brand Bank's short-term liquidity management aims partly at neutralising imminent liquidity effects, thereby maintaining liquidity within the limits defined by the Board of Directors, and partly at securing financial resources in the form of certificates of deposit and undrawn money market lines with major market players.

Alm. Brand Bank's short-term liquidity management is based on the following guidelines:

- Liquidity is projected on a day-to-day basis for a period of five business days;
- Maturity of money market transactions with customers and banks is taken into consideration;
- Next, known effects from Alm. Brand Bank's currency and securities trading activities are included; and
- Finally, expected clearing and giro numbers are estimated on the basis of historical data.

Alm. Brand Bank aims to have a liquidity cover of 150% or more relative to the 10% requirement set out in section 152 of the Danish Financial Business Act. Alm. Brand Bank's liquidity cover is measured on a day-to-day basis, and throughout 2010 it has been significantly above target. The most recent bond issue increased the excess liquidity cover to a very significant degree as shown in figure 11-2.

Figure 11-2: Alm. Brand Bank's liquidity throughout 2010

Source: Alm. Brand

Long-term liquidity management (Alm. Brand Bank)

Alm. Brand Bank's policies for its long-term liquidity management are intended to ensure a diversified composition of funding (sources of funding, maturity structure and currency).

At 30 September 2010, 72% of Alm. Brand Bank's interbank funding matures in 2012. The maturity structure of Alm. Brand Bank's funding is shown in table 11-6.

Alm. Brand Bank has a contingency plan for liquidity risk, intended to ensure that Alm. Brand Bank is sufficiently prepared to take remedial action if an adverse liquidity situation should arise. The DKK 6 billion of state-guaranteed bonds issued by Alm. Brand Bank mature in mid-2013. The bonds are expected to be refinanced towards 2013 through a better match between deposits and lending, through a reduction of total loans, and through raising of new interbank funding in 2013.

Several of Alm. Brand Bank's interbank funding agreements contain provisions under which Alm. Brand Bank has a duty to notify the lender for example in case of non-compliance with the statutory solvency requirement. Moreover, in such situation the lender would be entitled to terminate the loan.

11.6. Operational risks and control environment

Operational risks include human errors, IT downtime or a head office destroyed by fire. The risk involves inability to maintain the daily operations and the daily activities.

Examples of sources of operational risk in a financial services company include:

- Inadequate recording
 - o A lack of recording of data relating to claims, payments, premiums, etc. and poorly operating systems with little interaction
 - o Poor or no data discipline
 - o Poor or no reporting data
- Inadequate or outdated training levels
- Inadequate descriptions/business procedures for operational tasks, etc.
- Access to systems not adapted to the individual employee's knowledge
- Key resource issues

Risks relating to control environments are risks that the controls are implemented unsystematically or inadequately. Examples of risk sources for the control environment in a financial services company include:

- Controls in connection with preparing financial data; and
- Controls in connection with writing business, claims handling, etc.

POLICY AND RESPONSIBILITY

The Group's operational risks and control environments are reviewed on a current basis with a view to ensuring the necessary safeguards, controls and contingency planning. The extent of these measures is balanced against the related expenses.

Security measures are assessed relative to threats and the probability to which the Group is considered to be exposed. The business consequences that may arise if the threats materialise are also assessed.

The Group has a number of control procedures in the form of work routines, business procedures and reconciliation processes both decentrally and centrally in the organisation. These procedures, the organisational segregation of functions between the executing and controlling departments and training of staff help minimise operational risk. The most important of these procedures are described below.

IT

In case of a prolonged physical or IT breakdown, Alm. Brand must be able to re-establish and continue its vital operational functions. To address this, the Board of Directors has approved a number of contingency targets for the Group. The targets have been implemented as a central emergency organisation, evacuation plans, emergency manuals in the individual departments, a robust basic technical IT set-up and focus on standardising processes and IT.

The Group continuously seeks to improve its IT security, which in Alm. Brand is based on an IT security policy adopted by the Board of Directors. The policy defines general IT security requirements to ensure that the Group's overall use of IT is secure and controlled. The policy is implemented in IT security guidelines, user guidance as well as other measures and business procedures.

The central banking systems are operated by Bankdata, and the Group's other central IT equipment and systems are outsourced to the Group's external IT provider, IBM Danmark A/S, which further enhances physical IT security and operational reliability in the Group. These measures have significantly reduced operational risk in this area. Alm. Brand also continuously updates and manages IT production based on three general measures: management of all IT related changes in Alm. Brand based on a number of defined procedures, management of all IT related projects, and management of all IT related tasks.

Audit

Internal audit carries out audits to verify that work routines and business procedures are adequate, and that the employees comply with them. To support internal audit, the Group's own elements as well as those outsourced to Bankdata, IBM Danmark A/S and others are subjected to external IT audits.

Training

Training of personnel is handled by external providers and by the Alm. Brand Academy. A general training policy has been drawn up for Alm. Brand, the contents of which are currently considered, including the competences required for each job. In accordance with this training policy, training plans are prepared for all employees and employee groups.

Key employees

The issue of key employees is addressed in a key employee policy which includes a number of extended requirements for specific job descriptions. Key employees are also subject to special severance clauses.

Compliance

Alm. Brand has set up a corporate compliance function in order to ensure that Alm. Brand complies with applicable laws, regulations, internal rules and guidelines as well as ethical standards.

The Company regularly assesses the necessary capital for the Group's operational risks, both for Alm. Brand Bank and for Alm. Brand Forsikring and Alm. Brand Liv og Pension. If it is deemed to exceed the amounts provided, the calculation of the aggregate individual capital requirement will take this into account.

11.7. Basel II and Solvency II – implementation plan

Section 124 of the Danish Financial Business Act requires banks to ensure that they have an adequate capital base. The capital base must as a minimum constitute the solvency requirement or the minimum capital requirement under section 124 of the Danish Financial Business Act, whichever is the higher.

Accordingly, the capital base of a bank must as a minimum be 8% of the risk-weighted items (the solvency requirement) and EUR 5 million (the minimum capital requirement), whichever is the higher. Furthermore, banks must calculate their individual solvency need based on an assessment of the bank's risks. The solvency need may not be lower than the solvency requirement and the minimum capital requirement and, if the solvency need is assessed to be higher, the capital base must correspond at least to the assessed solvency need. The cur-

rent rules for calculating risk-weighted items and solvency needs came into force on 1 January 2007 when the revised Capital Requirements Directive (CRD II) and other rules were implemented in Denmark. The changes were based on the revised recommendations issued by the Basel Committee in June 2004 with respect to the capital requirements made by supervisory authorities to banks (Basel II).

Being a financial holding company, the Company is also comprised by the solvency rules and must therefore comply with the solvency requirement at company level as well as consolidated level.

New Danish solvency rules will be introduced for insurance companies as a result of the forthcoming Solvency II directive. The new rules arise out of the upcoming European Solvency II rules applicable to insurance companies, which came into force on 1 July 2007. See I.12 "Regulatory initiatives to secure financial stability – Solvency II" for a description of the new rules. The new rules significantly tighten the requirements for calculating the adequate capital base and the individual solvency need.

See I.12 "Regulatory initiatives to secure financial stability – Basel III" for a description of Basel III, which will tighten the requirements for solvency even more.

IMPLEMENTATION PLAN

Alm. Brand Bank uses the Basel II standard model to calculate the statutory minimum requirement of 8% of risk-weighted assets and, generally, to calculate the individual solvency need. Alm. Brand Bank does not intend to implement advanced Basel II models. Alm. Brand Bank has, however, developed internal models which it applies internally to manage credit granting to private customers.

As to market risk, the Group has so far decided to use standard methods, but the Group has developed an internal VaR model, which is used in the day-to-day monitoring of market risk.

With respect to insurance, Alm. Brand Forsikring and Alm. Brand Liv og Pension are in the process of developing more advanced models for calculating parts of the individual solvency need, to the effect that the overall solvency model will be based on a combination of internal models and standard models. Alm. Brand Forsikring and Alm. Brand Liv og Pension have not yet decided whether to apply for approval of partial internal models under Solvency II.

Alm. Brand Forsikring and Alm. Brand Liv og Pension participated in the latest test calculation/consequence analysis in 2008 (QIS 4) for Solvency II prompted and implemented by CEIOPS, and will participate in QIS 5 in 2010.

12. Regulatory initiatives to secure financial stability

12.1. Bank Package I

As a result of the turmoil in the financial markets, the Danish parliament adopted the Act on Financial Stability on 10 October 2008 (Act no. 1003 of 10 October 2008 on Financial Stability, as amended, see Consolidating Act no. 875 of 15 September 2009, as amended (the Act on Financial Stability)). The act introduced, among other things, a general guarantee scheme, under which the Danish State provides an unconditional guarantee for the claims of unsecured creditors against banks, to the extent such claims are not otherwise covered (Bank Package I). This guarantee scheme expired on 30 September 2010.

As part of the creation of Bank Package I, a company (Finansiel Stabilitet A/S) was set up, which is wholly owned by the Danish State. One of the objects of the company is to ensure that the claims of unsecured creditors of the banks, etc. comprised by Bank Package I are covered if such banks were to become distressed before expiry of the general guarantee scheme. Under the Transition Scheme, as defined and described in more detail in I.12 “Regulatory initiatives to secure financial stability – The Transition Scheme (individual government guarantee)”, Finansiel Stabilitet A/S was authorised to sign agreements for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt, etc. with a maturity of up to three years.

12.2. The Transition Scheme (individual government guarantee)

Pursuant to Part 4a of the Act on Financial Stability, a transition scheme (the “Transition Scheme”) was established, which makes it possible for the banks to apply to Finansiel Stabilitet A/S for an individual government guarantee for existing and new unsubordinated, unsecured debt issued on or before 31 December 2010 with a maturity of up to three years.

Government guarantees issued under the Transition Scheme are granted for individual loans, including, for example, bond issues. The Transition Scheme is managed by Finansiel Stabilitet A/S on behalf of the Danish State.

Alm. Brand Bank has applied for and signed an agreement with Finansiel Stabilitet A/S on behalf of the Danish State as guarantor relating to the terms for granting of individual government guarantees up to a total limit of DKK 8 billion for new unsubordinated, unsecured debt with a maturity of up to three years. At 30 June 2010, Alm. Brand Bank utilised part of the agreed limit to issue state-guaranteed bonds in a total amount of DKK 6 billion maturing on 30 June 2013. See I.10 “Capital resources” for further details about the state-guaranteed bonds.

12.3. State-funded capital injections/ Bank Package II

Act no. 67 of 3 February 2009 on State-Funded Capital Injections into Credit Institutions (“Bank Package II”) introduced a scheme according to which the Danish State may inject hybrid Tier 1 capital (capital injections) into credit institutions and act as underwriter in connection with the issuance of hybrid Tier 1 capital by such institutions.

The capital injection was basically intended to be sufficient to ensure that the institution achieved a Tier 1 capital ratio of at least 12. Credit institutions which (before the capital injection) had a Tier 1 capital ratio of 9 or more could apply for a maximum capital injection corresponding to an increase of 3 of the Tier 1 capital ratio, provided that the minimum ratio of 12 was complied with and this was permitted under the rules on hybrid Tier 1 capital set out in the Danish Financial Business Act, see Consolidating Act no. 467 of 29 April 2010, as amended. Credit institutions with a Tier 1 capital ratio of less than 9 would basically have to apply for a capital injection corresponding to the difference between a Tier 1 capital ratio of 12 and the institution’s current Tier 1 capital ratio.

On 24 September 2009, Alm. Brand Bank received hybrid Tier 1 capital in the amount of DKK 856 million. See I.10 “Capital resources” for further details about the hybrid Tier 1 capital.

12.4. Agreement on financial stability in the pension area

On 31 October 2008, the Ministry of Economic and Business Affairs and the Danish Insurance Association signed an agreement on a number of new measures intended to contribute to safeguarding pension savers against unnecessary losses as a result of the financial crisis. The agreement on financial stability in the pension area originally applied until 31 December 2009, but was subsequently extended to expire on 31 December 2010.

Prior to the conclusion of the agreement, the abnormal market conditions had placed insurance and pensions companies in a situation where they could be forced to divest Danish mortgage bonds. Against the backdrop of the extremely low turnover in the Danish mortgage bond market at the time due to the financial crisis, a major divestment on the part of insurance and pensions companies could have a significant, adverse impact on prices and thus have serious consequences for pension savers and homeowners in the form of declining prices and rising interest rates.

In order to safeguard market stability and prevent a systematic divestment of Danish mortgage bonds, the Ministry of Economic and Business Affairs and the Danish Insurance Association agreed on the following initiatives:

Temporary adjustment of the maturity-dependent discount rate (yield curve)

Prior to conclusion of the agreement, the spread between the Danish mortgage bond yield and the euro swap rate on long maturities had developed in an abnormal manner in that the long euro swap rate had declined while the Danish mortgage bond yield had increased sharply. This development entailed a need to increase provisions and resulted in major capital losses on mortgage bonds, which could provide an incentive to divest mortgage bonds. The agreement sought to prevent this through a temporary adjustment of the maturity-dependent discount rate (yield curve) to the effect that the development in mortgage bond yields was to a certain extent reflected in the discount rate.

Strengthened consolidation

- The bonus policy and the fixing of interest rates on policyholders' savings must be so as to ensure that insurance and pensions companies generally do not incur liabilities beyond the agreed pension guarantees.
- Active assumption of additional equity exposure was restricted if the company had insufficient capital to cover an individually calculated solvency need including 30% stress on the equity exposure.

Adjustment for mortgage bond portfolio when calculating the individual solvency need

- The situation prior to the conclusion of the agreement was characterised by extraordinarily high liquidity premiums on Danish mortgage bonds, which – depending on the liquidity of the individual bonds – must be expected to drop towards a normal level once the financial turmoil had subsided. Any deviation in the portfolios of Danish mortgage bonds held by insurance companies and pension funds from the assumptions on which the new calculation of the discount rate was based would entail an adjustment of results for the companies involved. Accordingly, the companies' managements must take this adjustment of results into consideration when calculating the companies' individual solvency needs. Moreover, liquidity risk must be included when the companies calculate their individual solvency need.
- When insurance companies and pension funds calculate their individual solvency need, they may base the calculation on the red risk scenario for the risk types included in the risk scenario (market risk) if this is deemed to be adequate.

- The Danish FSA will continue to require a recovery plan in accordance with the previous practice if the financial position of a company deteriorates to the extent that policyholders' interests are jeopardised or there is a risk that the company may lose its authorisation.

Greater weight on solvency rules rather than "traffic light" scenarios

- The Danish FSA would phase out reporting of the yellow traffic light scenario and instead require submission of quarterly financial statements, provision of information on the use of bonus potential on benefits under paid-up policies, and submission of a calculation of the individual solvency need.
- Companies would, however, for the time being be required to provide quarterly reports on their sensitivity to market developments as defined in the red light scenario.
- If a member of the company's management suspects that the company's capital base is insufficient to cover the capital requirement or the individual solvency need applicable to the company, such member has a duty to notify the Danish FSA immediately.

12.5. Solvency II

In the spring of 2009, the European Parliament and the Council adopted the so-called Solvency II Directive (Directive 2009/138/EC), which fundamentally revised the requirements with respect to capital as well as organisation and corporate governance that apply to European insurance and reinsurance companies.

The Solvency II directive is a framework directive authorising the Commission to adopt a number of implementation measures that elaborate and clarify specific elements of the directive, such as the calculation of provisions and technical reserves and the determination of solvency requirements, management systems, disclosure obligations, etc. Thus, the final requirements which the Group will have to comply with are not known at present. Earlier this year, the Commission issued technical specifications for the fifth round of test calculations (the so-called "QIS 5") to the national supervisory authorities for use in drawing up the final technical specifications for the solvency calculation under Solvency II.

The Solvency II directive also contains provisions relating to remuneration in the insurance area.

The new rules under the Solvency II directive are expected to be implemented in the Danish legislative framework with effect from 1 January 2013.

12.6. Basel III

Meetings of the Basel Committee on Banking Supervision (the “Basel Committee”) held in the summer and autumn of 2010 agreed on a number of initiatives (Basel III) designed to increase the requirements made to the capital base and liquidity of banks. The new guidelines were presented at the G20 summit in Seoul in November 2010 and must be implemented at EU and national levels before becoming applicable to Danish banks.

Basel III proposes the following initiatives, among others:

- The core capital requirement before inclusion of any hybrid Tier 1 capital will be increased from 2% to 4.5%. This requirement will be phased in until 1 January 2015.
- A general Capital Conservation Buffer of 2.5% will be introduced, which will have to be maintained by all banks in order to withstand future periods of crisis. This change will be phased in from 1 January 2016 and will be fully applicable from 1 January 2019.
- The aggregate capital requirement of 8% will be maintained, but the capital must include at least 6% Tier 1 capital (including hybrid Tier 1 capital). This change will be phased in from 1 January 2013 and will be fully applicable from 1 January 2015.
- Global minimum standards for liquidity will be introduced, which can generally be described as follows:
 - o A short term liquidity coverage ratio defining requirements to the volume of very liquid assets the bank must hold. Such assets are highly marketable (including, cash, national government bonds, etc.), and the test will require banks to hold a sufficient volume of very liquid assets to allow them to honour all net payments they would have to make under a fictive, acute stress test scenario (defined by the relevant regulatory authorities) for a 30-day time horizon. The bank’s portfolio of very liquid assets would thus have to be sufficient for the bank to survive for 30 days in the “fictive stress scenario”.
 - o A net stable funding ratio, being a minimum requirement to the bank’s stable funding (that is, funding expected to be stable over a 12-month time horizon). Such funding will be measured relative to the bank’s off-balance sheet assets and exposure (such as drawings under credit facilities) that may result in a cash requirement during the same 12-month period. The ratio of the bank’s stable funding to the above cash requirement must be at least 1:1 (100%)

12.7. The Capital Requirements Directive

Generally, efforts in the EU follow the work of the Basel Committee closely. The relevant rules of EU law relating to capital requirements and solvency calculations for credit institutions and investment companies are laid down in the Capital Requirements Directive (Directive 2006/49 EC). On 7 July 2010, the European Parliament adopted the so-called CRD III proposal amending the Capital Requirements Directive and the Credit Institution Directive (Directive 2006/48 EC) as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies. The proposal was finally adopted by the Council at its meeting on 11 October 2010 and is expected to be implemented in Denmark as at 1 January 2011.

The Commission is furthermore expected to submit a proposal to amend the Capital Requirements Directive (the so-called CRD IV) in the second half of 2010. The proposal is expected to follow the new guidelines drawn up by the Basel Committee in the context of Basel III. Thus, CRD IV is expected to tighten the liquidity requirements, limit gearing, establish high-quality capital, avoid pro-cyclicality (dynamic reserves), and increase the requirements with respect to risk hedging.

13. Research and development, patents and licenses

The Group has no research or development activities giving rise to registrable intellectual property rights, and has incurred no costs in this respect in the past three financial years. However, the Group engages in ordinary product development within the Group's business areas.

14. Trend information

THE CURRENT ECONOMIC SITUATION IN DENMARK

In the autumn 2008, the Danish economy was hit hard, and the economic crisis and the downturn continued into 2009. The economic downturn resulted in the steepest decline in economic activity in recent history. Falling housing prices contributed to increasing households' propensity to save, causing a drop in consumer spending and a plunge in exports and investments.

The Danish economy is slowly emerging from the economic downturn. GDP rose by 1.0% from the first to the second quarter of 2010. Growth was primarily driven by contributions from investments in inventories and public spending. Consumer spending, on the other hand, fell slightly. Exports are rising, but not at the same pace as in many other countries. This could be because the Danish wage competitiveness has been eroded over an extended period of time.

During the recent economic downturn, the extent of activation has been greater than during previous periods of economic slump. The comprehensive activation efforts mean that gross unemployment, made up as the sum of people registered as unemployed and people enrolled in activation schemes, provides a more correct picture of unemployment than the official unemployment figure, which has traditionally been used. Currently, gross unemployment is at about 171,000 individuals against approximately 113,000 individuals according to the official unemployment statistics.

In the housing market, the average price level has stabilised given the current low level of interest rates, but with significant regional differences in price developments.

According to Danmarks Nationalbank, Danish GDP will increase by just over 1.5% in 2010 and 2011 and by about 2% in 2012. This forecast includes an expected over-expenditure of public budgets.

CURRENT TRENDS IN THE DANISH NON-LIFE INSURANCE SECTOR

The market for private customer insurance remains very competitive. However, recent years' aggressive marketing with extremely low prices in selected segments, particularly motor, has ceased and the general trend today is more towards premium increases.

The sale of owner-occupied dwellings and cars has been declining since the second half of 2008, indicating a reduction of customer mobility, because moving insurances to a new company is typically done in connection with the acquisition of major assets that need to be insured. At the same time, there has been a general upward shift in the level of claims – particularly on building, household comprehensive and holiday

home insurance, which resulted in many market players raising premiums for new and existing customers.

The market for insurance of small and medium-sized businesses continues to be adversely affected by the financial crisis. Declining activity and company closures serve to reduce the number of contents, liability and motor insurance policies written and has resulted in a fall in the number of individuals being covered by workers' compensation insurance. At the same time, customers are increasingly focused on costs, and this has intensified competition in the commercial customer market. The competitive situation has further been sharpened by the fact that several companies that were formerly niche operators now offer commercial insurance in all segments. However, in 2010, several major market players introduced or announced premium increases.

Throughout 2009 and 2010, the Danish agricultural sector was also affected by the current financial downturn, which was further exacerbated by a historic earnings crisis in the agricultural sector. As a result, investments to expand production, primarily stables and other buildings, came to a virtual standstill. Due to the negative development in claims in the agricultural segment, several companies have raised their premiums in 2010. The price increases are expected to spread to the entire industry due to the high and volatile incurred loss ratios, which have characterised the sector for a number of years.

CURRENT TRENDS IN THE DANISH BANKING SECTOR

Since mid-2008, impairment write-downs in the banking sector have increased, and this trend is expected to continue in 2011.

In the wake of the financial crisis, there have been significant changes in the Danish banking sector. Several small Danish banks and savings banks have been forced to accept being acquired by other banks or taken over by the state-owned company Finansiel Stabilitet A/S, which is in charge of taking over the liabilities of the distressed banks. The number of banks has, accordingly, been reduced substantially and the number is expected to be further reduced in the coming years. Moreover, the financial crisis had the effect of making it difficult for banks to obtain funding, which Management believes was due to uncertainty and lack of confidence that borrowers would be able to satisfy their repayment obligations. It is still difficult for small and medium-sized banks to obtain funding without government guarantee.

CURRENT TRENDS IN THE DANISH LIFE INSURANCE SECTOR

The overall market for individual pension schemes is in decline, which is due to the steadily increasing number of labour

market pensions. The number of employee schemes continues to grow, but growth rates are slowing as the schemes are being fully developed. A decline in overall employment will also serve to reduce payments. The demographic trend with a continuously increasing share of the population in retirement will have a negative effect on the total amount of pension contributions while benefits will increase.

Pension savings in the form of regular payments made to the policyholder for life (annuities) can only be established with life insurance companies and pension funds. With effect from and including the 2010 income year, only the first DKK 100,000 paid into fixed-term annuity schemes and temporary life annuities is tax deductible, whereas there is still unlimited tax deductibility for payments into life-long annuities. This is expected to increase the aggregate market share of life insurance companies and pension funds at the expense of banks.

Generally, as a result of the global financial crisis, there is a trend towards increased regulation of the financial sector.

15. Prospective financial information

15.1. Statement by the Management Board and the Board of Directors

The Management Board and the Board of Directors present their forecast for the years ending 31 December 2010 and 2011 in the following. The prospective financial information was prepared for use herein. The Management Board and the Board of Directors believe that the prospective financial information has been prepared according to the methodology and based on the material assumptions set out in I.15 "Prospective financial information – Methodology and assumptions" and the accounting policies set out on pages F-64-F-72.

The forecasts are based on a number of assumptions, some of which are within the control of the Group, whilst others are beyond the Group's control.

The prospective financial information for 2010 and 2011 represents the Management Board's and the Board of Directors' best estimates at the Prospectus Date. The prospective financial information contains estimates and assertions that are subject to considerable uncertainty.

Actual results are likely to be different from the prospective financial information for the years ending 31 December 2010 and 2011 since anticipated events frequently do not occur as expected, and the variance may be material.

Copenhagen, 3 December 2010

Management Board:

Søren Boe Mortensen
Chief Executive

Board of Directors:

Jørgen Hesselbjerg Mikkelsen
Chairman

Boris Nørgaard Kjeldsen
Deputy chairman

Arne Nielsen
Member of the Board

Per Frandsen
Member of the Board

Tage Benjaminsen
Member of the Board

Jørgen Henrik Christensen
Member of the Board

Jan Skytte Pedersen
Member of the Board

Per Dahlbom
Employee representative

Helle Låsby Frederiksen
Employee representative

Henning Kaffka
Employee representative

Susanne Larsen
Employee representative

15.2. Independent auditors' report on examinations of Management's prospective financial information for 2010 and 2011 for the Alm. Brand Group

TO THE READERS OF THIS PROSPECTUS

We have examined the budgets for 2010 and 2011 of the Alm. Brand Group, from which the prospective financial information for 2010 and 2011 and the assumptions underlying such information in I.15 "Prospective financial information – Methodology and assumptions" and I.15 "Prospective financial information – Forecast" have been extracted.

Our report on the budgets for 2010 and 2011 dated 3 December 2010 is reproduced below:

Independent auditor's report on the budget

To the Board of Directors of Alm. Brand A/S

As agreed, we have examined the budgets of Alm. Brand Group for 2010 and 2011 which comprise the operating budget, balance sheet budget and cash flow budget as well as budget assumptions and other explanatory notes. The budgets for 2010 and 2011 have been prepared using the accounting policies applied by Alm. Brand A/S in the preparation of the annual report for 2009.

Management is responsible for the budgets, including the budget assumptions on which it is based. Our responsibility is to express a conclusion on the budget based on our examination.

Scope of examination

We conducted our examination in accordance with the Danish Auditing Standard RS 3400 "The Examination of Prospective Financial Information". This Standard requires that we plan and perform our examination to obtain limited assurance that the budget assumptions applied are valid and free from material misstatement and to obtain reasonable assurance that the budgets have been prepared on the basis of such assumptions.

Our examination comprised a review of the budgets with a view to assessing whether the assumptions laid down by Management are documented, valid and complete. Further, we tested that the budgets were properly prepared in accordance with these assumptions as well as the consistency of the figures in the budgets.

We believe that our examination provides a reasonable basis for our conclusion.

Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the budgets. Furthermore, in our opinion the budgets have been prepared on the basis of the assumptions laid down and have been presented in accordance with the accounting policies applied by Alm. Brand A/S in the preparation of the annual report for 2009.

As the budgets represent a projection analysis, all assumptions are not necessarily expected to occur and unforeseen events and circumstances may also occur. Actual results may therefore be different from projection results, and the variation may be material.

We have ascertained that the prospective financial information for 2010 and 2011 and the assumptions underlying such information in I.15 "Prospective financial information – Methodology and assumptions" and I.15 "Prospective financial information – Forecast" have been correctly extracted from the Alm. Brand Group's budgets for 2010 and 2011 examined by us.

The Company's Management is responsible for the presentation of prospective financial information for 2010 and 2011 and the assumptions on which it is based. Our responsibility is, on the basis of our work, to express an opinion as to whether the prospective financial information for 2010 and 2011 and the assumptions on which it is based have been correctly extracted from the budget examined by us.

BASIS OF CONCLUSION

We planned and conducted our work in accordance with Danish Auditing Standard RS 3000 "Assurance engagements other than audits or reviews of historical financial information" in order to obtain reasonable assurance that the prospective financial information for 2010 and 2011 and the assumptions on which it is based have been correctly extracted from the budget examined by us.

CONCLUSION

In our opinion, the prospective financial information for 2010 and 2011 and the assumptions on which it is based have in all material respects been correctly extracted from the budgets for 2010 and 2011 examined by us.

Copenhagen, 3 December 2010

Deloitte

Statsautoriseret Revisionsaktieselskab

Henrik Priskorn
State Authorised Public Accountant

Jens Ringbæk
State Authorised Public Accountant

15.3. Methodology and assumptions

Management has prepared profit forecasts for the years 2010 and 2011. The forecasts are based on a number of market expectations, assumptions and estimates, some of which are presented with numerical specificity, which are considered reasonable by Management. Forecasts, assumptions and estimates are inherently subject to significant business, operational and economic uncertainties, many of which are beyond Management's control, and some of which are based on future business decisions that are subject to change.

The most significant forecasts, assumptions and estimates are described below. The profit forecast has been prepared on the basis of the Group's accounting policies, which are in accordance with IFRS and which are presented on pages F-64 to F-72.

This section contains a number of forward-looking statements. The Group's actual results may differ materially from the forecasts presented, not least due to the matters described in "Risk factors".

The prospective financial information for 2010 and 2011 is based on a number of forecasts and assumptions regarding developments in insurance portfolios, the Bank and the financial markets. The most significant forecasts and assumptions are described below. As a result of the Group's structure with individual business areas operating independent business areas with separate risk profiles, assumptions and forecasts will be set out for each of these business areas individually, regardless of any synergies.

ASSUMPTIONS REGARDING MATTERS BEYOND MANAGEMENT'S CONTROL

- Unchanged economic trends
 - o Performance of equity markets
 - o Property price trends
 - o Interest rate trends
 - o Unemployment
- Extraordinary weather-related claims caused by water, snow, storms, and the like
- A higher level of major claims
- Higher claims inflation
- Changed competitive situation in the non-life insurance market
- Changes in the reinsurance market (prices, capacity, and the like)

Changes in economic trends, negative as well as positive, will affect the performance of all the Group's business areas.

ASSUMPTIONS REGARDING MATTERS WITHIN MANAGEMENT'S CONTROL

- Announced premium increases in Non-life Insurance
- Improved profitability, including risk reduction in Non-life Insurance
- The Bank's business volume will be affected by the planned reduction of total assets, which will reduce net interest income
- The Bank's exposures will be reduced at a controlled rate
- Continuous adjustment of costs to the expected level of activity

The continuous adjustment of costs applies to all business areas, although the Bank in particular will focus on this. The Bank is expected to see a decline in business volume over the period as parts of the lending portfolio are settled.

NON-LIFE INSURANCE

The profit forecast for 2010 as well as 2011 is based on the composition of the insurance portfolio being unchanged.

The forecast profit before tax for 2010 assumes a premium growth at a level of 1% and a combined ratio at a level of 99.

A premium growth of 1.0% is expected in 2011. Premium income is affected by higher average premiums as a result of the premium increases implemented in 2009 and 2010. In addition, premium increases were implemented in the autumn of 2010 on new business written in personal accident and building and household insurance, and these are expected to have a favourable impact on premium income.

It is assumed that the combined ratio will decrease by approximately 2.0 percentage points in 2011 relative to the expected combined ratio in 2010 (the calculation excludes the run-off result and extraordinary expenses in connection with snow load claims and other winter-related claims related to the winter of 2010), corresponding to a combined ratio of around 95 in 2011. This expected decrease in combined ratio in 2011 is based, among other things, on the cost cuts already implemented in August 2010. Moreover, the announced premium increases in 2009 and 2010 already caused a number of policyholders to change their cover either by increasing their deductible or by reducing their total cover. Overall, these changes have meant a risk reduction in the portfolio. Moreover, a number of activities have been introduced to restore profitability in some parts of the portfolio, including changed conditions to improve management of the risk written and added focus on the price level of claims paid.

The profit forecast is dependent, among other things, on expectations as to the number and size of major claims and weather-related claims and the prices of reinsurance. Accordingly, the profit forecast for 2011 includes expected major claims at a level of DKK 380 million. The expected level of major claims is based on developments in recent years, in which the level has been increasing. A major claim is defined as a claim of more than DKK 1 million.

For weather-related claims, total costs of DKK 190 million are included in the forecast for 2011. The level of weather-related claims has also been increasing in recent years.

Finally, reinsurance costs are expected to increase in 2011 relative to 2010 in light of increased weather-related claims and major claims. The reason for this is that Non-life Insurance has decided to reinsure a larger portion of its total risk with respect to storm cover in the fire programme.

THE BANK

The profit forecast for 2010 is based on the positive development in operating activities in the first nine months of the year, with the lower level of interest rates in particular resulting in capital gains on bond portfolios.

As the Bank's strategy is implemented in the coming years, Management expects the risk-weighted assets to be reduced, and this has been included in the forecasts for the remainder of 2010 as well as 2011.

The profit forecast for 2011 assumes an unchanged level of interest rates. The Bank expects to increase earnings on loans as a result of higher margins, whereas the Bank's funding costs are expected to increase correspondingly. Estimated interest margins on deposits and lending are based on the average margins in the first nine months of 2010. Expected interest margins on lending have also been based on the changed strategy for the Bank with a number of business areas due to be wound up over several years.

Earnings from Financial Markets in 2011 have been estimated on the basis of the earnings forecast for 2010, taking into account the measures introduced which are expected to take effect in 2011.

The Bank expects administrative expenses in 2011 to decline significantly relative to the level expected for the full year 2010. These expectations are primarily driven by the branch office closures and staff reductions implemented in 2010.

Expectations as to the Bank's impairment writedowns on loans and credit losses on mortgage deeds are based on an assessment of the expected future economic trends in Denmark. The Danish FSA conducted an ordinary inspection of

Alm. Brand Bank in October and November 2010. In that connection, the Danish FSA assessed the Bank's impairment writedowns on loans and credit losses on mortgage deeds and the individual solvency need. The inspection caused Alm. Brand Bank's management to increase impairment writedowns on a few large exposures and in the mortgage deed area, including mortgage deed investment exposures, in Q3 2010. In Management's opinion, this in all material respects represents an advancement of impairment writedowns relative to the forecast previously provided by the Company for impairment writedowns on loans and credit losses on mortgage deeds. Also, Management's forecast for future impairment writedowns and credit losses on mortgage deeds for the period 1 January 2010 – 31 December 2012 was raised from approximately DKK 1.3 billion to approximately DKK 1.4 billion. This increase was driven by a more conservative valuation of mortgage deeds and was not caused by a higher level of arrears. Following the writedowns made in Q3 2010, Management assesses that anticipated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 will total just under DKK 700 million.

The estimates are based on economic trend assumptions of continued modest positive GDP growth in the coming years, a stable interest rate level, unchanged property prices and unchanged unemployment figures.

As the estimate is forward-looking, it is subject to considerable uncertainty and may be materially affected by changed economic trends and other changes in the conditions affecting the Bank's existing lending portfolio. See also "Risk factors" for further information, including risks of further losses. Management has asked Deloitte and KPMG as well as an independent third party appointed by SEB Enskilda with a credit background to each assess Management's estimate of impairment writedowns on loans and credit losses on mortgage deeds in the Bank for the period 1 October 2010 – 31 December 2012. This period extends beyond the period otherwise covered by the Prospectus, which ends at 31 December 2011. On the basis of these individual reports on the procedures performed, Management assessed that there is no need to further change the increased level of anticipated impairment writedowns on loans and credit losses on mortgage deeds until year end 2012, including the assessment of the need for impairment writedowns during the budget period covered by this Prospectus.

The overall estimated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 are expected to relate mainly to the part of the portfolio of the Bank that is being wound up. Similarly, most of the losses and writedowns recognised in 2009 and in the nine months ended 30 September 2010 related to the part of the portfolio that is being wound up.

LIFE INSURANCE

The profit forecast for 2010 includes an assumption that Life Insurance will be able to recognise the full risk premium and take the full amount of the shadow account to income.

Whether the risk premium is obtained is, however, dependent on developments in the financial markets. Moreover, changes to the rules on the calculation of provisions etc. may have an effect on results.

The sensitivity of the profit forecast for 2010 is primarily related to whether the shadow account can be taken to income.

Life Insurance is expected to see limited premium growth in 2010 and in 2011 as a result of the Group's focus on persuading policyholders to use market products, which are placed in Alm. Brand Bank.

The investment portfolio and strategy are divided into customer funds and assets attributable to shareholders' equity. Assets attributable to shareholders' equity are generally placed in short-term interest-bearing bonds. Customer funds are placed in property, equities and bonds with a view to obtaining a return matching liabilities to policyholders.

At 1 January 2011, new rules on the contribution principle for life insurance companies come into force, which are expected to cause Life Insurance to change the composition of results in order to maintain a profit in line with previous years.

The profit forecast for 2011 assumes that the profit will comprise both the conditional (risk premium) and the unconditional portions.

The unconditional portions consist of the return on equity and the result of portfolios without bonus entitlement. The conditional portions (risk premium) consist of a percentage of life insurance provisions, a percentage of the risk result before bonuses and a percentage of the expense result after bonuses.

The calculations for 2011 are based on historical experience in Life Insurance with respect to risk and expense results and Life Insurance's forecast returns for 2011.

As the basic rate on high-interest insurances is mainly financed by the accumulated value adjustment, Life Insurance is not dependent on an extraordinarily large investment return to honour its obligations to provide policy holders with returns.

With the adjustments that Life Insurance is expected to make to its profit model, earnings will to a far greater extent be based on the risk result, and its dependence on financial market developments will be reduced considerably. Consequently, the uncertainty related to the earnings outlook for 2010 and

2011 largely relates to the development of the risk result. As the reinsurance programme is relatively comprehensive, the principal risk is related to the number of claims rather than the size of claims. Accordingly, any shift in this is assessed to affect 2011 earnings.

OTHER BUSINESS ACTIVITIES

It is assumed that the Offering is completed with net proceeds of approximately DKK 1,499 million, which will reduce the Company's interest expenses. On the other hand, the forecast includes costs in respect of rent lost due to vacant premises on a number of the Group's properties.

15.4. Forecast

The following contains a description of the profit forecasts for the individual operating activities of the Group for 2010 and 2011. For additional information see I.15 "Prospective financial information – Methodology and assumptions – The Bank". The Group's forecast profit is expressed excluding impairment writedowns on loans and credit losses on mortgage deeds in the Bank. See I.15 "Prospective financial information – Methodology and assumptions – The Bank" for further details on the expected impairment writedowns on loans and credit losses on mortgage deeds in the Bank.

THE GROUP

The Bank's full-year consolidated revenue for 2010 is expected to be in the region of DKK 7 billion, and the overall consolidated profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds for 2010 is expected to amount to DKK 300 million.

The Bank's forecast profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds for 2011 of DKK 400 million assumes that the Offering is completed with net proceeds of approximately DKK 1,499 million. If the Offering is not completed, and the Bank raises subordinated loan capital instead, the Bank's forecast profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds for 2011 is DKK 340 million. Including impairment writedowns on loans and credit losses on mortgage deeds in the Bank, the Group expects to generate a small profit before tax in 2011.

Following the writedowns made in Q3 2010, Management assesses that anticipated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 will total just under DKK 700 million. However, the amount of impairment writedowns on loans and credit losses on mortgage deeds in the Bank over the next few years is subject to substantial uncertainty, as de-

scribed in more detail in I.15 "Prospective financial information – Methodology and assumptions – The Bank". The overall estimated impairment writedowns on loans and credit losses on mortgage deeds for the period 1 October 2010 to 31 December 2012 are expected to relate mainly to the part of the portfolio of the Bank that is being wound up. Similarly, most of the losses and writedowns recognised in 2009 and for the nine months ended 30 September 2010 related to the part of the portfolio that is being wound up.

The overall profit forecast excluding tax and before impairment writedowns on loans and credit losses on mortgage deeds in the Bank is set out in table 15-1.

Table 15-1: Prospective financial information for the years 2010 and 2011

DKKm	2010	2011
Non-life Insurance	100	300
Banking	90	70
Life Insurance	170	70
Other activities	-60	-40
Profit before tax and excluding losses and impairment writedowns in the Bank	300	400

Source: Alm. Brand

The overall profit forecast is based on the following expectations for the Group's individual business areas.

NON-LIFE INSURANCE

For the full year 2010, a profit before tax of DKK 100 million and for 2011 a profit before tax of DKK 300 million are expected. The combined ratio is expected to be around 99 in 2010 and around 95 in 2011.

THE BANK

A profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds of DKK 90 million for 2010 is expected. For 2011, a profit before tax and excluding impairment writedowns on loans and credit losses on mortgage deeds of DKK 70 million is expected.

LIFE INSURANCE

A profit before tax of DKK 170 million is expected for 2010 and a profit before tax of DKK 70 million is expected for 2011. The profit for 2010 is affected by the expected booking of the shadow account as income.

OTHER BUSINESS ACTIVITIES

For 2010 a loss before tax of DKK 60 million is expected, and for 2011 a loss of DKK 40 million is expected.

The results of other business activities comprise a number of group expenses, a dormant company and the results of Pensionskassen under Alm. Brand A/S.

16. Board of Directors, Management Board and Key Employees

16.1. Board of Directors

The Board of Directors is responsible for the overall management of the Company, the supervision of the activities of the Company and its subsidiaries and for securing that the day-to-day management of the Company is adequate. The business address of the members of the Board of Directors is c/o Alm. Brand A/S, Midtermolen 7, DK-2100 Copenhagen Ø, Denmark.

Pursuant to the articles of association of the Company, the Board of Directors must consist of not less than three and not more than 12 members elected by the general meeting. Alternates may be elected for some or all of the members of the Board of Directors. Members of the Board of Directors elected by the general meeting are elected for terms of one year. Retiring board members are eligible for re-election.

Currently, the Board of Directors consists of seven members elected by the general meeting and four members elected by the employees of the Group in accordance with the relevant provisions of the Danish Companies Act. Board members elected by the employees are subject to the same rights, duties and responsibilities as board members elected by the general meeting.

Pursuant to the rules of procedure for the Board of Directors, a board member must retire at the first annual general meeting after such member has reached the age of 70.

JØRGEN HESSELBJERG MIKKELSEN, CHAIRMAN

Jørgen Hesselbjerg Mikkelsen has an agricultural education, and since 1975 he has operated an independent business as a farmer. Jørgen Hesselbjerg Mikkelsen has broad board experience from big as well as small Danish businesses and has acquired experience in formation and management, including strategic development, of Danish businesses. For a number of years, Jørgen Hesselbjerg Mikkelsen has also been an active local politician.

He is chairman of the board of directors of Alm. Brand af 1792 fmba, member of the board of directors of the subsidiaries Alm. Brand Forsikring A/S and Forsikringsselskabet Alm. Brand Liv og Pension A/S and chairman of the board of directors of the subsidiary Alm. Brand Bank A/S, and in addition, he is a member of the Group's audit committee and the Company's remuneration committee. See section I.18 "Board practices – Audit and Remuneration Committees" for further information on the aforementioned committees.

Current directorships (in addition to the directorships held in the subsidiaries of the Company):

Chairman

Alm. Brand af 1792 fmba
Alm. Brand Fond
A/S Sydjysk Korn- og Foderstof-Kompagni
Chr. Petersen A/S
Danish Agro A.m.b.a
Danish Agro Byggecenter A/S

Table 16-1: Composition of the Board of Directors

Name	Year born	Function	Board member since	Expiry of term	Member of board of Alm. Brand af 1792 fmba
Jørgen Hesselbjerg Mikkelsen	1954	Chairman	1994 (chairman in 2009)	April 2011	x
Boris Nørgaard Kjeldsen	1959	Deputy chairman	2003 (deputy chairman in 2009)	April 2011	x
Arne Nielsen	1944	Board member	2009	April 2011	
Per V.H. Frandsen	1952	Board member	2009	April 2011	x
Tage Benjaminsen	1945	Board member	2010	April 2011	
Jørgen Henrik Christensen	1950	Board member	2010	April 2011	x
Jan Skytte Pedersen	1956	Board member	2010	April 2011	x
Per Dahlbom	1958	Employee representative	2009	April 2014	x
Helle Låsby Frederiksen	1962	Employee representative	2010	April 2014	x
Henning Kaffka	1965	Employee representative	2006-2009, 2010	April 2014	x
Susanne Larsen	1964	Employee representative	2006	April 2014	

Source: The Company

Danish Agro Fyn A/S (re-elected in 2010 after having resigned in 2009)

Danish Agro Holding A.m.b.a.

Tømrermester Søren Gliese-Mikkelsen A/S

Board member

Den Lokale Andel A.M.B.A. (deputy chairman) (re-elected in 2008 after having resigned in 2007)

DPL Invest A/S (Investeringselskabet for Dansk Primær Landbrug)

Hesselbjerg Agro A/S

Executive

J.H.M. Holding ApS

Directorships resigned within the past five years

Chairman

Birkevit ApS – dissolved in 2008 following a merger with A/S Sydjysk Korn- og Foderstof-Kompagni

Danish Agro Trading A/S – dissolved in 2008 following a merger with A/S Sydjysk Korn- og Foderstof-Kompagni

Merløse Landbobutik A/S – dissolved in 2008 following a merger with A/S Sydjysk Korn- og Foderstof-Kompagni

KK 1 af 14. maj 2007 A/S – resigned in 2008 when the company was dissolved by a statement in compliance with section 126a of the then applicable Danish Public Companies Act

KK 2 af 14. maj 2007 A/S – resigned in 2008 when the company was dissolved by a statement in compliance with section 126a of the then applicable Danish Public Companies Act

KK 3 af 14. maj 2007 A/S – resigned in 2008 when the company was dissolved by a statement in compliance with section 126a of the then applicable Danish Public Companies Act

Køge Holding 2 A/S – resigned in 2008 when the company was dissolved by a statement in compliance with section 126a of the then applicable Danish Public Companies Act

Køge Holding 2 A/S – resigned in 2008 when the company was dissolved by a statement in compliance with section 126a of the then applicable Danish Public Companies Act

Danish Agro Fyn A/S (resigned in 2009)

Køge Afløb A/S (resigned in 2009)

Køge Elnet A/S (resigned in 2009)

Køge Holding A/S (resigned in 2009)

Køge Service A/S (resigned in 2009)

Køge Vand A/S (resigned in 2009)

Køge Varme A/S (resigned in 2009)

Køge Vejlys A/S (resigned in 2009)

Board member

Danhatch A/S (resigned in 2005)

Kemiagro A.m.b.a. – resigned in 2006 when the company entered into liquidation. The company was dissolved by liquidation in 2007.

Den Lokale Andel A.m.b.a. (resigned in 2007)

Slovakian Farm Invest A/S (resigned in 2007)

Komplementarselskabet Køge Kyst A/S (resigned in 2009)

Køge Kyst P/S (resigned in 2009)

Kram Madservice A/S (resigned in 2009)

BORIS NØRGAARD KJELDSSEN, DEPUTY CHAIRMAN

Boris Nørgaard Kjeldsen holds an LL.M. In 1989, he obtained a practising certificate, which he deposited in 1991. In 1991, Boris Nørgaard Kjeldsen joined property investment company Dades A/S as vice president, and since 1999 he has been CEO of Dades A/S.

Boris Nørgaard Kjeldsen is deputy chairman of the board of directors of Alm. Brand af 1792 fmba, member of the board of directors of the subsidiaries Alm. Brand Forsikring A/S and Forsikringselskabet Alm. Brand Liv og Pension A/S and deputy chairman of the board of directors of the subsidiary Alm. Brand Bank A/S, and in addition, he is a member of the Group's audit committee and the Company's remuneration committee. See I.18 "Board practices – Audit and Remuneration Committees" for further information on the aforementioned committees.

Current directorships (in addition to the directorships held in the subsidiaries of the Company)

Chairman

Breinholt Consulting A/S

Breinholt Invest A/S

DATEA A/S

Kemp & Lauritzen A/S

Sigvald Madsen Holding A/S

Sigvald Madsen Aktieselskab, Håndværkerfirma

Board member

Alm. Brand af 1792 fmba (deputy chairman)

Alm. Brand Fond (deputy chairman)

Benny Johansen & Sønner A/S

DAVISTA Komplementarselskab A/S

DAVISTA K/S

Executive

DADES A/S (CEO)

DAVISTA Komplementarselskab A/S

DAVISTA K/S

Directorships resigned within the past five years

Chairman

Breinholt Invest III A/S (resigned in January 2010) – dissolved in May 2010 by a statement pursuant to section 216 of the Danish Companies Act

Board member

Det Danske Ejendoms Selskab af 1990 A/S – dissolved by merger in 2006

Det Danske Ejendoms Selskab af 2005 A/S – dissolved by merger in 2006

K/S Smørum Centeret (resigned in 2010)

Executive

SC Komplementarselskab ApS (resigned in 2010)
 Det Danske Ejendoms Selskab af 1990 A/S – dissolved by merger in 2006
 Det Danske Ejendoms Selskab af 2005 A/S – dissolved by merger in 2006

ARNE NIELSEN, BOARD MEMBER

Arne Nielsen is a state-authorized public accountant and was a partner with KPMG from 1984 to 2004. He deposited his license as a state-authorized public accountant when he resigned from his job at KPMG in 2004.

Arne Nielsen is not a member of the board of directors of Alm. Brand af 1792 fmba and is considered to be an independent member of the Board of Directors of Alm. Brand A/S. Arne Nielsen is a member of the Group's audit committee since the Board of Directors believes that he holds the necessary qualifications within auditing and accounting. Arne Nielsen is also a member of the Company's remuneration committee. See I.18 "Board practices – Audit and Remuneration Committees" for further information on the aforementioned committees. In addition, Arne Nielsen is a member of the board of directors of the subsidiaries Alm. Brand Forsikring A/S, Alm. Brand A/S and Forsikringselskabet Alm. Brand Liv og Pension A/S.

Current directorships (in addition to the directorships held in the subsidiaries of the Company)**Executive**

Pensionsinvest af 15.11.2005 ApS
 Cartofico Lejlighed 4 P/S

Directorships resigned within the past five years**Board member**

KPMG Net Source A/S (resigned in 2005)

PER V.H. FRANDSEN, BOARD MEMBER

Per V.H. Frandsen has an agricultural education. From 1997 to 2007, he was chairman of the board of directors of SPF-Danmark, a limited partnership owned by two co-operative slaughterhouses, Danish Crown and Tican. Per V.H. Frandsen was also member of the board of directors of Daka a.m.b.a. from 2001 to 2007 and was a member of the board of directors of Danish Crown AmbA from 1999 to 2007. Per V.H. Frandsen currently operates a property business in Flensburg carrying on activities within commercial and residential leases and large-scale farms in Denmark and Latvia.

Per V.H. Frandsen is also a member of the board of directors of Alm. Brand af 1792 fmba.

Current directorships**Board member**

Alm. Brand af 1792 fmba
 Alm. Brand Fond

Directorships resigned within the past five years**Chairman**

Daka a.m.b.a. (resigned in 2007)
 SPF-Danmark (resigned in 2007)

Board member

Daka Biodiesel Production a.m.b.a. (resigned in 2007)
 Daka Ejendomme og Finans A/S (resigned in 2007)
 Danish Crown AmbA (resigned in 2007)
 Danish Crown Holding A/S (resigned in 2007)
 Investeringsforeningen Alm. Brand Invest (resigned as deputy chairman in 2009)
 Specialforeningen Henton Invest – resigned in 2009 when the company was deleted by the Danish FSA pursuant to section 84 of the Danish Act on Investment Associations and Special Purpose Associations, etc.

TAGE BENJAMINSEN, BOARD MEMBER

Tage Benjaminsen has a background in banking and holds an HD graduate diploma in Business Finance. He has had a long career at Provinsbanken and with the Danske Bank Group from 1990, including as branch manager in New York, deputy manager of foreign credits and head of equity research. Tage Benjaminsen was President & CEO of P/f Foroya Banki from 1993 to 1994. From 2000 to 2002, he was director of gatet-rade.net A/S (now CHV III A/S). Thereafter, he served as group executive manager and CFO of A/S TH. Wessel & Vett, Magasin du Nord, and from 2005 to 2006, he was board member and CFO of Illums Bolighus A/S. Since then, Tage Benjaminsen has served as a professional board member. Outside the Group, he primarily serves as chairman of the board of directors of Kristensen Properties A/S, holds directorships in the subsidiaries and affiliated companies of the Kristensen Properties Group and is a member of the board of directors of the LD Private Equity companies.

Tage Benjaminsen is not a member of the board of directors of Alm. Brand af 1792 fmba and is considered to be an independent member of the Board of Directors of the Company. Tage Benjaminsen is a member of the Company's remuneration committee. See I.18 "Board practices – Audit and Remuneration Committees" for further information on the aforementioned committees.

Current directorships

Chairman

Kristensen Properties A/S
Kristensen Germany AG, subsidiary of Kristensen Partners IV A/S
Kristensen Salzgitter AG, subsidiary of Kristensen Partners IV A/S
Kristensen City-Immobilien I AG, subsidiary of Kristensen Partners III A/S

Board member

Kristensen Partners III A/S
Kristensen Partners IV A/S (deputy chairman)
K/S Kristensen Partners I
LDE Management ApS
LDE 1 ApS
LDE 2 ApS
LDE 3 ApS
Sylvester-Hvid & Co. A/S
Benjaminsen Invest ApS
IFMA (International Financial Managers Association – non-profit)

Executive

Benjaminsen Invest ApS

Directorships resigned within the past five years

Chairman

Ibistic International A/S (resigned in 2006)
Lexbrand Trading ApS – dissolved by merger in 2008

Board member

LD Equity 2 K/S (resigned in 2005)
IBH 3 ApS (resigned in 2006)
Illums Bolighus A/S (resigned in 2006)
Illums Bolighus Holding A/S (resigned in 2006)
Aktieselskab af 15. september 1997 (resigned in July 2008) – bankruptcy proceedings were instituted against the company by way of a bankruptcy order issued in November 2008
Anpartsselskabet af 12. december 2006 (resigned in July 2008) – bankruptcy proceedings were instituted against the company by way of a bankruptcy order issued in September 2009, and the company was dissolved in 2010
Aktieselskab af 12. juli 2004 (resigned in July 2008) – bankruptcy proceedings were instituted against the company by way of a bankruptcy order issued in November 2008
K/S Kristensen Partners II (resigned in 2009).

Executive

IBH 3 ApS (resigned in 2005)

JØRGEN HENRIK CHRISTENSEN, BOARD MEMBER

Jørgen Henrik Christensen holds an LLM, is attorney-at-law and has practised law in that capacity for more than 30 years. Jørgen Henrik Christensen is a partner of and through Advokatanpartsselskabet Henrik Christensen participates in Advokatfirmaet Henrik Christensen og Partnere I/S providing services particularly within general business consulting, board duties, reorganisation of companies and building law.

Jørgen Henrik Christensen is also a member of the board of directors of Alm. Brand af 1792 fmba.

Current directorships

Chairman

Baltic Agro Group A/S
Hjallerup Træ og Spærfabrik A/S
O.J. Malerentreprise A/S
T.E. Gruppen A/S
Torben Enggaard Holding A/S

Board member

Air Truck Sea Cargo A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond
Anelin A/S
Boulevard 1 Invest ApS
Carl Pedersen A/S Aalborg
Larsen & Sørensen Holding A/S
Musikhuset Jomfru Ane Gade ApS

Executive

Advokatanpartsselskabet Henrik Christensen
Boulaw 8 ApS
VGH Nr. 277 ApS

Stakeholder

Fortuna I/S

Liquidator's duties:

European Consulting & Investments ApS – the company entered into liquidation in 2010

Directorships resigned within the past five years

Chairman

Skallegei Holding ApS – dissolved by demerger in 2005
Matas Algade A/S (resigned in 2007)

Board member

Pflug Vejskiltefabrik A/S (resigned in 2005) – the company entered into liquidation in 2008 and was dissolved following liquidation in 2009
Ungt Miljø, Aalborg A/S (resigned in 2006)

I/S Byggefelt B (resigned in 2007)
 Rosenmeier Invest A/S (resigned in 2007)
 Mema A/S (resigned in 2008)
 Udlejningsselskabet af 1.10.1994 ApS (resigned in 2008)
 Restaurationsselskabet af 01.11.1996 ApS (resigned in 2008)
 Lars Rosenmeier ApS Nørresundby – dissolved by demerger
 in 2009

Liquidator's duties

Komplementarselskabet Difko Århus I ApS – dissolved following liquidation in 2009
 K/S Difko Århus I – dissolved following liquidation in 2009
 Verner Kragh A/S – dissolved following liquidation in 2009

JAN SKYTTE PEDERSEN, BOARD MEMBER

Jan Skytte Pedersen has a background in banking and worked for Jyske Bank for just under 23 years as a regional manager and manager of subsidiaries and was in charge of various managerial assignments. He is currently manager of a construction business and a property company. Furthermore, Jan Skytte Pedersen has held various strategy seminars for a number of companies.

Jan Skytte Pedersen is also a member of the board of directors of Alm. Brand af 1792 fmba.

Current directorships

Board member

Alm. Brand af 1792 fmba
 Alm. Brand Fond
 Energimidt Holding A.M.B.A.
 Energimidt Net A/S
 Energimidt Net Vest A/S
 Herm. Rasmussen A/S Holding
 Herm. Rasmussen A/S
 Herm. Rasmussen A/S Malerforretning
 Herm. Rasmussen A/S Erhvervsejendomme
 K/S Papirfabrikken
 Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab
 Ringvejens Autolakereri A/S
 Silkeborg IF Invest A/S

Executive

Herm. Rasmussen A/S Holding
 Herm. Rasmussen A/S
 Herm. Rasmussen A/S Malerforretning
 Herm. Rasmussen A/S Erhvervsejendomme
 Ringvejens Autolakereri A/S
 Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab

Directorships resigned within the past five years

Board member

Investeringsforeningen Alm. Brand Invest (resigned in 2010)

PER DAHLBOM, EMPLOYEE REPRESENTATIVE

Per Dahlbom acquired basic insurance training at Vidar Forsikring. He joined Alm. Brand as a claims-handling officer in 1982. In 1992, Per Dahlbom completed the training as a claims assessor, and in 1997 he took up a position as commercial insurance agent, a position he still holds. In 2008, Per Dahlbom was appointed chairman of the Association of Insurance Agents of Alm. Brand.

Per Dahlbom is also an employee representative of Alm. Brand af 1792 fmba.

Current directorships

Board member

Alm. Brand af 1792 fmba
 Alm. Brand Fond

Per Dahlbom has held no other directorships during the past five years.

HELLE LÅSBY FREDERIKSEN, EMPLOYEE REPRESENTATIVE

Helle Låsby Frederiksen received insurance training at Kgl. Brand, which she joined in 1980 as a trainee. Since 1984, Helle Låsby Frederiksen has been an insurance employee in the Group; initially with the branch in Copenhagen, later on at the Group's headquarters. In 2009, Helle Låsby Frederiksen was appointed chairman of the Association of Insurance Staff of Alm. Brand, an office she still holds.

Helle Låsby Frederiksen is also an employee representative of Alm. Brand af 1792 fmba.

Current directorships

Board member

Alm. Brand af 1792 fmba
 Alm. Brand Fond

Helle Låsby Frederiksen has held no other directorships during the past five years.

HENNING KAFFKA, EMPLOYEE REPRESENTATIVE

Henning Kaffka was employed with Baltica from 1990 to 1994 and became a licensed commercial insurance agent in 1994. Henning Kaffka joined Alm. Brand as a private insurance agent in 1994, and in 1996 he took up a position as commercial insurance agent. In 2005, Henning Kaffka was appointed chairman of the Association of Insurance Agents of Alm. Brand, but resigned in 2008, when he took up the position as Regional Manager Commercial Customers, Zealand. Since

2009, Henning Kaffka has been chairman of the Company's Management Association. Henning Kaffka works for the Danish Insurance Academy as a teacher and examiner.

Henning Kaffka has served as employee representative on the Board of Directors of the Company in two rounds, first from April 2006 until April 2009, and again from April 2010.

Henning Kaffka is also an employee representative of Alm. Brand af 1792 fmba.

Current directorships

Board member

Alm. Brand af 1792 fmba

Alm. Brand Fond

Henning Kaffka has held no other directorships during the past five years.

SUSANNE LARSEN, EMPLOYEE REPRESENTATIVE

Susanne Larsen finished her insurance training at BRFkredit in 1988 and was employed with BRFkredit until 1994, when she joined BRF-bank where she worked until 1999. In 1999, Susanne Larsen joined Alm. Brand Bank, where she started working in the mortgage deed department and was shortly thereafter transferred to one of Alm. Brand Bank's branches as a banking adviser, a position she still holds.

Susanne Larsen was a member of the regional committee of the Financial Services Union in Denmark from 2007 to 2009, when she resigned to become chairman of Alm. Brand Bank's Staff Association, an office she still holds.

Susanne Larsen has no current directorships in addition to her directorship in the Company.

Directorships resigned within the past five years

Board member

Alm. Brand af 1792 fmba (resigned in 2010)

Alm. Brand Fond (resigned in 2010)

16.2. Management Board

Pursuant to the Company's articles of association, the Board of Directors appoints a management board consisting of one to five members. The Board of Directors has appointed a management board consisting of one member who is in charge of the day-to-day management of the Company in accordance with the guidelines and directions of the Board of Directors. The business address of the Management Board is c/o Alm. Brand A/S, Midtermolen 7, DK-2100 Copenhagen Ø, Denmark.

Søren Boe Mortensen worked for KPMG from 1979 to 1987 and graduated as a state-authorized public accountant in 1985. Since 1987, when he joined the Group, he has worked as chief financial officer, and in 1998 he became a member of the Company's management board. He was appointed deputy chief executive in 2000, and chief executive in 2001.

In addition, Søren Boe Mortensen is chairman or member of the board of directors of a number of the Company's subsidiaries.

Current directorships (in addition to the directorships held in the subsidiaries of the Company)

Chairman

Pensionskassen under Alm. Brand A/S
Forsikringsakademiet A/S

Board member

The Danish Insurance Association (deputy chairman)

Executive

Alm. Brand af 1792 fmba (chief executive)

Directorships resigned within the past five years (directorships resigned in subsidiaries of the Company are only listed if a subsidiary has initiated bankruptcy proceedings, insolvency proceedings or entered into liquidation within the past five years)

Table 16-2: Composition of the Management Board

Name	Year born	Function	Executive
Søren Boe Mortensen	1955	Chief Executive	Appointed to Management Board 1998 Chief Executive 2001

Source: The Company

Chairman

Finansieringsselskabet Balder A/S – resigned in 2007 when the company entered into liquidation. The company was dissolved following liquidation in 2008

Finansieringsselskabet af 9/10 1992 A/S – resigned in 2009 when the company entered into liquidation. The company was dissolved following liquidation in 2009

A/S Det Københavnske Reassurance Compagni's Support Fund – resigned in 2009 when the fund was dissolved with the approval of the Civil Affairs Agency

Ejendomsaktieselskabet Idrætsparken – resigned in 2005 when the company entered into liquidation. The company was dissolved following liquidation in 2005

Board member

Investeringsforeningen Alm. Brand Invest (resigned in 2005)
Fonden Havnescenen (resigned in 2006) – entered into liquidation in 2009

Fonden Forsikringsakademiet af 26/2 2003 – resigned in 2007 when the fund entered into liquidation. The fund was dissolved following liquidation in 2008

Alm. Brand Rejseforsikring A/S – resigned in 2006 when the company entered into liquidation. The company was dissolved following liquidation in 2007

Alm. Brand Invest II A/S – resigned in 2008 when the company entered into liquidation. The company was dissolved following liquidation in 2008

Alm. Brand Holding II A/S – resigned in 2007 when the company entered into liquidation. The company was dissolved following liquidation in 2008

Executive

Alm. Brand Rejseforsikring A/S – resigned in 2006 when the company entered into liquidation. The company was dissolved following liquidation in 2007

Alm. Brand Invest II A/S – resigned in 2008 when the company entered into liquidation. The company was dissolved following liquidation in 2008

Alm. Brand Holding II A/S – resigned in 2007 when the company entered into liquidation. The company was dissolved following liquidation in 2008

16.3. Key Employees

In addition to the Management Board, the members of Alm. Brand's management coordination committee (MCC) are Key Employees. The members of the MCC represent the business areas, the distribution and the service functions. The members of the Company's management board are also members of the committee. The Key Employees are listed in table 16-3.

The business address of the Key Employees is c/o Alm. Brand A/S, Midtermolen 7, DK-2100 Copenhagen Ø, Denmark.

OLE JOACHIM JENSEN

Ole Joachim Jensen holds an MSc in Economics. Ole Joachim Jensen has held management positions at various management levels for almost 20 years. Before he joined Alm. Brand, Ole Joachim Jensen worked as CFO and Senior Vice President of BRFKredit. In 2000, Ole Joachim Jensen was employed as CFO of the Group, and in mid-2009 he was appointed acting Chief Executive of Alm. Brand Bank A/S.

Current directorships

Ole Joachim Jensen is currently a member of the board of directors and/or management board of a number of companies of the Group, including as deputy chairman of the subsidiaries of Alm. Brand Forsikring A/S, Forsikringsselskabet Alm. Brand Liv og Pension A/S and as acting Chief Executive of Alm. Brand Bank A/S. Ole Joachim Jensen holds no directorships outside the Group.

Directorships resigned within the past five years (directorships resigned in subsidiaries of the Company are only listed if a subsidiary has initiated bankruptcy proceedings, insolvency proceedings or entered into liquidation within the past five years)

Board member

Alm. Brand Rejseforsikring A/S – resigned in 2006 when the company entered into liquidation. The company was dissolved following liquidation in 2007

Alm. Brand Holding II A/S – resigned in 2007 when the company entered into liquidation. The company was dissolved following liquidation in 2008

Table 16-3: Key Employees

Name	Year born	Position
Ole Joachim Jensen	1962	CFO of the Group and acting Chief Executive of Alm. Brand Bank A/S
Christian Heick Sørensen	1969	Group Marketing Manager responsible for distribution in the Group
Jesper Mørch Sørensen	1958	Chief Executive of Alm. Brand Forsikring A/S
Mikael Sundby	1956	Chief Executive of Alm. Brand Liv og Pension A/S and responsible for the pension activities of Alm. Brand Bank A/S

Source: Alm. Brand

Alm. Brand Invest II – resigned in 2008 when the company entered into liquidation. The company was dissolved following liquidation in 2008

A/S Det Københavnske Reassurance Compagnis Support Fund – dissolved in 2009 with the approval of the Civil Affairs Agency

CHRISTIAN HEICK SØRENSEN

Christian Heick Sørensen graduated as an MSc in Finance in 1994, after which he worked a few years as Corporate Cash Manager of the ISS Group. In 1996, Christian Heick Sørensen joined the Group, where initially he worked as executive assistant and marketing manager with Alm. Brand Bank A/S. In 2000, Christian Heick Sørensen was appointed regional manager, and in 2002 he worked as marketing manager for the Group. In 2009, Christian Heick Sørensen also undertook responsibility for distribution in the Group.

Christian Heick Sørensen has no current directorships.

Directorships resigned within the past five years

Board member

Alm. Brand Leasing A/S (resigned in 2009)
Invest Administration A/S (resigned in 2010)

JESPER MØRCH SØRENSEN

Jesper Mørch Sørensen is a Bachelor of Science. He has been working in the insurance industry since 1983, initially (from 1983 to 1993) with Hafnia Forsikring A/S, where in 1991 he was appointed vice president in charge of the private customer business area, with Economic Insurance Company Ltd (from 1984 to 1986) as a consultant, with Codan Forsikring A/S (from 1993 to 2004) where in 1999 he was appointed vice president in charge of the private customer business area, and in 2002 he was given responsibility for claims handling in Denmark, and from 2000 until 2002 he worked as the chief executive officer of Forsikringsselskabet Privatsikring A/S. Jesper Mørch Sørensen took up the position as chief executive of Alm. Brand Forsikring A/S in 2004.

Current directorships

Board member

SOS International A/S
The organisation Taksatorringen (deputy chairman)

Executive

Alm. Brand Forsikring A/S

Jesper Mørch Sørensen has held no other directorships in other companies for the past five years.

MIKAEL SUNDBY

In 1981, Michael Sundby graduated in insurance science (cand.act), and since 1985 he has been working for the Group, in charge of life insurance operations. In 1992, Michael Sundby was appointed Chief Executive of Alm. Brand Liv og Pension A/S. In addition, he is responsible for the pension activities of Alm. Brand Bank A/S.

Current directorships (in addition to directorships in companies of the Group that are not stated below – apart from the position held in Forsikringsselskabet Alm. Brand Liv og Pension A/S)

Board member

Administrationsaktieselskabet Forenede Gruppeliv
Pensionskassen under Alm. Brand A/S

Executive

Forsikringsselskabet Alm. Brand Liv og Pension A/S

Michael Sundby has held no other directorships in other companies for the past five years.

16.4. Statement on kinship between the Board of Directors, Management Board and Key Employees

The Company is not aware of any kinship existing between any of the members of the Board of Directors, the Management Board and the Key Employees.

16.5. Statement on past records of the Board of Directors, Management Board and Key Employees

During the past five years, no member of the Board of Directors or the Management Board and no Key Employees have been (i) convicted of fraudulent offences or (ii) subject to any public incriminations and/or public sanctions by statutory or supervisory authorities (including designated professional bodies) or (iii) disqualified by a court from acting as a member of the board of directors, management board or supervisory body of an issuer or from being in charge of an issuer's management.

During the past five years, the members of the Board of Directors, the Management Board or Key Employees have only participated in the management of companies having entered into liquidation, initiated insolvency proceedings or other forms of receivership to the extent stated in I.16 "Board of Directors, Management Board and Key Employees".

16.6. Conflicts of interest

STATEMENT ON CONFLICTS OF INTEREST

Other than as set out in this section I.16, Management is not aware of any current or potential conflicts of interest between any duties of the members of the Board of Directors, the Management Board and Key Employees towards the Company and these persons' personal interests and/or other duties.

Forming part of its general investment activities, the Company's subsidiary Alm. Brand Liv og Pension has acquired a minority interest in Dades A/S with a market value just under DKK 198 million, corresponding to an ownership interest below 5%. The CEO of Dades A/S is deputy chairman of the Company and a member of the board of directors of Alm. Brand Liv og Pension. The investment is comprised by section 78 of the Danish Financial Business Act and has been approved and is monitored by the board of directors of Alm. Brand Liv og Pension.

In addition, the Company has entered into a general management agreement with Datea A/S, a company wholly owned by Dades A/S, in which Boris Nørgaard Kjeldsen is chairman of the board of directors. In accordance with the agreement, Datea A/S manages properties owned by the Company's subsidiaries, including administration, accounting and reporting, rentals, supervision and technical assistance. The annual fee paid to the company is in the region of DKK 2 million.

AGREEMENTS, ETC. ON APPOINTMENT FOR MANAGEMENT POSITIONS

It appears from the articles of association of Alm. Brand af 1792 fmba, the Company's principal shareholder, that, on behalf of Alm. Brand af 1792 fmba's Committee of Representatives, the Group is subject to the supervision of Alm. Brand af 1792 fmba's board of directors through Alm. Brand af 1792 fmba's majority shareholding and the directorships in Alm. Brand A/S resulting from the shareholding. This provision is applied to the effect that all members of the board of directors of Alm. Brand af 1792 fmba elected by the Committee of Representatives are nominated by the Board of Directors and elected to the Board of Directors at the annual general meetings. Thus, five out of seven board members of the Company elected by the general meeting are also members of the board of directors of Alm. Brand af 1792 fmba, and two board members of the Company elected by the general meeting are considered independent of Alm. Brand af 1792 fmba. Furthermore, there are interlocking directorships with respect to three out of a total of four board members elected by the employees of the Company, since those three members also sit on the board of directors of Alm. Brand af 1792 fmba. The board members elected by the employees are elected through indi-

rect election pursuant to the rules on group representation set out in the Danish Companies Act.

Other than as stated above, the Company is not aware of any members of the Management Board or any of the Key Employees having been appointed pursuant to an agreement or understanding with the Company's major shareholders, customers, suppliers or other parties.

LOANS, GUARANTEES, ETC.

The Company's subsidiary Alm. Brand Bank has granted loans, credits, issued guarantees, etc. to certain members of the Board of Directors, Management Board and certain Key Employees and to related parties of some of the persons mentioned. Loans, etc. to such employee-elected board members and Key Employees have been granted on employee terms, whereas, in the Management's opinion, other commitments have been undertaken on market terms.

As at 30 September 2010, Alm. Brand Bank has granted loans, credits and issued guarantees, etc. for a total of DKK 31 million in so far as members of the Board of Directors and Management Board and their related parties are concerned, and a total of DKK 6 million in so far as Key Employees and their related parties are concerned.

16.7. Restrictions on securities trading

See II.7 "Selling Shareholders and lock-up – Lock-up agreements in connection with the Offering" for information on the lock-up agreements entered into by the Company.

The employee shares in the Company awarded to the members of the Board of Directors elected by the employees of the Company, the Management Board and Key Employees pursuant to the employee share schemes, which have been described in I.19 "Employees", are held in restricted accounts for periods of five and seven years, respectively, beyond the current calendar year. See I.19 "Employees" for a detailed description thereof.

Pursuant to the stock exchange rules, the Company has adopted an internal set of rules governing trading in shares in the Company, which apply to the Board of Directors, the Management Board, Key Employees and others, and according to which such persons may only sell and purchase shares in the Company during a period of four weeks from the publication of the Company's financial reports. During such four-week period, trading is not allowed by any person holding inside, price-sensitive information.

17. Remuneration and benefits

17.1. Remuneration of the Board of Directors

The total fee to the Board of Directors was DKK 2.7 million for the financial year ended 31 December 2009.

The annual fee for the financial year ending 31 December 2010 is expected to constitute DKK 0.6 million to the chairman of the Board of Directors, DKK 0.4 million to the deputy chairman of the Board of Directors and DKK 0.2 million to the ordinary members.

Members of the Group's audit committee, who are also members of several of the subsidiaries' boards of directors, each receive DKK 0.2 million per year in remuneration.

The fees have been determined with due consideration for such payments constituting remuneration for all directorships held in the Group. 10% of the abovementioned remuneration is paid by Alm. Brand af 1792 fmba to the members of the association's supervisory board, while the remaining remuneration is paid by the Company.

17.2. Remuneration of the Management Board and Key Employees

The remuneration of the Management Board and Key Employees consists of a fixed salary and pension contributions plus staff benefits in the form of car, telephone, etc.

In 2009, the remuneration to the Management Board constituted DKK 27.0 million, of which DKK 5.3 million was paid to Chief Executive Søren Boe Mortensen including pension contributions, car, telephone, etc.

The remuneration to the Key Employees totalled DKK 9.4 million in 2009, including pension contributions, car, telephone, etc.

The Company has provided DKK 5 million for severance pay to the Management Board and the Key Employees. In addition to that, the Company has made no provisions for pension benefits, severance schemes or the like for Management and the Key Employees and has no obligations to do so.

17.3. Incentive programmes

The Board of Directors is not covered by any separate incentive programmes. The board members elected by the employees and the Management Board may, however, be covered by incentive programmes by virtue of their employment. See I.19 "Employees – Employee shares" for further information thereon.

The Chief Executive is entitled to a bonus corresponding to DKK 0.25 million, provided that Alm. Brand A/S' return on equity for the individual financial year exceeds 3M CIBOR by five percentage points.

The Chief Executive and the Key Employees are entitled to a bonus corresponding to one tenth of their monthly salaries per any full 0.1 of a percentage point by which Alm. Brand A/S' return on equity for the individual financial year exceeds 3M CIBOR by five percentage points capped, however, at a maximum of ten months' salary.

The annual bonus is deposited in a "bonus account", from which one third of the account balance is paid out each year after bonus allotment for the relevant year. If the return on equity is less than 3M CIBOR plus five percentage points, it will trigger a negative bonus corresponding to one tenth of the monthly salary exclusive of pension contributions per full 0.1 of a percentage point lower return. The negative bonus will be deposited in the account according to the same rules as those applying to positive bonus. The account balance cannot be negative.

The annual bonus to Ole Joachim Jensen in his capacity as bank chief executive may constitute a maximum of 20% of his total annual salary for the most recently ended financial year.

On 9 November 2010, a bill was put forward on remuneration policies in financial enterprises and financial holding companies, which, if adopted, would require an amendment of the incentive programmes described above.

18. Board practices

18.1. Practices of the Board of Directors and the Management Board

BOARD OF DIRECTORS

Pursuant to the articles of association of the Company, the Board of Directors must consist of not less than three and not more than 12 members elected by the general meeting. Alternates may be elected for some or all of the members of the Board of Directors. Currently, the Board of Directors consists of seven members elected by the general meeting and four members elected by the employees of the Group. Alternates have been elected for five of the seven members elected by the general meeting and for four members elected by the employees of the Group.

Five out of seven board members elected by the general meeting are also members of the board of directors of the parent company, Alm. Brand af 1792 fmba, while the remaining two board members are considered independent.

The board members elected by the general meeting are elected for terms of one year and are eligible for re-election. The term for these board members expires in April 2011. According to the applicable rules, the employee representatives elected by the employees serve for terms of four years, such terms commencing on 28 April 2010 and ending in April 2014.

The members of the Board of Directors were elected in the following years:

- Jørgen Hesselbjerg Mikkelsen, chairman, elected in 1994 (16 years of seniority)
- Boris Nørgaard Kjeldsen, deputy chairman, elected in 2003 (seven years of seniority)
- Arne Nielsen, elected in 2009 (one year of seniority)
- Per V.H. Frandsen, elected in 2009 (one year of seniority)
- Tage Benjaminsen, elected in 2010
- Jørgen Henrik Christensen, elected in 2010
- Jan Skytte Pedersen, elected in 2010
- Per Dahlbom, employee representative, elected in 2009 (one year of seniority)
- Helle Låsby Frederiksen, employee representative, elected in 2010
- Henning Kaffka, employee representative, elected in 2010
- Susanne Larsen, employee representative, elected in 2006 (four years of seniority).

FUNCTION

Immediately following each year's annual general meeting, the Board of Directors holds a first board meeting to appoint its chairman and deputy chairman. In addition to the first board meeting, the Board of Directors holds at least eight annual meetings, one of which is a one-day seminar.

The chairman and, in his absence, the deputy chairman shall preside over board meetings. The Board of Directors forms a quorum when more than half of its members, including the chairman or deputy chairman, are present. A board member who is unable to attend a board meeting may in isolated cases issue a written proxy to another board member to vote on his/her behalf at such board meeting. In case of doubt, the chairman will decide, taking into consideration the items to be discussed at the relevant meeting, whether it is adequate to vote by proxy.

In respect of voting, all resolutions are passed by a simple majority of votes. In the event of an equality of votes, the chairman, or in his absence the deputy chairman, has a casting vote.

No member of the Board of Directors may participate in the consideration of issues regarding agreements between the Company and such member or regarding lawsuits brought against such member or regarding agreements between the Company and third parties or lawsuits brought against third parties, if such member has a material interest in the issue that may be contrary to the interests of the Company.

In accordance with the Company's rules of procedure for the Board of Directors, the Board of Directors is responsible for the overall management of the Company and will monitor the activities of the Company and its subsidiaries and will ensure that the day-to-day management of the Company is adequate and in compliance with the Company's articles of association, the Danish Companies Act and other legislation of significance to the Company.

The Board of Directors will determine the Company's strategy, and in collaboration with the Management Board, ensure that development of and follow-up on the defined strategies take place on a current basis.

The Board of Directors will approve the Company's overall action plans, budgets and organisation, including the accounting function, internal controls and IT organisation. Furthermore, the Board of Directors will consider reports on the Company's liquidity, significant transactions, overall insurance coverage, financing, cash flows, special risks and similar matters of significance to the Company's activities. The Board of Directors will also follow up on previously approved action plans, budgets, etc.

The Board of Directors will ensure that bookkeeping and asset management are undertaken in a satisfactory manner considering the Company's circumstances and that the Company's capital resources from time to time are adequate in relation to the Company's operations. Furthermore, the Board of Directors will ensure that the Company has taken out the necessary and appropriate insurances for its activities at any time.

Moreover, the Board of Directors must regularly verify that the resolutions passed by the Board of Directors are implemented, and that the business procedures and the guidelines for operations defined by the Board of Directors are complied with.

The Board of Directors will set out the guidelines governing the Management Board's performance of the day-to-day management of the Company, including the reporting from management board to board of directors concerning the Company's financial position and performance and the investment of the Company's funds. The Board of Directors will further cause the Management Board to, at least once per year, give an account of the Company's organisation, including its accounting function, internal controls, IT organisation and budgeting, which the Board of Directors will subsequently consider.

CORPORATE GOVERNANCE

See I.18 "Board practices – Declaration on corporate governance".

MANAGEMENT BOARD

According to the articles of association, the Management Board may consist of one to five members. Today, the Management Board consists of one chief executive.

Pursuant to the Company's rules of procedure for the Board of Directors, the Board of Directors lays down the guidelines for the division of duties, including business procedures, authorisations and instructions between the Board of Directors and the Management Board.

The Management Board is responsible for the day-to-day management of the Company, and matters falling within the day-to-day management are thus outside the scope of the Board of Directors' duties unless the Management Board requests that the Board of Directors decide on specific issues, or the Board of Directors resolves to consider a specific matter falling within the day-to-day management.

The approval of the Board of Directors must be obtained for all transactions of an unusual nature and size. In case of doubt, the chairman of the Board of Directors determines whether the issue in question should be submitted to the Board of Directors for resolution or information.

The Management Board attends all board meetings unless the Board of Directors decides otherwise in each specific case.

At each board meeting, the Management Board will report on the Company's and its subsidiaries' operations since the last board meeting and provide financial information with comments and remarks with a view to reviewing the Company's liquidity, financing, cash flows, significant transactions and special risks, which the Board of Directors will consider.

Each year, the Management Board prepares a strategy and a budget together with monthly, quarterly, semi-annual and annual reports for the consideration of the Board of Directors.

CONTRACT TERMS AND INCENTIVE PAY

See I.17 "Remuneration and benefits".

18.2. Severance terms for the Management Board and the Board of Directors

The chief executive may terminate his employment giving 12 months' notice, and Alm. Brand may terminate the employment giving 12 months' notice. If Alm. Brand terminates the employment, it will pay compensation corresponding to 36 months' remuneration. In connection with a merger or acquisition, the chief executive may consider himself dismissed by the Company with a notice period of 12 months and will be entitled to post-service salary until having attained the age of 62, constituting up to 75% of the final salary. To this is added pension contributions during the post-service period constituting 25% of the salary last received by the Management Board. This right must be exercised not later than two years after the occurrence of the changed conditions.

Other than the above, none of the members of the Management Board or the Board of Directors are entitled to severance pay in connection with the termination of their positions as members of the Management Board or the Board of Directors.

18.3. Audit and remuneration committees

In 2009, the boards of directors of the Company, Alm. Brand Forsikring, Alm. Brand Liv og Pension and Alm. Brand Bank each set up audit committees. Alm. Brand Bank's audit committee also undertakes this task for the subsidiaries Alm. Brand Formue A/S and Alm. Brand Pantebrev A/S. The audit committees of all companies consist of the following three board members:

- Jørgen Hesselbjerg Mikkelsen (chairman)
- Boris Nørgaard Kjeldsen
- Arne Nielsen

The Board of Directors deems that Arne Nielsen meets the independency and qualification requirements defined in section 31 of the Danish Act on State Authorised and Registered Public Accountants. Arne Nielsen has many years of work experience as a state-authorised public accountant in financial and other businesses.

The audit committees support the boards of directors in their work with and supervision of the annual reports, including supervision in respect of the accuracy of financial information disclosed in the annual report, and whether accounting policies are relevant and have been consistently applied. The most important tasks of the audit committee are the following:

- internal control and risk management, including the review and assessment of the Management's guidelines with a view to identifying, monitoring and managing the most important risks at least once a year. The audit committees also assess and review internal control and risk management systems,
- internal and external audit, including the review and discussion of the results of the work of the internal and external auditors and the auditors' observations and conclusions. The committees supervise the managements' follow-up on the recommendations to management reported by the internal and external auditors.

The audit committees work with historical data and are generally not involved in forward-looking events such as outlook and budgets. The audit committees will, to a reasonable extent, discuss and review with the day-to-day managements significant financial information in the Group's financial statements.

The audit committees meet at least four times a year and report to the boards of directors on a regular basis. At the audit committee meetings, Søren Boe Mortensen, Chief Executive, the Chief Financial Officer and the Group Chief Auditor participate in addition to the audit committee members. Moreover, the auditors appointed participate in two annual meetings, where they also have the opportunity to hold meetings with the audit committee and the Group Chief Auditor without the presence of the day-to-day management. The committees make an annual assessment of the preceding year's work and assess if any changes should be made to its areas of responsibility.

In October 2010, the Board of Directors resolved to set up a remuneration committee (compensation committee) consisting of the following board members:

- Jørgen Hesselbjerg Mikkelsen (chairman)
- Tage Benjaminsen
- Boris Nørgaard Kjeldsen
- Arne Nielsen

It is the duty of the remuneration committee to:

- propose a remuneration policy (including the general guidelines for incentive pay) for the Board of Directors and the Management Board for approval by the Board of Directors,
- make proposals to the Board of Directors on remuneration to the members of the Board of Directors and the Management Board and to ensure that such remuneration is in compliance with the Company's remuneration policy and the evaluation of the performance of the person concerned, and to
- monitor that the information in the annual report on remuneration of the Board of Directors and the Management Board is correct, true and sufficient.

The Board of Directors has found no reason to set up other permanent board committees or committees related to the work of the Board of Directors.

18.4. Declaration on corporate governance

Alm. Brand A/S is subject to the Recommendations on Corporate Governance issued by the Committee on Corporate Governance in April 2010. On an annual basis, Alm. Brand A/S' Board of Directors considers all recommendations on corporate governance applying the "comply or explain" principle. The areas where Alm. Brand A/S does not comply with the recommendations are explained below. The explanations are divided into two relevant main sections on corporate governance that are applicable as from the financial year ending 31 December 2010.

COMPOSITION AND ORGANISATION OF THE SUPREME GOVERNING BODY (THE BOARD OF DIRECTORS)

Five of the seven board members elected by the general meeting are nominated by the Company's principal shareholder, Alm. Brand af 1792 fmba. The selection of the five board members is made from among the members of the Committee of Representatives of Alm. Brand af 1792 fmba according to an election procedure established in the association's articles of association for election of members to the association's board of directors. Thus, in so far as these five board members elected by the general meeting are concerned, there are interlocking directorships between the members of the board of directors of the principal shareholder and the members of Alm. Brand A/S' Board of Directors. Moreover, there are interlocking directorships in so far as three of the four members of the Board of Directors elected by the employees are concerned. In addition, there are two independent members elected by the general meeting on the Board of Directors of Alm. Brand A/S.

As a result, the Company cannot fully comply with the Recommendations on Corporate Governance that relate to the composition of the Board of Directors and independence. As from 2011, the Company will publish the skills description for the Board of Directors, see recommendation 5.1.1, and the annual report for 2010 and any subsequent annual reports will include an account of the composition of the Board of Directors, including the special skills of the individual board members, see recommendation 5.1.4.

Up until now, Alm. Brand A/S has only provided information on the total shareholdings of the Board of Directors of the Company, as the size of the individual shareholdings is considered a private matter. As from the annual report for 2010, an account of the shareholdings of the individual members of the Board of Directors in the Company and in affiliated companies will be provided, including changes from the beginning to the end of the relevant year.

In addition, Alm. Brand A/S has so far believed that the factor determining how many directorships a board member is capable of holding is not the number of directorships, but rather the workload involved in performing his duties. Thus, this is in compliance with recommendation 5.7.1 which is applicable from 2010.

The members of the Company's audit committee are the chairman and deputy chairman of the Board of Directors and Arne Nielsen, who the Board of Directors believes holds the necessary qualifications within accounting and auditing. The chairman and deputy chairman are not considered independent; Arne Nielsen is considered independent. The chairman of the Board of Directors is also chairman of the audit committee. The Board of Directors believes the composition of the audit committee to be appropriate and reassuring, since it ensures a high degree of focus of the entire Board of Directors on the audit committee's work.

In as far as other board committees are concerned, it should be noted that the Board of Directors of Alm. Brand A/S does not believe that there is a need for setting up a nomination committee, since five out of seven board members elected by the general meeting are nominated by the principal shareholder. In October 2010, the Board of Directors resolved to set up a remuneration committee. In connection with its work, the remuneration committee will consider the need for using external advisers, including whether such external advisers should be other than those used by the Management Board.

REMUNERATION OF MANAGEMENT

The Company has determined a remuneration policy including the remuneration to the Board of Directors and the Management Board. This policy also includes the bonus scheme applying to the Group's senior management, including the Management Board. The bonus scheme has no significant effect on the Group's cost level. As from the annual report for 2010, a special account will be provided of the fixed and variable salary to the Management Board and the linkage with the remuneration policy. The Board of Directors believes that there is no need for provisions on the right of recovery of variable pay components, if they have been paid on the basis of erroneous assumptions, since this follows from the general principles of Danish law (the doctrine of fundamental breach). Moreover, the Board of Directors has not at this stage found it necessary to change the Management Board's current severance scheme.

The members of the Board of Directors only receive a fixed remuneration. Up to date, no information has been provided on the remuneration of the individual board members, as such information is considered a private matter. On the other hand, information on the total remuneration of the Board of Directors has been provided. This will change as from the annual report for 2010. Proposals for remuneration of the Board of Directors applying to the current financial year will not be submitted to the general meeting for approval, since the Board of Directors believes that the general meeting's control of the remuneration to the Board of Directors is guaranteed through the general meeting's approval of the remuneration to the Board of Directors for the previous year in connection with its approval of the annual report.

The remuneration policy is described in the annual report, but does not constitute a separate item on the agenda for the Company's general meeting, and no special account of it is provided in the chairman's report. The Board of Directors believes that the account of the remuneration policy in the annual report is adequate considering the significance of the other matters to be considered at the annual general meeting. The remuneration policy may be raised at the general meeting by any shareholder who may wish to do so.

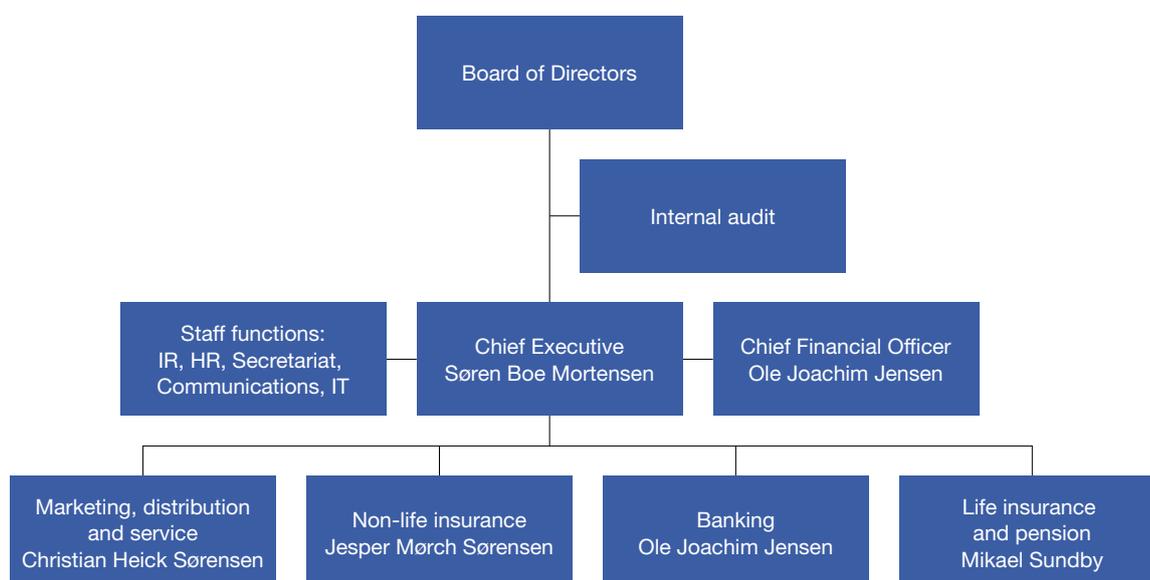
19. Employees

The Group is divided into three different business units: Non-life Insurance, Banking and Life Insurance. The Group has a number of intra-group functions that solve joint tasks for the companies of the Group, including marketing, distribution, service and administration. Fees for these services are determined on market terms or, in the absence of a clear market, on a cost recovery basis.

19.1. Composition of employees

As at 30 September 2010, the Group employed a total of 1,724 full-time equivalents on average. The number of employees calculated is exclusive of consultants. On 31 August 2010, the Group implemented a major redundancy round, where 110 employees were made redundant and a number of vacant positions were eliminated. The full effect of the terminations will form part of the outlook for 2011 and onwards. Since year-end 2009, the Group has reduced the number of employees by 253 persons.

Figure 19-1: Organisational structure



Source: Alm. Brand

Table 19-1: Overview of the average number of employees in the Group

	Budget	30 September			
	2011	2010	2009	2008	2007
Non-life Insurance	493	483	528	526	520
Banking	215	211	253	258	254
Life and Pension	45	45	48	47	50
Regions, marketing, distribution	578	696	722	771	749
Services	264	289	297	280	271
Total number of employees	1,595	1,724	1,848	1,882	1,844

Note: The number of employees excludes Copenhagen Re, which was divested in 2009, and includes employees under notice of termination. The average number of employees is calculated on the basis of reports from the Danish Labour Market Supplementary (ATP) scheme.

Source: Alm. Brand

As a result of the terminations, nine out of 20 branches were closed at 31 August 2010. Consequently, Alm. Brand today has 11 bank branches, 15 sales centres and six customer service centres for telephone sales and advisory services. In that connection, it was decided that the insurance advisers will no longer be physically based at the branches. The branch closures were motivated partly by the fact that this distribution type is expensive relative to the sales it generates and partly by more and more customers wanting to be served by the insurance agents of Non-life Insurance, the customer service centres or to wholly or partly use the self-service options provided through the Company's website, including the e-branch concept, which was implemented in mid-2010.

Moreover, a number of organisational changes have been made. In order to improve the profitability of the agricultural segment in Non-life Insurance, a new "Quality and Risk" unit was set up in September 2010. The department consists of two teams, an agricultural consultants team and a conversion team. The agricultural consultants are responsible for inspection, risk assessment and adjustment of insurances on a substantial part of the agricultural portfolio. This service is expected to result in fewer and less expensive claims. The conversion team will focus on commercial customers, technical industries and workers' compensation insurances. The purpose of this is to collect additional data for use in more precise risk assessment and determination of premiums.

19.2. Shareholdings and option holdings

Direct and indirect shareholdings of the Board of Directors, Management Board and Key Employees of Alm. Brand A/S appear from table 19-2.

The members of the Board of Directors, Management Board and the Key Employees hold no share options in the Company or the Company's subsidiaries.

19.3. Employee shares

Since 2005, the Board of Directors has each year resolved to offer employee shares to the employees of the Group. The schemes have been introduced through the allocation of shares at a discount (discount shares) against cash payment and/or through the allocation of free shares at market price, which have been financed by reducing the employees' cash pay.

All employee share schemes have been set up and implemented pursuant to section 7a of the Danish Tax Assessment Act, and the schemes are offered to the employees of the Group, including the members of the Management Board and the members of the Board of Directors elected by the employees of the Company.

The discount shares are held in restricted accounts for a period of five years, and the employee shares are financed through a cash pay reduction and held in restricted accounts for a period of seven years, in both cases from the end of the calendar year in which the allocation took place. The restricted accounts are managed by Alm. Brand Bank, Custody Service.

As at the Prospectus Date, 569,501 registered shares were issued from the Company's own portfolio to the employees of the Group in compliance with the defined employee share schemes.

Table 19-2: Direct and indirect shareholdings of the Board of Directors, the Management Board and Key Employees of Alm. Brand A/S as at the Prospectus Date

Name	No. of shares held directly	No. of shares held indirectly	Total no. of shares held
Board of Directors			
Jørgen Hesselbjerg Mikkelsen (chairman)	1,690	797	2,487
Boris Nørgaard Kjeldsen (deputy chairman)	547	-	547
Arne Nielsen	250	-	250
Per V.H. Frandsen	2,100	-	2,100
Tage Benjaminsen	-	-	-
Henrik Christensen	-	1,275	1,275
Jan Skytte Pedersen	600	-	600
Per Dahlbom (employee representative)	402	-	402
Helle Låsby Frederiksen (employee representative)	240	-	240
Henning Kaffka (employee representative)	2,935	-	2,935
Susanne Larsen (employee representative)	848	-	848
Management Board			
Søren Boe Mortensen	2,006	-	2,006
Key Employees			
Ole Joachim Jensen	1,176	-	1,176
Jesper Mørch Sørensen	1,410	-	1,410
Mikael Sundby	1,004	-	1,004
Christian Heick Sørensen	417	-	417

Source: The Company

In February 2010, the employees were offered to participate in another employee share scheme, where employee shares are allocated at the market price applicable at the time of allocation against a cash pay reduction. Shares will be allocated at the end of February 2011. The total value of the scheme is a maximum of DKK 6.5 million. This figure will be reduced if some of the employees having enrolled in the scheme are dismissed or resign during the period up to the end of February 2011.

In 2005, 2006 and 2007, the Group had an employee share scheme, according to which employees in continuing employment, in each of the years, were offered to acquire shares in the Company at a discount. In 2007, the Danish Financial Services Union, acting as agent for 14 former employees of Alm. Brand Bank, instituted legal proceedings against Alm. Brand Bank and a number of other financial institutions with similar schemes, claiming that the employees were entitled to proportionate allocation of shares at a discount whether they had resigned or were in discontinuing employment at the date of acquisition. The Maritime and Commercial Court in Copenhagen ruled in favour of Alm. Brand Bank in June 2008, but in a judgment of 15 October 2010 the Supreme Court found for

the Danish Financial Services Union and ruled that the employees were entitled to acquire a proportion of the shares, relative to their period of employment during the qualifying year which the relevant employees could acquire in the Company had they been in continuing employment at the date of acquisition. If the employees choose to acquire the shares, such shares will be held in restricted accounts during the same period as the period that would have applied had the shares been acquired by employees in continuing employment. Since the employees were not in continuing employment at the time of allocation, these employees will not obtain tax exemption.

According to the Supreme Court judgment, the 14 employees having instituted the proceedings are entitled to acquire a total of 1,150 Shares calculated on the basis of the Company's existing share capital. The prices at which the employees may be requested to buy the Shares are DKK 85 per Share under the 2005 employee share scheme, DKK 120 per Share under the 2006 employee share scheme and DKK 175.59 per Share under the 2007 employee share scheme. Thus, the exercise prices significantly exceed the closing price of the Shares on NASDAQ OMX on 2 December 2010 of DKK 36.2 per Share.

Given the circumstances, other former employees of the Group will also be entitled to the same rights on the basis of the Supreme Court judgment. Due to the high exercise prices relative to the current market price of the Company's Shares and the requirement for the shares to be held in restricted accounts and the absence of tax exemption, the Company believes, however, that only a very limited number of former employees would want to exercise the right to buy Shares based on the Supreme Court judgment. Even if a very considerable proportion of the eligible employees were to decide to buy Shares based on the Supreme Court judgment, the Company believes that its current portfolio of treasury shares would adequately meet any requirements for purchases of shares based on the judgment. Against this background, the Company believes that the financial impact of the judgment on Alm. Brand A/S will be very limited.

19.4. Employee bonds

In 2008 and in 2009, the employees were offered to participate in an employee bond scheme financed through a cash pay reduction.

Both employee bond schemes have been set up and implemented pursuant to section 7a of the Danish Tax Assessment Act, and the schemes are offered to the employees of the Group, including the members of the Management Board and the board members elected by the employees of the Company. The bond scheme of each year has contained two semi-annual bond allocations.

Allocated employee bonds are kept in restricted accounts for a period of five years from the end of the calendar year in which allocation has taken place. The restricted accounts are managed by Alm. Brand Bank, Custody Service.

Employee bonds are issued and redeemed automatically at par upon expiry of the restriction period. The bonds carry interest from the date of allocation until the date of redemption.

As at the Prospectus Date, employee bonds have been issued for a total of approximately DKK 31.5 million in accordance with the defined schemes.

The possibility of allocating employee bonds in accordance with section 7a of the Danish Tax Assessment Act no longer exists, for which reason the employees have not been offered employee bonds under the scheme launched in February 2010.

20. Major Shareholders

As at the Prospectus Date, approximately 11,200 shareholders representing approximately 95% of the Company's share capital were recorded in the Company's register of shareholders.

As at the Prospectus Date, the Company had received notification of holdings of 5% or more of the share capital or voting rights from the Shareholder below pursuant to section 29 of the Danish Securities Trading Act and section 55 of the Danish Companies Act.

The major shareholders have the same voting rights per Share as the other shareholders of the Company.

The Company's principal shareholder, the association Alm. Brand af 1792 fmba, is subject to restrictions on the holding and selling of shares in the Company pursuant to its articles of association. According to the objects of Alm. Brand af 1792 fmba, the association shall remain the majority shareholder of the Company. The ownership interest of Alm. Brand af 1792 fmba in the Company must therefore be higher than 50%, and as a result the association is not permitted to sell shares in the Company which would lead to such ownership interest falling below 50%, unless the articles of association of the association are amended. If a capital increase in the Company implies that the shareholding of Alm. Brand af 1792 fmba in the Company would fall below 50%, it would also require an amendment of the articles of association of Alm. Brand af 1792 fmba. These restrictions entail that Shareholders and investors will not be able to obtain a controlling interest in the Company, unless the articles of association of Alm. Brand af 1792 fmba are amended. Adoption of a resolution to amend the articles of association require approval by not less than three-fourths of the votes cast at a meeting of the committee of representatives of the association.

It is stated in the association's 2009 annual report that the association intends to retain a majority interest in the Company. Alm. Brand af 1792 fmba does not intend to increase its ownership interest relative to the approximately 58% held by the

association as at the Prospectus Date. If opportunities for industry consolidation were to arise, the association will evaluate on a case-by-case basis if such consolidation would strengthen the strategic position of the Group. If this were the case, the association may reduce its ownership interest to less than 50%, subject to discussion and adoption by qualified majority by the committee of representatives.

Alm. Brand af 1792 fmba will participate in the Offering through a binding advance undertaking to the effect that it retains its ownership interest in the Company at the 58.09% held prior to the Offering. If Alm. Brand af 1792 fmba's binding underwriting commitment is utilised in full, Alm. Brand af 1792 fmba's ownership interest in the Company will amount to 60.62%.

The Company is not authorised to issue company announcements regarding major shareholdings unless the Company has received a prior notice to that effect from the relevant Shareholder. Thus, changes may have occurred to the stated share capital or voting rights of major Shareholders relative to the specification in table 20-1.

The Company is not aware of being owned or controlled, directly or indirectly, by persons other than the principal shareholder Alm. Brand af 1792 fmba, and the Company is not aware of any agreements that could later result in others taking over the control of the Company.

See II.5 "Terms and Conditions of the Offering – Placing and underwriting – Underwriting commitments and advance undertakings" for a description of certain Existing Shareholders' advance undertakings and underwriting commitments made by a number of investors.

As at the Prospectus Date, the Company holds 421,471 Shares in treasury, equalling an aggregate of 2.4% of the share capital and the votes in the Company before the Offering.

Table 20-1: Major Shareholders

Shareholder	Number of Shares before the Offering	Ownership/voting interest before the Offering (%)
Alm. Brand af 1792 fmba	10,079,089	58.09

Source: The Company

21. Related party transactions

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

- Alm. Brand af 1792 fmba (parent company)
- Alm. Brand Formue A/S (subsidiary, not wholly owned)
- Alm. Brand Pantebreve A/S (subsidiary, not wholly owned)
- Invest Administration A/S (associate)
- Nordic Corporate Investments A/S (associate)
- Hirlap Finans ApS (associate)
- Management Board and Board of Directors of Alm. Brand A/S

Related parties also include the relatives of the members of Management Board and the Board of Directors in addition to companies in which the persons in question have significant interests.

The Group undertakes administrative tasks for Alm. Brand af 1792 fmba.

Alm. Brand af 1792 fmba and the Alm. Brand A/S Group have signed agreements on interest accruing on intra-group accounts, in connection with which Alm. Brand af 1792 fmba has acquired hybrid Tier 1 capital issued by Alm. Brand Bank.

Alm. Brand af 1792 fmba has contributed subordinated loan capital of DKK 250 million to Alm. Brand A/S. Also, Alm. Brand af 1792 fmba has granted bullet senior loans of DKK 900 million to Alm. Brand A/S (including DKK 600 million granted on 17 November 2010). Management believes that the loans were granted on an arm's length basis. The bullet senior loans totalling DKK 900 million will be converted into share capital in connection with the completion of the Offering and additional conversion of subordinated loans by up to DKK 24 million to the extent Alm. Brand af 1792 fmba subscribes for additional Offer Shares in its capacity as underwriter.

For an overview of subsidiaries and associates, see I.7 "Organisational structure – Group structure".

The Group has intra-group functions that solve joint administrative tasks for the companies of the Group, and in this connection administrative agreements are in place between the respective Group companies ensuring that the rules on intra-group transactions are observed. Alm. Brand A/S has signed an asset management agreement with Alm. Brand Bank. The agreement has been accepted by other group companies with the exception of companies of the Alm.

Brand Bank group. Moreover, separate asset management agreements have been made between Alm. Brand Bank and Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S, respectively. Fees for these administrative and asset management services are deemed by Management to have been determined on an arm's length basis or, in the absence of a clear market, on a cost recovery basis.

Alm. Brand Bank acts as the primary banker to the Group. This implies that a number of agreements have been made between Alm. Brand Bank and other companies of the Group, and that a range of transactions are made on an ongoing basis between Alm. Brand Bank and the rest of the Group. Management believes that all agreements and transactions between the Group and Alm. Brand Bank are made on an arm's length or cost recovery basis in accordance with applicable legislation for intra-group transactions.

Reinsurance cover for the Group is taken out on a group-wide basis.

Forming part of its general investment activities, the Company's subsidiary Alm. Brand Liv og Pension has acquired a minority interest in Dades A/S of a market value just under DKK 198 million, corresponding to an ownership interest below 5%. The CEO of Dades A/S is deputy chairman of the Company and a member of the board of directors of Alm. Brand Liv og Pension. The investment is comprised by section 78 of the Danish Financial Business Act and has been approved and is monitored by the board of directors of Alm. Brand Liv og Pension.

In addition, the Company has entered into a general management agreement with Datea A/S, a company wholly owned by Dades A/S, in which Boris Nørgaard Kjeldsen is chairman of the board of directors. In accordance with the agreement, Datea A/S manages properties owned by the Company's subsidiaries, including administration, accounting and reporting, rentals, supervision and technical assistance. The annual fee paid to the company is in the region of DKK 2 million. Management believes that the overall administration agreement was made on an arm's length basis.

For information about the remuneration of the Management Board and the Board of Directors, see I.17 "Remuneration and benefits".

Table 21-1: Transactions between the Group and related parties from 1 January 2010 to 30 September 2010

DKKm	Alm. Brand af 1792 fmba	Alm. Brand subsidiaries (not wholly owned)	Management Board and Board of Directors of Alm. Brand A/S	Companies controlled by members of the Board of Directors
Sale of services	358	444	2	0
Purchase of services	123	307	1	0
Interest and fee income	0	73	0	0
Interest and fee expenses	25	0	1	0
Receivables	0	1,769	8	17
Debt	665	7	29	6
Collateral	0	0	1	5
Interest rates			0.05-15.75%	3.3-4.93%

Source: Alm. Brand

In addition to the remuneration paid to the Board of Directors and the Management Board, etc. from 1 January to 30 September 2010, the following transactions between the Group and related parties have been effected as stated in table 21-1

The purchase and sale of services comprising insurance services and delivery of banking products in the form of loans, guarantees, credit facilities and the purchase/sale of bonds, mortgage deeds, etc. are effected on the Group's usual arm's length terms. However, employee-elected board members are

offered usual employee terms. Debt comprises deposits in Alm. Brand Bank, pension funds in Alm. Brand Bank and Alm. Brand Liv og Pension, etc. No losses have been charged to and no impairment writedowns have been made on any balances owing to or by related parties.

For an overview of related-party transactions in 2007, 2008 and 2009, see note 42 of the incorporated consolidated financial statements, in Part III. "Financial information".

22. Information on assets and liabilities, financial position, results and dividend policy

22.1. Financial information

The historical financial statements for the years ended 31 December 2009, 2008 and 2007 were audited by Deloitte, Statsautoriseret Revisionsaktieselskab, and were provided with unqualified auditors' reports without emphasis of matter.

See Part III "Financial information".

22.2. Dividend policy

The Company wishes to maintain a strong focus on the long-term interests of its shareholders. Alm. Brand therefore regularly defines internal capital targets for the Group's business activities with a view to creating transparency between, on the one hand, the consideration of having adequate excess capital adequacy to match future capital needs and, on the other hand, the consideration of preventing the Group from accumulating more capital than is necessary. The purpose of the capital target is thus to establish clear guidelines for when the Company has excess capital available for distribution to its Shareholders.

The Group's current situation imposes higher requirements for excess capital adequacy on the Group's activities, and the expected new higher capital requirements for the Group's activities within Non-life Insurance, Life Insurance as well as Banking increases the capital requirements of the Group.

As a result, the Company has determined a new dividend policy.

The Group's internal new capital target is substantially higher than the statutory minimum capital requirements expected to be laid down in legislation, reflecting Management's wish for the Group to be sufficiently robust to be capable of absorbing a number of external events beyond its control. By way of example, such external, but not unthinkable, events could be extreme weather in the form of windstorms, cloudbursts, snow loads, etc. with a one-off catastrophe impact, or it could be an extended period of economic downturn and resulting impairment writedowns on loans and credit losses on mortgage deeds in the Bank. Furthermore, Management wants the capital target to indicate that the Group is sufficiently robust to be capable of absorbing large structural declines in share prices and changed levels of interest rates which may affect Life Insurance to a significant degree, but which may also significantly affect the Group's other activities.

The capital target at Group level is calculated by adding up the capital targets for the Group's individual operating activities, without thereby deducting any synergies or other factors existing between the Bank and the insurance activities of the Group for reasons of prudence. However, a number of diversification effects between Non-life Insurance and Life Insurance have been included in the calculation based on the possibilities set out so far in the Solvency II rules (the so-called QIS 5 rules).

On the basis of the Group's internal capital target, Management does not expect the Company to be able to pay dividends until, at the earliest, after the current strategy period, which ends on 31 December 2012, and only if the Group's earnings are satisfactory and the internal capital target has been met.

Table 22-1: Dividends and share buy-back 2006-2009

DKKm	2009	2008	2007	2006
Dividends	0	0	0	0
Share buy-back	30	419	691	404
Total distribution	30	419	691	404

Source: The Company

22.3. Legal and arbitration proceedings

The Group is involved in a number of legal proceedings in connection with its business. Management believes that none of these proceedings have had nor will have a material adverse impact on the Group's financial position or results.

The Group has not within the past 12 months been involved in any government, legal or arbitration proceedings that have had a material adverse effect on the Group's financial position or results, and Management is not aware of any proceedings threatened or pending that could have any such effect in the future.

Management does not believe that the Danish supreme court judgment of 16 August 2010 regarding industrial injuries com-

pensation for part-time employees and possible resumption of these cases will have any exceptional impact on neither the level of provisions nor the individual solvency need of Alm. Brand Forsikring. The expected effect of the judgment is reflected in the interim report of Alm. Brand Forsikring for the nine months ended 30 September 2010.

22.4. Significant changes to the Group's financial or trading position

Since the end of the third quarter of 2010 (30 September 2010), no events have occurred other than those described in I.9 "Operating and financial review – Significant events after the balance sheet date" elsewhere in the Prospectus which have a material effect on the Company's financial position.

23. Additional information

23.1. Share capital before and after the Offering

Before the Offering, the Company's registered share capital was DKK 173,500,000 nominal value, divided into 17,350,000 shares of DKK 10 nominal value each, which have been fully paid up.

The Board of Directors has been authorised to increase the Company's share capital by up to DKK 1,735,000,000 nominal value, divided into 173,500,000 Shares of DKK 10 nominal value each. Under the authorisation adopted as article 3a of the Company's articles of association, the Board of Directors resolved on 3 December 2010 to increase the Company's share capital by DKK 1,561,500,000 nominal value (156,150,000 Shares with a nominal value of DKK 10 each). Immediately after the Offering, the Company's registered share capital will be DKK 1,735,000,000 consisting of 173,500,000 Shares of DKK 10 nominal value each.

As at the Prospectus Date, the Company holds 421,471 Shares in treasury, equalling 2.4% of the share capital and the votes in the Company before the Offering.

The Company has not issued any options, warrants or securities that are convertible into or exchangeable for Shares in the Company. Moreover, the Company has not issued any shares that do not represent the capital, and there are no takeover rights or obligations with respect to authorised capital not issued or any obligation to increase the capital.

None of the companies of the Group have attached options or warrants to their share capital. In connection with raising state-funded capital injections, Alm. Brand Bank has issued convertible capital certificates, which can be converted to shares in Alm. Brand Bank in certain circumstances. For information about the state-funded capital injection, see I.10. "Capital resources – Borrowing requirement and financing structure".

Since 2005, the Group has had an employee share programme under which the employees of the Group have obtained a right to acquire Shares in the Company. For information about the programme, see I.19 "Employees – Employee shares".

23.2. Historical movements in the Company's share capital

Alm. Brand A/S achieved its present form by a merger of the then Alm. Brand A/S and Alm. Brand Finans A/S as of 1 January 2001 with Alm. Brand Finans A/S as the surviving compa-

ny, but keeping the name of the discontinuing company. Immediately after the completion of the merger, the share capital of the merged company was DKK 1,879,800,000 nominal value divided into 23,497,500 shares of DKK 80 each. After completion of a reduction of the Company's share capital resolved concurrently with the merger by cancellation of 4,747,500 treasury shares originating from the discontinuing Alm. Brand A/S' holding of shares in Alm. Brand Finans A/S, the Company's share capital was DKK 1,500,000,000 nominal value divided into 18,750,000 shares of DKK 80 each. As of that date, the Company had only one share class.

In connection with a restructuring of the Group, the share capital was increased on 30 July 2002 by DKK 288,000,000 by a non-cash contribution and subsequently amounted to DKK 1,788,000,000 nominal value divided into 22,350,000 shares of DKK 80 each.

As a consequence of the completion of share buy-back programmes, the share capital has subsequently been reduced (the dates specify the registration dates with the Danish Commerce and Companies Agency):

On 15 August 2007 by DKK 120,000,000 nominal value. The share capital then amounted to DKK 1,668,000,000 divided into 20,850,000 shares.

On 10 March 2008 by DKK 96,000,000 nominal value. The share capital then amounted to DKK 1,572,000,000 divided into 19,650,000 shares.

On 22 August 2008 by DKK 96,000,000 nominal value. The share capital then amounted to DKK 1,476,000,000 divided into 18,450,000 shares.

On 25 March 2009 by DKK 88,000,000 nominal value. The share capital then amounted to DKK 1,388,000,000 divided into 17,350,000 shares.

At an extraordinary general meeting held on 5 August 2010, the shareholders resolved to reduce the Company's share capital by DKK 1,214,500,000 from DKK 1,388,000,000 to DKK 173,500,000 for the purpose of transfer to a special reserve. See section 188(1)(iii) of the Danish Companies Act. The capital was reduced by way of a redenomination of the nominal value of the Company's shares from DKK 80 to DKK 10. The capital reduction was completed on 11 November 2010 after expiry of the three-month time limit provided by Danish executive order no. 172 of 22 February 2010 on partial commencement of section 19(1) of the Danish Companies Act. Following the capital reduction, the Company's share capital amounts to DKK 173,500,000 nominal value, divided into 17,350,000 shares of DKK 10 each.

Table 23-1: Movements in the share capital since 2001

Date	Transaction type	Share capital before change	Nominal change	Share capital after change	Price	Number of Shares after change
1 January 2001	Capital increase by merger	750,000,000	1,129,800,000	1,875,000,000	100,00	18,750,000
1 October 2001	Capital reduction	1,879,800,000	379,800,000	1,500,000,000	154,19	18,750,000
30 July 2002	Capital increase	1,500,000,000	288,000,000	1,788,000,000	100,00	22,350,000
15 August 2007	Capital reduction as a consequence of buy-back programme	1,788,000,000	120,000,000	1,668,000,000	345,82	20,850,000
10 March 2008	Capital reduction as a consequence of buy-back programme	1,668,000,000	96,000,000	1,572,000,000	251,85	19,650,000
22 August 2008	Capital reduction as a consequence of buy-back programme	1,572,000,000	96,000,000	1,476,000,000	295,34	18,450,000
25 March 2009	Capital reduction as a consequence of buy-back programme	1,476,000,000	88,000,000	1,388,000,000	223,33	17,350,000
11 November 2010	Capital reduction including transfer to a special reserve	1,388,000,000	1,214,500,000	173,500,000	100,00	17,350,000
On completion of the Offering	Capital increase	173,500,000	1,561,500,000	1,735,000,000	100,00	173,500,000

Source: Alm. Brand

23.3. Memorandum of association and articles of association

The following is a brief description of the Company and certain provisions included in the Company's current articles of association. The Company's articles of association are attached as Part IV. "Appendix"

OBJECTS

Under article 2 of the articles of association, the Company's objects are to hold – directly or indirectly – participating interests in insurance companies and financial companies and other companies. The Company's objects are not described in the Company's memorandum of association.

SUMMARY OF PROVISIONS CONCERNING THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The Company shall be managed by a board of directors, which shall be elected by the general meeting. However, a few members are elected in accordance with the statutory rules on employee representation on the Board of Directors.

The shareholder-elected members are elected for terms of one year and shall comprise not less than three and not more than twelve members. See article 9 of the articles of association. The members are eligible for re-election. The current board of directors consists of eleven members, seven of whom are elected by the shareholders in general meeting and four of whom are elected by the employees.

The general meeting may elect up to 12 alternates for some or all members of the Board of Directors. If elected, each alternate shall be elected to act as such for a specific member of the Board of Directors.

The Board of Directors shall from its number elect a chairman and a deputy chairman of the Board, who shall act in the absence of the chairman in every respect.

Resolutions by the Board of Directors are passed by a simple majority of votes. In the event of an equality of votes, the chairman will have the casting vote. The Board of Directors forms a quorum when more than half of the board members, including the chairman or deputy chairman, are present. Minutes of the proceedings of board meetings shall be entered into a minute book, which shall be signed by all members of the Board of Directors.

The Board of Directors shall lay down its own rules of procedure for the performance of its duties.

The Board of Directors receive an annual remuneration as determined by the shareholders in general meeting.

The Board of Directors may grant individual or joint powers of procuration. The Board of Directors shall be authorised to make such amendments to the Company's articles of association as may be required by the Danish Commerce and Companies Agency. See article 16 of the articles of association.

The Board of Directors shall appoint a management board consisting of from one to five members to be in charge of the day-to-day management. See article 10 of the articles of association. The current Management Board consists of one member.

The Company shall be bound (i) by the joint signatures of the chairman or deputy chairman of the Board of Directors and another member of the Board of Directors or (ii) by the joint signatures of one member of the Management Board and one member of the Board of Directors or another member of the Management Board. See article 11 of the articles of association.

THE COMPANY'S SHARES

The Company's share capital totals DKK 173,500,000, corresponding to 17,350,000 shares of DKK 10 nominal value each. No Share confers any special rights upon its holder.

ISSUING AGENT

The Company's Shares are issued through Alm. Brand Bank A/S.

REGISTRATION BY NAME

The Company's shares shall be issued to named holders and shall be recorded in the Company's register of shareholders. Under the Danish Companies Act, a transferee of shares cannot exercise the rights of a shareholder unless the transferee is recorded in the register of shareholders or has given notice and submitted documentation of his acquisition. However, this does not apply to the right to receive dividends and other payments and the right to receive new shares in connection with a capital increase.

REGISTER OF SHAREHOLDERS

The Company's register of shareholders is kept on behalf of the Company by Computershare A/S, CVR no. 27 08 88 99.

AUTHORISATION TO INCREASE THE SHARE CAPITAL

Under article 3a of the articles of association, the Board of Directors is authorised to increase the Company's share capital by up to DKK 1,735,000,000 nominal value, corresponding to a total share capital of up to DKK 1,908,500,000 through the issue of new shares with pre-emptive rights to the Company's Shareholders. The capital increase may be made in one or more issues. The new shares shall rank *pari passu* with the Existing Shares. The Board of Directors shall determine the specific terms of subscription of the new shares.

At a board meeting held on 3 December 2010, the Board of Directors resolved to fully exercise the authorisation set out in article 3a of the articles of association and increase the Company's share capital by DKK 1,561,500,000, corresponding to 156,150,000 shares of DKK 10 nominal value each.

TREASURY SHARES

The Shareholders of the Company have authorised the Board of Directors to let the Company acquire shares to hold in treasury against consideration for ownership or as collateral, provided that the nominal value of the total shareholdings of the Company and its subsidiaries in the Company do not exceed or as a consequence of the acquisition exceeds 10% of the Company's share capital. The consideration of the treasury shares may not deviate by more than 10% from the official price quoted on NASDAQ OMX at the date of acquisition.

At the Prospectus Date, the Company held a total of 421,471 treasury shares, corresponding to DKK 4,214,710 nominal value. At the Prospectus Date, the Company's subsidiaries held a total of 0 shares in the Company. The book value was DKK 0 for the Group.

AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION AND CHANGES TO THE RIGHTS ATTACHING TO THE SHARES AND THE CAPITAL

Resolutions to amend the Company's articles of association, including changes to the rights attaching to the Shares or the capital, shall be passed by a majority of two thirds of the votes cast as well as of the voting share capital represented at the general meeting. See article 8 of the articles of association. If the proposal has not been submitted by the Board of Directors, the Company's articles of association stipulate that at least four-fifths of the share capital must be represented at the general meeting. The latter requirement is more stringent than provided by legislation.

SHAREHOLDERS' AGREEMENTS

Management has no knowledge of any applicable shareholders' agreements concerning the Company.

NOTIFICATION OF SHAREHOLDINGS

The Danish Companies Act and the Danish Securities Trading Act contain specific rules on the requirement for Shareholders to notify the company of shareholdings representing more than 5% of the share capital or the voting rights of the share capital or exceeding the thresholds of 5, 10, 15, 20, 25, 50, 90 or 100% of the share capital or the voting rights of the share capital or the thresholds of one-third or two-thirds of the share capital or the voting rights of the share capital.

GENERAL MEETINGS

The Company's general meetings of shareholders shall be held in the City of Copenhagen or elsewhere in the Capital Region of Copenhagen. The annual general meeting shall be held every year before the end of April. See article 5 of the articles of association.

General meetings shall be convened by the Board of Directors giving not more than five weeks' and not less than three weeks' notice by announcement on the Company's website and by written notice to all shareholders recorded in the register of shareholders who have so requested. At the same time, a company announcement will be issued. The notice convening the general meeting shall be submitted to the Company's and/or the Group's employees if they have asked the Board of Directors to receive such notice. See article 5.6 of the articles of association.

Shareholders shall be entitled to have specific business transacted at the general meeting, provided that a written request is submitted to the Board of Directors in due time for such business to be included on the agenda of the general meeting.

Extraordinary general meetings shall be held when deemed appropriate by the Board of Directors, one of the auditors or by the shareholders in general meeting. Furthermore, extraordinary general meetings shall be convened not later than two weeks after shareholders holding at least 5% of the share capital have requested such meeting in writing for the purpose of transacting specific business.

The notice convening the meeting, information about the total number of shares and voting rights at the date of the notice, documents to be presented at the general meeting, the agenda and the complete proposals as well as a form to be used for voting by correspondence and for granting proxy will be available on the Company's website for a period of three weeks before the general meeting and up to and including the day of the general meeting.

PROVISIONS OF THE ARTICLES OF ASSOCIATION WHICH MAY CAUSE DELAY, POSTPONEMENT OR PREVENTION OF CONTROL

The Board of Directors is authorised to increase the Company's share capital by up to DKK 1,735,000,000. See I.23.3 "Memorandum of association and articles of association – Authorisation to increase the share capital". A resolution to increase the share capital could cause delay, postponement or prevention of control in specific circumstances.

According to the Company's articles of association, Shareholders are not entitled to attend or vote at general meetings, unless the Shareholder in question is recorded in the Company's register of shareholders on or before the record date, which is one week before the general meeting, or the Company has received such Shareholder's notification of ownership for entry in the register of shareholders.

Apart from this, the Company's articles of association do not contain any provisions which could delay, postpone or prevent control.

Section 61 of the Danish Financial Business Act implies that any acquisition of a qualifying interest in a financial undertaking or a financial holding company, including the Company, requires prior approval from the Danish FSA.

VOTING RIGHTS

Each share amount of DKK 10 carries one vote at the Company's general meetings. As each Share has a nominal value of DKK 10, each Share carries one vote.

A Shareholder's right to attend and vote at a general meeting is determined on the basis of the Shares held by the Shareholder on the record date, which is one week before the general meeting. The Shares held by each Shareholder are made up on the basis of registration of the Shareholder's ownership in the register of shareholders and any notifications about ownership received by the Company for entry in the register of shareholders.

Any Shareholder is entitled to vote at the Company's general meetings provided that, not later than three days before the relevant general meeting, such Shareholder has given notice of his attendance and has obtained an admission card against presentation of due proof of identity at the Company's office or at another place in the Capital Region of Copenhagen specified in the notice convening the meeting.

NEGOTIABILITY AND TRANSFERABILITY OF THE SHARES

The shares are negotiable instruments, and no restrictions apply to their transferability. See article 3.4 of the articles of association. No shareholder shall be under an obligation to have his Shares redeemed in whole or in part.

23.4. Special matters concerning the Company's principal shareholder, Alm. Brand af 1792 fmba

The Company's principal shareholder, the association Alm. Brand af 1792 fmba, is subject to restrictions on the holding and selling of shares in the Company pursuant to its articles of association. According to the objects of Alm. Brand af 1792 fmba, the association shall remain the majority shareholder of the Company. The ownership interest of Alm. Brand af 1792 fmba in the Company must therefore be higher than 50%, and as a result the association is not permitted to sell shares in the Company which would lead to such ownership interest falling below 50%, unless the articles of association of the association are amended. If a capital increase in the Company implies that the shareholding of Alm. Brand af 1792 fmba in the Company would fall below 50%, it would also require an amendment of the articles of association of Alm. Brand af 1792 fmba. These restrictions entail that Shareholders and investors will not be able to obtain a controlling interest in the Company, unless the articles of association of Alm. Brand af 1792 fmba are amended. Adoption of a resolution to amend the articles of association require approval by not less than three-fourths of the votes cast at a meeting of the committee of representatives of the association.

It is stated in the association's 2009 annual report that the association intends to retain a majority interest in the Company. Alm. Brand af 1792 fmba does not intend to increase its ownership interest relative to the approximately 58% held by the association as at the Prospectus Date except to the extent following from Alm. Brand af 1792 fmba's subscription of shares as an underwriter of the Offering. If opportunities for industry consolidation were to arise, the association will evaluate on a case-by-case basis if such consolidation would strengthen the strategic position of the Group. If this were the case, the association may reduce its ownership interest to less than 50%, subject to discussion and adoption by qualified majority by the committee of representatives.

24. Material contracts

The Group is a party to the following material contracts which are listed by contracting party.

24.1. Alm. Brand A/S

ALM. BRAND AF 1792 FMBA

On 22 June 2010, Alm. Brand af 1792 fmba made a binding commitment to grant the Company, at its request, subordinated capital of up to DKK 900 million (DKK 600 million of which would be cash and DKK 300 million of which would be by conversion from existing senior loans) on terms corresponding to the existing subordinated loans granted to the Company. Prior to the Prospectus Date, Alm. Brand af 1792 fmba has granted the Company DKK 900 million as senior loans, and the Company has the right to request that the amount be converted into a subordinated loan or converted into share capital in connection with a share issue in the Company. After the completion of the Offering in which Alm. Brand af 1792 fmba subscribes for its pro rata share of the Offer Shares, this commitment will be fulfilled in its entirety and will therefore no longer apply. If the Offering is not completed, the Company will still have the right to request that the DKK 900 million be converted into a subordinated loan or into share capital in connection with a future share issue in the Company. For information about Alm. Brand af 1792 fmba's advance commitment to subscribe for shares in connection with the Offering, see II. 5 "Terms and conditions of the Offering – Placing and underwriting – Underwriting commitments and advance undertakings."

ALM. BRAND FORSIKRING/ALM. BRAND LIV OG PENSION/ALM. BRAND EJENDOMSINVEST A/S (INTRA-GROUP LEASES REGARDING OFFICE BUILDINGS)

Management assesses that lease terms for intra-group leases are determined at arm's length and partly based on external valuer assessments and partly based on internal assessments. The Group's internal headquarter leases include the property at Midtermolen 5-7, DK-2100 Copenhagen Ø, Denmark, which lease, depending on the circumstances, may be terminated at three or 12 months' notice in accordance with the general rules of the Danish Act on Business Leases, and the property at Midtermolen 1-3, DK-2100 Copenhagen Ø, Denmark, which lease may be terminated at six months' notice, provided that, in the case of termination by the landlord, such notice shall not expire until 1 April 2012. The Group's internal leases for regional offices, branches and sales centres in Group-owned properties comprise 35 addresses and can be terminated at six months' notice to expire on 1 January 2013 at the earliest with respect to the tenant's termination and on 1 January 2018 at the earliest with respect to the landlord's termination. However, for a few leases no period of

non-terminability has been stipulated. For more details, see I.8 "Property, plant and equipment".

FINANSIEL STABILITET A/S ON BEHALF OF THE DANISH STATE

In connection with Alm. Brand Bank's signing of an agreement with Finansiell Stabilitet A/S on behalf of the Danish State relating to the granting of individual government guarantees under Bank Package II, the Company has undertaken, in connection with the signing and as a condition for the guarantee granted by the Danish State, to inject sufficient capital in Alm. Brand Bank for it to meet the higher of the solvency requirement from time to time and the individual solvency need of Alm. Brand Bank. This obligation has been capped at the higher of DKK 1 billion (DKK 600 million of which was contributed at 17 November 2010) and the net proceeds that the Company can procure up until the Company's annual general meeting to be held in the spring of 2017 through borrowings from the Company's principal shareholder, Alm. Brand af 1792 fmba, and through distributions from the Company's subsidiaries, up to a maximum of DKK 2 billion (DKK 600 million of which was contributed on 17 November 2010). See I.10 "Capital resources" and I.24 "Material contracts – Alm. Brand Bank".

24.2. Alm Brand Forsikring

IBM DANMARK A/S

In June 2009, Alm. Brand Forsikring signed a three-year agreement with IBM Danmark A/S on the monitoring and operation of Alm. Brand's IT infrastructure and housing of its servers. The agreement defines the technical distribution of responsibilities between the parties in connection with the performance of tasks.

SOS INTERNATIONAL A/S

Alm. Brand Forsikring has signed an agreement with SOS International A/S regarding assistance, alarm centre services, claims services, administrative post-processing of claims and various other services. The agreement can be terminated by either party at nine months' written notice to expire at the end of a month.

TAKSATORRINGEN

Like a number of other insurance companies, Alm. Brand Forsikring is a member of Taksatorringen, and as such it is entitled and obliged to have claims (with the exception of glass claims) on insured motor vehicles in Denmark assessed by the claims assessors of Taksatorringen. The membership can be

terminated by Alm. Brand Forsikring giving six months' notice to expire at the end of a month.

24.3. Alm. Brand Bank

BANKDATA

Alm. Brand Bank is a member of the association Bankdata, and the subsidiaries of Alm. Brand Bank also receive services from the association, either as a limited member or pursuant to a separate agreement. Bankdata performs data processing and related tasks, including the development, acquisition and operation of IT systems for its members consisting of a number of banks. Alm. Brand Bank is required not to use IT system solutions from other suppliers to the extent that Bankdata offers the same services. Withdrawal from the association can take place at six months' notice to expire at the end of a financial year. The association may be dissolved by a resolution passed at a general meeting by a qualified majority. In connection with withdrawal from the association, a withdrawal compensation is payable, which is calculated as the association's revenue with the withdrawing member multiplied by five (two, however, for members with limited membership) adjusted for the member's pro rata share of the association's general financial results. In such case, a significant amount would be at issue.

THE PRIVATE CONTINGENCY ASSOCIATION

In connection with Bank Package I, Alm. Brand Bank has provided an irrevocable and unconditional guarantee to the Private Contingency Association of the amount stated from time to time in the most recently received specification of Alm. Brand Bank's share of the members' total warranties to the Private Contingency Association. The guarantee amount will serve as security for the obligation of the Private Contingency Association to provide security to the state-owned winding-up company Finansiel Stabilitet A/S of DKK 10 billion as a condition for the establishment of the government guarantee, see I.12 "Regulatory initiatives to secure financial stability", and as coverage of the estimated operating costs of the Private Contingency Association. The guarantee is valid until the obligations of the Private Contingency Association to Finansiel Stabilitet A/S have been finally met following expiry of the government guarantee. The government guarantee expired on 30 September 2010.

DLR KREDIT A/S

DLR Kredit A/S is owned by 99 banks, one of which is Alm. Brand Bank. Alm. Brand Bank has signed a collaboration agreement with DLR Kredit A/S on providing mortgage loans

for agricultural properties. The agreement with DLR Kredit A/S enables Alm. Brand Bank to distribute mortgage loans from DLR Kredit A/S on competitive terms. Alm. Brand Bank receives a fee for this service. Moreover, Alm. Brand Bank participates as a guarantor for part of the loans granted by DLR Kredit A/S, for which it receives guarantee commission. The agreement can be terminated by DLR Kredit A/S giving three months' notice to expire at the end of a calendar year. The agreement cannot be terminated by Alm. Brand Bank for as long as Alm. Brand Bank is a shareholder of DLR Kredit A/S.

FINANSIEL STABILITET A/S ON BEHALF OF THE DANISH STATE

Under Bank Package II, Alm. Brand Bank has signed an agreement with Finansiel Stabilitet A/S on behalf of the Danish State as guarantor relating to the terms for the granting of individual government guarantees for new, unsubordinated and unsecured debt up to a total limit of DKK 8 billion with a term to maturity of up to three years. As at 30 June 2010, Alm. Brand Bank has used this agreement to issue the following state-guaranteed bonds: Bonds of DKK 4 billion expiring on 30 June 2013 and bonds of DKK 2 billion – with an option of prepayment – expiring on 30 June 2013. The other terms for granting the government guarantee are described in more detail in I.10 "Capital resources".

AGREEMENTS WITH INVESTERINGSFORENINGEN ALM. BRAND INVEST (ALM. BRAND INVEST)

Alm. Brand Bank provides investment advice to the sub-funds of Alm. Brand Invest. The agreement on investment advice can be terminated immediately by Alm. Brand Invest and at six months' notice by Alm. Brand Bank.

Alm. Brand Bank is also the depositary bank as well as the custodian institution and issuing agent of the sub-funds of Alm. Brand Invest existing from time to time. The agreement can be terminated by either party giving six months' notice to expire at the end of a full or half financial year.

Additionally, Alm. Brand Bank acts as market maker for Alm. Brand Invest. The agreement can be terminated without notice by Alm. Brand Invest. Alm. Brand Bank can terminate the agreement at 12 months' notice to expire at the end of a financial year.

Alm. Brand Bank provides various services to Alm. Brand Invest within marketing, secretarial assistance and assistance relating to investor meetings, among other things. The agreement can be terminated by either party giving six months' notice to expire at the end of a month.

TOTALKREDIT A/S

Alm. Brand Bank has signed a collaboration agreement with Totalkredit A/S relating to the arrangement of Totalkredit loans for owner-occupied dwellings and holiday homes within the framework of mortgage credit business legislation in force from time to time. The agreement does not prevent Alm. Brand Bank from arranging mortgage loans from other mortgage credit institutions if a customer were to express a wish to raise such loans. Totalkredit A/S has developed an IT system (Xportalen) used by Alm. Brand Bank in connection with the provision of home finance advisory services to its private customers. Alm. Brand Bank receives a loan fee as well as a brokerage fee when arranging the loan, and during the term of the loan Alm. Brand Bank receives a fixed percentage of the management fee charged to the portfolio written as well as commission. Totalkredit A/S has a right of setoff against commission income if losses are recorded on loans arranged by Alm. Brand Bank. Alm. Brand Bank also provides a loss guarantee (i) in cases involving special types of risk, (ii) where Alm. Brand Bank has chosen not to provide the loan case with a special credit risk classification, (iii) until Totalkredit A/S has approved the loan case and (iv) in the event that the mortgaged property has not been completed.

THE DANISH MINISTRY OF ECONOMIC AND BUSINESS AFFAIRS ON BEHALF OF THE DANISH STATE

Under Bank Package II, Alm. Brand Bank has signed an agreement on state-funded capital injections in the form of hybrid Tier 1 capital with the Danish State as the lender. Alm. Brand Bank applied for and received a state-funded capital injection of DKK 856 million on 24 September 2009. The amount is divided into two tranches, the first of which amounts to DKK 561 million and the second of which amounts to DKK 295 million. The second tranche was raised against issuance of convertible capital certificates. The loan carries interest at a nominal rate of 11.01% p.a. payable semi-annually. In the event of distribution, a specific supplement will also be payable to the Danish State. Alm. Brand Bank's obligations and general and individual terms under the agreement on a state-funded capital injection are described in detail in I.10 "Capital resources".

24.4. Alm. Brand Liv og Pension

ADMINISTRATIONS AKTIESELSKABET FORENEDE GRUPPELIV

Along with a number of other life insurance companies, Alm. Brand Liv og Pension has signed an agreement on the placing of the Company's group life insurances in Forenede Gruppeliv. Forenede Gruppeliv acts as an agent for the companies and makes quotations, signs agreements, collects premiums, pays insurance sums, etc. and provides selling and technical insurance assistance. The agreement can be terminated at 13 months' notice to expire at the end of a calendar year.

25. Third party information and expert statements and declarations of interest

25.1. Third party information

The Prospectus includes information about the markets and their structure and size. The information has been gathered from a number of sources, including the Danish FSA, the websites of other businesses and other publicly available information as well as the Company's knowledge of the markets.

The sources are considered by the Company to be reliable and unbiased, but the information has not been verified by the Company. Neither the Company nor the Sole Lead Manager represents that the information is accurate or correct, nor do they assume any obligation to update such information.

25.2. Statement on accurate reproduction

The Company confirms that information provided by third parties which are included in the Prospectus has been correctly reproduced, and that to the best of the Company's knowledge and belief based on information provided by third parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.

26. Documents on display

The following documents are available for inspection at the Company's address, Midtermolen 7, DK-2100 Copenhagen Ø, Denmark:

- The Company's memorandum of association
- The Company's articles of association
- The Company's annual reports for the years ended 31 December 2009, 2008 and 2007
- The Company's interim reports for the nine months ended 30 September 2010 and 2009
- The annual reports of the Company's subsidiaries for the years ended 31 December 2009, 2008 and 2007
- Report by the Board of Directors pursuant to section 156(2)(ii) of the Danish Companies Act with the related declaration by the auditor pursuant to section 156(2)(iii) of the Danish Companies Act
- Report by the Board of Directors pursuant to section 161(2) of the Danish Companies Act
- This Prospectus

The above-mentioned documents with the exception of the annual reports of certain subsidiaries of the Company are also available at www.almbrand.dk. Additionally, the Company's articles of association are attached as Appendix I.

27. Disclosure of investments

For information about material investments held by Alm. Brand A/S in other companies, see I.7 “Organisational structure”.

28. Definitions and glossary

28.1. Definitions

The following is a list of definitions of terms used in this Prospectus:

“Allocation Time”	8 December 2010 at 12.30 p.m. CET
“Alm. Brand” or the “Group”	The Company together with its directly and indirectly owned subsidiaries, associates and other investments
“Alm. Brand Bank”	Alm. Brand Bank A/S
“Alm. Brand Liv og Pension” or the “Life Insurance Company”	Forsikringselskabet Alm. Brand Liv og Pension A/S
“Alm. Brand Forsikring”	Alm. Brand Forsikring A/S
“Basel III”	Basel III is a new set of rules increasing the requirements for the capital base and liquidity of banks and financial holding companies. Basel III supersedes the current Basel II rules
“Board of Directors”	The Board of Directors of Alm. Brand A/S
“CEIOPS”	Committee of European Insurance and Occupational Pensions Supervisors
“CEO”	Chief Executive Officer
“CFO”	Chief Financial Officer
“CIBOR”	Copenhagen Interbank Offer Rate
“Clearstream”	Clearstream Banking S.A.
“Company”	Alm. Brand A/S, CVR no. 77 33 35 17
“CSR”	Corporate Social Responsibility
“Danish Companies Act”	Danish Act no. 470 of 12 June 2009 on public and private limited companies, insofar as it has come into force in pursuance of executive order no. 172 of 22 February 2010 on commencement, as amended
“Danish Securities Trading Act”	Consolidating Act no. 959 of 11 August 2010
“Danish Stock Option Act”	Consolidating Act no. 309 of 5 May 2004 on the use of options to purchase or subscription rights to shares etc. in employment relationships
“Deloitte”	Deloitte Statsautoriseret Revisionsaktieselskab, Weidekampsgade 6, DK-2300 Copenhagen S, Denmark
“DKK”	Danish kroner, the official currency of Denmark
“EUR”	Euro, the single currency of the member states participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Communities, as amended from time to time

“Euroclear”	Euroclear Bank S.A./N.V. as operator of the Euroclear System
“Executive Order on Major Shareholders”	Executive Order no. 224 of 10 March 2010 on major shareholders
“Existing Shareholders”	Any person registered with VP as a shareholder of the Company at the Allocation Time
“Existing Shares”	The Company's existing shares
“Group”	Alm. Brand A/S together with its directly and indirectly owned subsidiaries, associates and other investments.
“Group of Shareholders”	A group of Existing Shareholders, including Alm. Brand af 1792 fmba and the Board of Directors, the Management Board and Key Employees
“Group of Underwriters”	A number of investors, including Alm. Brand af 1792 fmba, Skandinaviska Enskilda Banken A/S and Realdania (collectively referred to as the “Group of Underwriters”), who have made a binding underwriting commitment, subject to the satisfaction of certain conditions, to subscribe for up to 65,281,558 Remaining Shares at the Offer Price. The binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares entail that they will be subordinate to other undertakings
“IFRS”	International Financial Reporting Standards
“Key Employees”	Key employees comprise Ole Joachim Jensen, Christian Heick Sørensen, Jesper Mørch Sørensen and Mikael Sundby
“KPMG”	KPMG Statsautoriseret Revisionspartnerselskab
“Life Insurance”	The Group's life insurance activities (excluding the financial results of health and personal accident insurance activities)
“Management”	The Board of Directors and Management Board of the Company
“Management Board”	The Management Board of Alm. Brand A/S
“NASDAQ OMX”	NASDAQ OMX Copenhagen A/S
“Non-life Insurance”	The Group's non-life insurance activities (including the financial results of health and personal accident insurance activities)
“Offer Price”	DKK 10 per Share
“Offer Shares”	156,150,000 new shares of DKK 10 nominal value each
“Offering”	The Offering comprises a capital increase with pre-emptive rights to the Existing Shareholders of 156,150,000 new Shares of DKK 10 nominal value each offered in a public offering in Denmark and private placements in certain other jurisdictions
“Pre-emptive Rights”	Pre-emptive rights allocated to the Company's Existing Shareholders
“Prospectus”	This document issued by Alm. Brand A/S in connection with the Offering and dated 3 December 2010

“Prospectus Date”	3 December 2010
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council
“Prospectus Order”	Executive Order no. 223 of 10 March 2010 on prospectuses for securities admitted to trading on a regulated market and for the public offerings of securities of more than EUR 2,500,000
“Prospectus Supplement”	A supplement to the Prospectus
“Regulation S”	Regulation S of the U.S. Securities Act
“Relevant Member State”	The individual member states of the European Economic Area, which have implemented the Prospectus Directive
“Remaining Shares”	Offer Shares not subscribed for by the Company’s Shareholders by exercise of allocated Pre-emptive Rights or by other investors by exercise of acquired Pre-emptive Rights before the end of the Subscription Period
“Rights Issue Agreement”	Agreement on the Offering signed by the Company and the Sole Lead Manager
“Rights Trading Period”	From 6 December 2010 to 17 December 2010 at 5.00 p.m. CET
“Risk Factors”	Risks associated with investment in the Pre-emptive Rights, the Offer Shares or the Existing Shares
“SCR”	Solvency Capital Requirements
“Securities Act”	U.S. Securities Act of 1933
“Shareholder” or “Shareholders”	The shareholders of the Company from time to time
“Share” or “Shares”	The Existing Shares and the Offer Shares
“Sole Lead Manager” or “SEB Enskilda”	SEB Enskilda Corporate Finance, Skandinaviska Enskilda Banken, Denmark, Branch of Skandinaviska Enskilda Banken AB (publ)
“Solvency II”	Solvency II is the title of a new set of financial rules intended to establish a common EU standard for assessing the solvency needs of insurance businesses
“Subscription Period”	From 9 December 2010 to 22 December 2010 at 5.00 p.m. CET
“Subscription Price” or “Offer Price”	DKK 10 per Offer Share of DKK 10 nominal value each
“The Bank” or “Bank” or “Banking activities” or “Banking”	The Group's banking activities (pro rata consolidated figures, unless otherwise indicated)
“VP Securities” or “VP”	VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark

28.2. Glossary

Administrative expenses	The insurance company's administrative expenses, e.g. rent, salaries, office expenses, etc.
Acquisition costs	The insurance company's expenses incurred in acquiring new business and renewing the portfolio of insurance contracts, e.g. postage, marketing, etc.
Agricultural insurance	Combined insurance comprising house contents and other contents (livestock, machinery, etc.). The insurance contains liability and business interruption insurance
Annuity	A pension providing a regular flow of income from a specified date, if the policyholder is still alive. The duration of pension benefits is defined in the insurance contract. The contract may provide for life-long payment, which means that the flow of income will continue until the policyholder dies. The contract may also provide for temporary payment, which means that the flow of income will end e.g. after 10 years. It may be agreed that payments should be made to other persons after the policyholder's death
Auto insurance	See motor insurance
Biometric risks	Biometric risks are risks related to customers' health, including the risk that a customer becomes disabled, dies, survives or becomes critically ill
Buffer	Funds kept by a financial business as a "reserve" to withstand adverse developments e.g. in the financial markets
Building fire insurance	Insurance against fire. Also comprises some of the risks related to fire, such as lightning strikes, explosion and blasting The insurance is not compulsory, but a lender will almost always require that the financial risk is covered by means of a fire insurance
Capital base	Pursuant to the Danish Financial Business Act, the capital base is the capital which a financial business is required to have and maintain in order to obtain an authorisation to carry on business. The capital base consists of shareholders' equity, any external capital in the form of hybrid Tier 1 capital, subordinated loan capital, etc. and is stated after deduction of tax assets, etc.
Claims frequency	The number of claims incurred in the financial reporting period relative to the average number of insurance contracts in force in the financial reporting period
Claims handling	An insurer's examination of whether a reported claim is considered to justify payment of compensation and, if so, the Company's monitoring of the claim and finally determination of the amount to be paid in damages, i.e. the so-called claims adjustment
Claims ratio	The ratio of claims expenses to premium income. Premium income is reduced by bonus and premium discounts

Collective bonus potential	Provisions used to provide a stable bonus to the members in future. Provisions are increased in years of strong financial performance, whereas in years of poorer financial performance they are used to maintain a stable bonus allotment. The collective bonus potential is included in the distributable reserves
Combined ratio	A technical ratio showing costs and claims incurred as a percentage of premium income. The combined ratio consists of the sum of the claims ratio, the expense ratio and the net reinsurance ratio
Contents	Comprise machinery, other equipment, tools and inventories, house contents, kitchen equipment and appliances, etc.
Contribution	The same as pension contribution. Payments into a pension scheme
Contribution principle	Based on the principle that the individual customer's share of a pension institution's profit should be proportional to the customer's contribution to the profit
Cover	In terms of insurance, cover means that a risk has been assumed by an insurance company or a pension company. It means that a policyholder is entitled to payment when a loss event occurs
Danish FSA	The Danish Financial Supervisory Authority is a public authority under the Ministry of Economic and Business Affairs. It supervises financial businesses in Denmark
EML	Estimated Maximum Loss
Equity ratio	Core capital less deductions as a percentage of risk-weighted items. Core capital after deductions consists of shareholders' equity less tax assets, intangible assets, etc.
Excess	See retention
Expense ratio	The ratio of insurance operating expenses to premium income. Premium income is reduced by bonus and premium discounts
Expense result	The difference between expense loading and expenses incurred in a life insurance company
Fire	Fire is heat and light accompanied by flame which is capable of spreading on its own. Scorching caused e.g. by tobacco ember is not comprised by the concept of fire
Fixed-term annuity	A fixed-term annuity is paid in monthly amounts for a period of not less than 10 years and not more than 25 years. Payments from a fixed-term annuity are subject to income tax
House contents insurance	Insurance covering damage to household contents and personal items, if such effects are damaged/lost due to theft, fire, windstorm, etc. The insurance also comprises a liability insurance covering any liability in damages incurred by the members of the household as private individuals. The insurance comprises a legal ex-

penses insurance covering expenses incurred in connection with a number of private lawsuits which the members of the household may become involved in. The house contents insurance is also called home insurance, family insurance, household insurance or Family Basic insurance

Incurred loss ratio	The ratio of claims incurred to earned premiums during a specified period of time
Insurance agent	An employee with an insurance company who calls on customers and sells insurances to customers
Interest margin	The difference between lending and deposit rates
Liability insurance	Insurance covering situations in which a policyholder incurs a legal liability in damages for personal injury or property damage
Life insurance company	A company licensed by the Danish FSA to carry on life insurance business. Life insurance companies may only carry on life insurance activities and any business related thereto
Market rate product	Pension scheme in which the return on pension savings traces the return on the investments underlying the pension scheme. Accordingly, the return will be subject to fluctuations in the financial markets. There are different types of market rate products, including unit-linked products and various life cycle products
MiFiD	Markets in Financial Instruments Directive
Motor insurance	Motor insurance comprises compulsory third-party liability insurance covering personal injury or property damage inflicted on others by the policyholder or another driver of the policyholder's car. In addition, most motorists take out all-risk insurance to cover damage to the insured car. The insurances are sometimes called motor insurances or motor vehicle insurances. The all-risk insurance also comprises legal expenses insurance
Net reinsurance ratio	The ratio of the net reinsurance result to gross premium income reduced by bonus and premium discounts
Objective indication of impairment	Objective indication of impairment
Paid-up policies	Dormant membership (also called a paid-up policy) means that pension contributions are no longer made and that the policyholder is no longer entitled to group disablement benefits and a lump sum on death, invalidity and critical illness. However, the right to age-related pension, where relevant disablement pension (only some members have this right), children's pension, age-related lump sum payment, annuity pension, guaranteed age-related lump sum payment and annuity insurance on death is maintained on the basis of funds already saved. A membership becomes dormant when the contribution period ends and no continuing contributions are made to the company
Pension contribution	Contributions made to the pension institution
Pension scheme	An agreement concerning what a policyholder must pay to a pension institution and the benefits a policyholder is entitled to on retirement or disablement. Many pension schemes also entitle the policyholder's spouse and possibly also children to payment on the policyholder's death. A pension scheme may also entitle the policyholder to payment in case of certain critical illnesses or treatment needs

Premium	Payments into an insurance or pension scheme
QIS 4	In connection with the transition to Solvency II, a number of test calculations are conducted at European level to test whether the future Solvency II standard model produces reasonable results. These calculations are referred to as Quantitative Impact Studies (QIS). QIS 4 was completed in 2008
QIS 5	The fifth version of Quantitative Impact Studies (QIS) was completed in the third quarter of 2010. No more Quantitative Impact Studies have been scheduled before the implementation of Solvency II
Reinstatement premium	The premium payable for obtaining cover under the reinsurance programme for additional claims. The reinstatement premium is thus relevant when a company has incurred a covered claim and wishes to continue to be covered in case of additional claims
Reinsurance	The ceding of a portion of the Company's liability to another insurance company (reinsurance)
Renewal date	The first day of the month in which the insurance has entered into force, unless otherwise agreed with the insurance company. Private insurances are in force for terms of one year and are automatically renewed for a new 12-month period, unless the policyholder or the insurance company terminates the insurance
Retention	Retention is the highest insurance risk net of reinsurance
Return	The return receivable by a customer or a pension institution when contributions made are invested in securities (e.g. equities, bonds, properties, etc.)
Risk premium	The estimated premium which the company is expected to be required to pay in the market to an acquirer of the company's portfolio of life insurance and investment contracts in order for such acquirer to assume the risk of fluctuations in the amount and time of payment of guaranteed benefits
Risk profile	Denotes risk tolerance. May be divided into e.g. high, medium and low risk tolerance
Risk result	The difference between risk premiums and actual claims expenses in a life insurance company
Run-off result	The difference between (a) claims provisions recognised in the balance sheet at the beginning of the financial year, adjusted for currency translation differences and discounting effects, and (b) the sum of claims paid in the financial year plus the part of claims provisions that relates to claims incurred in prior financial years
Shadow account	Pursuant to the Executive Order on the Contribution Principle issued by the Danish FSA, pension institutions are required to report the return, including any risk premium, allocated to shareholders' equity. If the realised result leaves no room for a return on equity of this size, the return deficit may be carried forward and set off in advance against positive, realised results in coming years. The return on equity deficit is called the shadow account

Solvency ratio	The capital base as a percentage of risk-weighted assets
Tier 1 capital ratio	Calculated as core capital including hybrid Tier 1 capital after deductions as a percentage of risk-weighted assets. Core capital including hybrid Tier 1 capital after deductions consists of shareholders' equity less tax assets, intangible assets, etc. and plus hybrid Tier 1 capital
Transfer and surrender charge	A transfer and surrender charge ensures that customers who remain with a pension company are not punished financially by the transfer of other customers. Sudden price plunges may trigger a situation in which the market value of the Company's assets (equities, bonds, etc.) falls below the value of provisions to cover customer pensions
Windstorm	Wind speeds of 17.2 meters or more per second, equivalent to force 8 on the Beaufort Scale

II. The Offering

1. Persons responsible

See “Responsibility and statements” for more details.

2. Risk factors related to the Offering

See “Risk factors” for more details.

3. Key information on capitalisation and use of proceeds

3.1. Working capital statement

On 22 June 2010, Alm. Brand af 1792 fmba made a binding commitment to grant the Company, at its request, subordinated capital of up to DKK 900 million (DKK 600 million of which would be in contributed cash and DKK 300 million of which would be contributed by conversion from existing senior loans) on terms corresponding to the existing subordinated loans granted to the Company. Prior to the Prospectus Date, Alm. Brand af 1792 fmba has granted the Company the DKK 900 million as senior loans, and the Company has the right to request that the amount be converted into a subordinated loan or converted into share capital in connection with a share issue in the Company. Management believes that the Company's existing capital resources, including the commitment for the contribution of subordinated capital from Alm. Brand af 1792 fmba (as described in greater detail in I. 10 "Capital resources – Borrowing requirements and financing structure" and I. 24. "Material contracts – Alm. Brand A/S") are sufficient to cover both the Company's and the individual subsidiaries' applicable statutory capital requirements and requirements for solvency and liquidity for a period at least until the end of 2011.

Management believes that the Company's existing capital resources, including the net proceeds from the Offering, are suf-

ficient to cover both the Company's and the individual subsidiaries' applicable statutory capital requirements for solvency and liquidity for a period at least until the end of 2011.

For additional information, see I.10 "Capital resources – Borrowing requirements and financing structure".

3.2. Capitalisation and indebtedness

See I.10 "Capital resources" for a review of the capital resources of the Group and the three business areas, including a review of the borrowing requirements and financing structure of the three business areas.

Management believes that, if the Offering is completed, Alm. Brand will have an appropriate capital structure and adequate capital resources.

At 30 June 2010, Alm. Brand Bank issued bonds for a total amount of DKK 6 billion pursuant to the individual government guarantee. Moreover, DKK 7.8 billion of its deposits are covered by the Danish Depositors' Guarantee Scheme, which guarantees all deposits up to DKK 750,000 from 1 October 2010. The remaining debt is unsecured and unguaranteed.

Table 3-1: The Group's capitalisation and indebtedness as at 30 September 2010

DKKm	30 September 2010
Capitalisation	
Payables to credit institutions and central banks	8,216
Deposits	9,207
Issued bonds	6,032
Subordinated debt	1,828
Total payables	25,283
Total shareholders' equity	3,304
Total capitalisation	28,587
Liquidity	
Cash in hand and balances at call	106
Balances due from credit institutions and central banks	847
Investment assets	31,811
Total liquidity	32,764
Debt	
Total payables	25,283
Total liquidity	32,764
Net financial debt	-7,481

Source: Alm. Brand

At 17 November 2010, Alm. Brand af 1792 fmba granted a senior loan of DKK 600 million to the Company. Subsequently, also at 17 November 2010, the Company contributed DKK 600 million of equity to Alm. Brand Bank.

See I.10 “Capital resources – Borrowing requirements and financing structure” and I.10 “Capital resources – Restrictions concerning the use of capital resources” for a review of guaranteed and unguaranteed as well as secured and unsecured debt as at 30 September 2010.

3.3. Interest of natural and legal persons involved in the Offering

As described in I.19 “Employees”, certain members of the Board of Directors, the Management Board and Key Employees are Shareholders of the Company.

The Company is not aware of any other potential interests or conflicts of interest in relation to the Offering that would be material to the Company.

3.4. Reasons for the Offering and use of proceeds

REASONS FOR THE OFFERING

In the years leading up to the financial crisis, the Group's business volume grew in line with the strategy then pursued. These developments were based on the strategy launched for the Group's activities in 2005 for the period until 2010, called “Strategy 2010”. “Strategy 2010” was focused on growth, including through cross-selling among the Group's three business areas, growth with a view to achieving economies of scale and economic benefits for customers placing all their financial business with the Group.

Until the onset of the financial crisis, Alm. Brand grew in line with the strategy, and the profits developed positively. The Group's profit before tax and excluding minority interests rose from DKK 0.7 billion in 2005 to DKK 1.0 billion in 2007, corresponding to an increase of more than 30%. The combined ratio for Non-life Insurance was around 90 from 2005 to 2007, and premium growth was approximately 6% p.a. The Bank's loans and advances rose from DKK 10.7 billion to DKK 17.1 billion during that period.

In the second half of 2008, the Group was severely hit by the effects of the global financial crisis and the ensuing general economic downturn. Many years of strong growth in the Danish economy turned into a major downturn in the course of 2008 and resulted, inter alia, in a negative price correction in the Danish property market.

The financial crisis has affected the Group's subsidiaries to a varying extent. Earnings by Non-life Insurance and Life Insurance were affected to a limited extent in the form of stagnant premium income, falling investment returns and rising claims, whereas the Bank in particular was substantially affected by the financial crisis and the subsequent economic downturn.

The Bank's considerable exposure to the Danish property market accelerated the effects of the financial crisis on the Bank and led to substantial impairment writedowns on loans and credit losses on mortgage deeds. The Bank has consequently recorded impairment writedowns on loans for a total of DKK 2.9 billion during the period from Q2 2008 until the end of Q3 2010. Management estimates that impairment writedowns on loans and credit losses on mortgage deeds from 1 October 2010 until the end of 2012 will amount to almost DKK 700 million. However, the scope of impairment writedowns on loans and credit losses on mortgage deeds in the next few years is subject to substantial uncertainty, as described in detail in I.15 “Prospective financial information” and “Risk factors”.

Alm. Brand Bank changed its strategy in 2009, and in November 2009 it implemented a major reorganisation. In addition, Alm. Brand Bank appointed a new management board in the course of 2009. Going forward, the Bank solely focuses on personal customers, leasing and Financial Markets, including Markets and Asset Management. All other activities are being wound up, including loans to commercial and agricultural customers, mortgage deed trading, loans for property development projects and investment commitments with illiquid assets, including mortgage deeds, etc.

Moreover, the capital requirements to financial institutions under the Solvency II and Basel III rules are expected to increase.

USE OF PROCEEDS

The gross proceeds from the Offering will total DKK 1,561 million, and the net proceeds (gross proceeds after deduction of estimated expenses) are expected to total approximately DKK 1,499 million. Out of the total proceeds, an overall amount of DKK 900 million is attributable to Alm. Brand af 1792 fmba's conversion of existing senior loans in connection with the subscription for its proportionate share of the Offering and additional conversion of subordinated loans by up to DKK 24 million to the extent Alm. Brand af 1792 fmba subscribes for additional Offer Shares in its capacity as underwriter.

The proceeds from the Offering will be used to strengthen the Company's capital base and to create a foundation for the future value creation in Alm. Brand, including to ensure:

- the Company's capital base, including that the Group's subsidiaries may continue to comply with the expected increased capital requirements resulting from Solvency II and Basel III with an satisfactory buffer margin;
- that the Company can reduce its debt financing ratio by conversion of senior loans in the Company provided by Alm. Brand af 1792 fmba equivalent to DKK 900 million in aggregate;
- that Alm. Brand Bank receives a contribution of additional capital in the region of DKK 600 million (in addition to the capital contribution of DKK 600 million effected on 17 November 2010) in the period until the end of 2012 to cover the already announced expected impairment writedowns on loans and credit losses on mortgage deeds and to repay subordinated loans of DKK 400 million; and
- that Alm. Brand achieves increased financial scope to develop its business.

The Company intends to use the net proceeds to strengthen its capital position by using the proceeds for the above-mentioned purposes. Until such time as the net proceeds from the Offering are used for capitalisation of the subsidiaries, the Company intends to invest the net proceeds in short-term government bonds, mortgage bonds and bank deposits.

Alm. Brand A/S has received a commitment from Alm. Brand af 1792 fmba, which holds 10,079,089 Existing Shares of DKK 10 each prior to the Offering, equivalent to an ownership interest of 58.09% of the share capital and the votes, that it will subscribe for its proportionate share of the Offering. Alm. Brand af 1792 fmba's proportionate share of the Offering amounts to 90,711,801 Offer Shares, equivalent to a subscription amount of DKK 907,118,010, which will be paid in by Alm. Brand af 1792 fmba converting its senior loans totaling DKK 900 million granted to the Company into share capital and by making a cash payment of 7,118,010 million.

As at 30 September 2010, the Group's capital resources stood at DKK 4.4 billion, of which DKK 1.8 billion was supplementary capital in the form of hybrid Tier I capital and subordinated loan capital. The Group's future capital requirement under the existing solvency rules as calculated at 17 November 2010 is DKK 4.0 billion, including Alm. Brand Bank's individual solvency need of 14.1%. The excess relative to the capital resources at 30 September 2010 is DKK 0.4 billion.

The completion of the Offering with expected net proceeds of approximately DKK 1,499 billion will have the direct effect of increasing the Group's capital resources, calculated at 30 September 2010, to DKK 5.9 billion, equivalent to an excess relative to the statutory capital requirements of DKK 1.9 billion as calculated at 17 November 2010.

The Company has adjusted its internal capital target to the expected stricter future requirements under Solvency II and Basel III. This adjustment of the internal capital target increases the Group's total capital target to approximately DKK 5.9 billion, which in Management's opinion includes a satisfactory buffer margin relative to the statutory capital requirements. After completion of the Offering with net proceeds of approximately DKK 1,499 million, the Group's capital resources will be in line with the internal capital target, assuming that the binding underwriting commitment made by Alm. Brand af 1792 fmba is not utilised by more than 2,000,000 Remaining Shares (equivalent to an overall subscription amount under the binding underwriting commitment of DKK 20 million). If the binding underwriting commitment made by Alm. Brand af 1792 fmba is utilised to the effect that Alm. Brand af 1792 fmba, after pro rata allocation in the Group of Underwriters, subscribes for more than 2,000,000 Remaining Shares, the Group's excess relative to the internal capital target after completion of the Offering will be reduced on a krone-for-krone basis by up to DKK 24 million (in case of 100% utilisation of the binding underwriting commitment and the resulting conversion of subordinated loans into share capital). See II.5 "Terms and conditions of the Offering – Placing and underwriting – Underwriting commitments and advance undertakings" for a further description of Alm. Brand af 1792 fmba's binding underwriting commitment.

Management believes that this level is adequate with a view to ensuring that the Group has the necessary flexibility under the current volatile market conditions. Management further believes that the capital need overall, but particularly for the Bank, will decline in step with the implementation of the Group's strategy for this business area. Changes in gross premiums in Non-life Insurance and life insurance provisions in Life Insurance could affect the internal capital target both positively and negatively.

The final wording of the capital requirements under the Solvency II and Basel III rules could furthermore lead to changes in the internal capital target of the Group and the individual subsidiaries.

As at the Prospectus Date, the Company, the Group and its subsidiaries meet all relevant statutory capital requirements.

For further information about the Company's capital resources, see I.10 "Capital resources", II.3 "Key information on capitalisation and use of proceeds – Working capital statement" and II.3 "Key information on capitalisation and use of proceeds – Capitalisation and indebtedness".

4. Information concerning the Offer Shares

4.1. Type of security and ISIN codes

The Offering comprises 156,150,000 new Shares in the Company with a nominal value of DKK 10 each with pre-emptive rights to Existing Shareholders.

PRE-EMPTIVE RIGHTS

The Offering is being made at the ratio of 9:1, which means that each Existing Shareholder will be entitled to and will be allocated nine (9) Pre-emptive Rights for each Existing Share held at the Allocation Time, and that 1 (one) Pre-emptive Right will be required to subscribe for one (1) Offer Share.

Pre-emptive Rights will be allocated to the Company's Existing Shareholders on 8 December 2010 at 12.30 p.m. CET through VP. Shares traded after 6 December 2010 at 9.00 a.m. CET will be traded ex Pre-emptive Rights, assuming that such Shares are traded with customary value of three trading days.

The Pre-emptive Rights have ISIN code DK0060255792 (ALMBT).

The Pre-emptive Rights have been approved for admission to trading and official listing on NASDAQ OMX, and the Pre-emptive Rights will be traded and officially listed on NASDAQ OMX in the period from 6 December 2010 at 9.00 a.m. CET to 17 December 2010 at 5.00 p.m. CET.

OFFER SHARES

The Offer Shares to be issued by the Company upon exercise of the Pre-emptive Rights will be of the same class as the Existing Shares.

The Offer Shares are offered at DKK 10 per Offer Share.

The Offer Shares are issued under an unlisted temporary ISIN code, DK0060255602.

The Offer Shares will not be admitted to trading and official listing on NASDAQ OMX until registration with the Danish Commerce and Companies Agency has taken place. Consequently, Shareholders and investors should note that the Offer Shares will not be admitted to trading and official listing on NASDAQ OMX under the temporary ISIN code. The Offer Shares will be listed on NASDAQ OMX directly under the ISIN code of the Existing Shares (DK0015250344 (ALMB)) following registration of the capital increase with the Danish Commerce and Companies Agency, which is expected to take place on 30 December 2010.

4.2. Applicable law and jurisdiction

The Offering is subject to Danish law. This Prospectus has been prepared in compliance with the standards and requirements of Danish law, including the rules issued by NASDAQ OMX. Any dispute which may arise as a result of the Offering shall be brought before the Danish courts of law.

4.3. Registration

All Pre-emptive Rights and Offer Shares will be delivered in book-entry form by allocation to accounts with VP Securities through a Danish bank or other institution authorised as custodian institution for such shares. The address of VP Securities is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark. The Pre-emptive Rights and the Offer Shares are registered in the name of the holder and are issued in non-certificated form through VP Securities.

4.4. Currency

The Offering will be carried out and trading in the Pre-emptive Rights will be effected in Danish kroner. The Offer Shares are denominated in Danish kroner.

4.5. Rights attached to the Pre-emptive Rights and the Offer Shares

The Offer Shares will carry the same rights as the Company's Existing Shares, including eligibility to any dividends payable after registration of the Offer Shares with the Danish Commerce and Companies Agency, which is expected to take place on 30 December 2010. The Company's articles of association do not contain any provisions on cumulative dividends. Dividends which the Company has been unable to transfer to Shareholders within three years of the date of distribution owing to lacking account details, etc. are forfeited by Shareholders pursuant to applicable rules in Denmark and accrue to the Company.

According to the Danish Companies Act, the Shareholders authorise the distribution of ordinary dividends at the annual general meeting on the basis of the most recently adopted annual report. Ordinary dividends may, however, not exceed the amount recommended by the Board of Directors. The Shareholders may resolve at a general meeting to declare extraordinary dividends which may, however, not exceed the amount recommended by the Board of Directors. The Shareholders may also authorise the Board of Directors to distribute

extraordinary dividends. A resolution to declare extraordinary dividends must be accompanied by a balance sheet. The Board of Directors shall determine whether it is reasonable to attach the balance sheet from the latest annual report, or whether an interim balance sheet should be prepared. However, an interim balance sheet must always be prepared if the resolution to declare an extraordinary dividend is passed more than six months after the balance sheet date of the latest annual report. Any such interim balance sheet must be examined by the Company's auditors. The Board of Directors is not authorised to pass resolutions on the declaration of extraordinary dividends.

No restrictions on dividends or special procedures apply to Shareholders not residing in Denmark. See II.4 "Information concerning the Offer Shares – Taxation" for a brief description of certain tax consequences with respect to dividends or distributions to holders of the Offer Shares, including the Company's duty to withhold tax from dividends.

Any dividends will be paid in Danish kroner. Any dividends paid to Shareholders will be paid in accordance with the rules of VP to the Shareholders' accounts with their custodian institution or any other financial intermediary.

It is not expected that the Company will propose any payment of dividends during the period when Alm. Brand Bank has outstanding bond loans with individual government guarantee or state-funded capital injections, as the Company undertook in connection with the government guarantee to contribute up to DKK 2 billion (DKK 600 million of which was contributed at 17 November 2010) to Alm. Brand Bank if Alm. Brand Bank does not meet the solvency requirements from time to time and since the terms of both the state-funded capital injections as well as the bond loans with individual government guarantee include restrictions on the opportunity to declare dividends from Alm. Brand Bank to the Company. Shareholders and other investors who acquire Shares in the Company therefore cannot expect to receive a return on their investment by way of dividends until expectedly after 2012. There can be no assurance that it will thereafter be possible or that the Board of Directors will consider it appropriate to distribute dividends.

After the completion of the Offering, all the Shares in the Company will rank *pari passu*, including with respect to voting rights. Each share of DKK 10 carries one vote. A Shareholder's right to attend and vote at a general meeting is determined on the basis of the Shares held by the Shareholder on the record date for the relevant general meeting. The record date is one week before the date of the general meeting. The Shares held by the individual Shareholder are made up at the record date on the basis of the registration of the Shareholder's ownership in the register of shareholders and any notifica-

tions about ownership received by the Company for entry in the register of shareholders.

After completion of the Offering, the Offer Shares will rank *pari passu* with the Company's Existing Shares with respect to pre-emptive rights to new shares in the Company pursuant to the specific provisions thereon in the Danish Companies Act. Pursuant to those provisions, deviations from the right of pre-emption are permitted under certain conditions. During the period until 1 May 2011, the Company is authorised under article 3a of the articles of association to issue up to 173,500,000 Shares with a nominal value of DKK 10 each. Pursuant to the authorisation, new Shares may be issued without pre-emptive rights to the Company's Shareholders, provided that such shares are issued at market price.

In case of solvent liquidation of the Company, the Shareholders are entitled to participate in the distribution of excess assets in proportion to their nominal shareholdings after the Company's creditors have been satisfied.

The Company's Shares are not subject to any redemption provisions other than as prescribed by the Danish Companies Act and the Danish Financial Business Act. See II.4 "Information on the Offer Shares – Danish legislation concerning tender offers, redemption of shares and disclosure of shareholdings".

Reference is made to I.21 "Additional information" for a description of the rights of the Existing Shares and to Appendix 1 "Articles of Association", which contains the Company's applicable articles of association.

4.6. Resolutions, authorisations and approvals

The Offer Shares are issued in accordance with Article 3a of the articles of association, according to which the Board of Directors is authorised to issue up to 173,500,000 Shares of DKK 10 nominal value each. The authorisation in article 3a of the Company's articles of association was adopted at an extraordinary general meeting held on 28 October 2010.

Under this authorisation, the Board of Directors resolved on 3 December 2010 to increase the Company's share capital by a nominal amount of DKK 1,561,500,000 (156,150,000 Shares of DKK 10 nominal value each).

The Offer Shares are issued under a temporary securities identification code through VP in connection with the exercise of the Pre-emptive Rights. The Offer Shares will not be admitted to trading and official listing under the temporary ISIN

code. After registration of the capital increase with the Danish Commerce and Companies Agency, the temporary ISIN code of the Offer Shares will be merged with the ISIN code of the Existing Shares, expectedly on 5 January 2010.

The Board of Directors and the Company's auditors have issued statutory statements pursuant to section 156(2) of the Danish Companies Act. The Board of Directors has also issued a statutory report pursuant to section 161(2) of the Danish Companies Act.

4.7. Date of issue of the Pre-emptive Rights and the Offer Shares

ALLOCATION OF PRE-EMPTIVE RIGHTS

On 8 December 2010 at 12.30 p.m. CET, anyone registered with VP as a Shareholder of the Company will be allocated nine (9) Pre-emptive Rights for each Existing Share held. As from 6 December 2010 at 9.00 a.m. CET, the Shares will be traded ex Pre-emptive Rights, provided that such Shares are traded with customary value of three trading days.

ISSUE OF OFFER SHARES

The subscription period for the Offer Shares commences on 9 December 2010 and closes on 22 December 2010 at 5.00 p.m. CET. During this period, the Offer Shares will thus be allocated temporarily through VP upon exercise of Pre-emptive Rights against payment of the Offer Price. The final issue date of the Offer Shares is expected to be 30 December 2010.

4.8. Negotiability and transferability of the Shares and the Offer Shares

The Shares, including the Offer Shares, are negotiable instruments, and no restrictions apply to their transferability. The Company's articles of association do not contain any provisions on the redemption or exchange of Shares into other financial instruments.

Offer Shares that have been subscribed for by exercising Pre-emptive Rights granted on the basis of Existing Shares acquired under employee share schemes subject to section 7A of the Danish Tax Assessment Act must be held in restricted accounts for the same period as the Existing Shares underlying the exercised Pre-emptive Rights. See II.4 "Information on the Offer Shares – Taxation" for a description thereof.

4.9. Danish legislation concerning tender offers, redemption of shares and disclosure of shareholdings

Applicable rules on mandatory tender offers are set out in chapter 8 of the Danish Securities Trading Act and the executive order issued pursuant thereto. If a shareholding in a company with one or more classes of shares admitted to trading in a regulated market or an alternative marketplace is transferred, directly or indirectly, to a transferee or to persons who act in concert with such transferee, the transferee shall enable all shareholders of the company to dispose of their shares on identical terms if such transfer has the effect that the transferee acquires control of the company. Control is deemed to exist if the transferee directly or indirectly holds more than half the voting rights in a company unless, in special cases, it can be clearly demonstrated that such holding does not constitute a controlling interest. Control is also deemed to exist if a transferee who does not hold more than half the voting rights in a company holds (i) the right to control more than half the voting rights by virtue of an agreement with other investors, (ii) the right to manage a company's financial and operating affairs in accordance with its articles of association or an agreement; (iii) the right to appoint or dismiss the majority of the members of the supreme governing body, and such body has control of the company; or (iv) more than one-third of the voting rights in the company and the actual majority of the votes at the general meeting or in a similar governing body, thus having the actual control of the company.

If special conditions apply, the Danish FSA may grant an exemption from the obligation to make a mandatory offer.

SQUEEZE OUT

Pursuant to the provisions of section 70 of the Danish Companies Act, shares in a company may be redeemed in whole or in part by a shareholder holding more than nine-tenths of the share capital and a corresponding proportion of the voting rights in the company. A minority shareholder may require the majority shareholder holding more than nine-tenths of the share capital and the voting rights in the Company to redeem the minority shareholder's shares under section 73 of the Danish Companies Act.

MAJOR SHAREHOLDINGS

Pursuant to section 29 of the Danish Securities Trading Act, a shareholder of a company whose shares are admitted to trading in a regulated market or an alternative marketplace is required to notify the company and the Danish FSA as soon as possible if such shareholder's stake:

1. represents 5% or more of the voting rights in the company or the nominal value is 5% or more of the share capital; and
2. when a change in a holding already notified entails that limits of 5%, 10%, 15%, 20%, 25%, one third, 50%, two thirds or 90%, of the voting rights of the share capital or the nominal value are reached or no longer reached, or the change has the effect that the limits stated in 1 are no longer reached

The notifications must comply with the requirements for the contents thereof set out in sections 15 and 16 of the Danish Executive Order on Major Shareholders, including the identity of the shareholder and the date when a limit is reached or is no longer reached. Failure to comply with the disclosure requirements is punishable by a fine. When the Company has received such notification, it must publish the contents thereof as soon as possible.

Furthermore, the general duty of notification pursuant to the Danish Companies Act applies as well as special duties of notification in respect of the Company's insider group pursuant to the Danish Securities Trading Act.

4.10. Public takeover bids for the Company

No tender offers have been made by any third party in respect of the Existing Shares during the past or current financial years.

4.11. Taxation

The following is a description of certain Danish income tax considerations relating to an investment in the Offer Shares in connection with a capital increase.

The description is for general information only and does not purport to constitute exhaustive tax or legal advice. The description is based solely upon the tax laws of Denmark in effect on the Prospectus Date. The Danish tax laws may be subject to change, possibly with retroactive effect. It should be noted that the description does not address all possible tax consequences of an investment in the Offer Shares and the Pre-emptive Rights.

The description does not cover investors to whom special tax rules apply, including professional investors, and therefore, may not be relevant for example to certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors liable for tax on return on pension in-

vestments or subject to special rules on corporation tax on shares. Therefore, the description does not cover taxation of individuals and companies who carry on business purchasing and selling shares (*næring*). Sales are assumed to be sales to a third party.

Prospective investors in the Offer Shares and the Pre-emptive Rights are advised to consult their tax advisers regarding applicable tax consequences of acquiring, holding, managing and disposing of Offer Shares or Pre-emptive Rights based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances, as such consequences may differ significantly from those described herein.

GENERAL RULES ON TAXATION OF DIVIDENDS AND SHARES

TAXATION OF INVESTORS WHO ARE RESIDENTS OF DENMARK

Individuals residing in Denmark, or having spent at least six months in Denmark, or who must otherwise be considered to be subject to tax liability in Denmark, and companies, etc. that are either registered in Denmark or the management of which is based in Denmark are generally subject to full tax liability in Denmark. Furthermore, foreign companies that are controlled from Denmark and whose income is predominantly of a financial nature may be subject to tax liability in Denmark. Individuals or companies that are also subject to full tax liability in another country may be subject to special rules which are not described herein.

TAXATION OF DIVIDENDS

Individuals, available funds

Dividends paid to individuals are taxed as share income. For the 2010 income year, share income is taxed at the rate of 28% for share income up to DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year) and 42% for share income exceeding that amount. The relevant thresholds are for the 2010 income year and are adjusted annually. However, the thresholds for 2010 also apply to 2011, 2012 and 2013. The said amounts include all share income for the individual or couple in question. The rate of 28% will be lowered to 27% as from the 2012 income year.

Dividends are generally subject to withholding tax at the rate of 28% (27% from and including the income year 2012). The Company is responsible for withholding tax on dividends on behalf of the shareholder.

Individuals with pension savings

Dividends are subject to tax at a rate of 15% under the Danish Pension Investment Returns Tax Act. Pension return tax is generally settled by the deposit bank.

Companies, etc.

For corporate shareholders, a distinction is made between “subsidiary shares”, “group shares” and “portfolio shares” with respect to taxation of dividends and gains on shares in companies resident in Denmark:

- “Subsidiary shares” are generally defined as shares held by a shareholder holding 10% or more of the share capital of a company;
- “Group shares” are generally defined as shares in a company in which the shareholder of the company and the company are jointly taxed or meet the criteria for international joint taxation, usually implying that they control, directly or indirectly, more than 50% of the votes or are otherwise deemed to have a controlling influence; and
- “Portfolio shares” are shares not falling within the definitions of “subsidiary shares” or “group shares”, or treasury shares, for example if the shareholder holds less than 10%.

Dividends paid on portfolio shares are subject to full taxation at the rate of 25%, irrespective of ownership period. Dividends paid on subsidiary shares and group shares are tax-exempt, irrespective of the length of the ownership period.

CAPITAL GAINS TAX

Individuals

The rules on taxation of an individual's gains and losses on shares were changed effective 1 January 2006. Special transitional rules apply to the sale of shares on 1 January 2006 or later, which were acquired on or before 31 December 2005. These rules are not described below.

Gains realised are taxed as share income. For the 2010 income year, share income is taxed at the rate of 28% for share income up to DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year) and 42% for share income exceeding that amount. The relevant thresholds are for the 2010 income year and are adjusted annually. However, the thresholds for 2010 also apply to 2011, 2012 and 2013. The said amounts include all share income for the individual or couple in question. The rate of 28% will be lowered to 27% as from the 2012 income year.

Losses may be set off against taxable gains and dividends on other listed shares. Losses may be carried forward without any time limit to be offset against taxable gains and dividends from other listed shares. However, deductibility is subject to the customs and tax administration having received notice of the acquisition of the shares, including the identity and

number of the shares, the date of acquisition and the purchase price, before the final date for filing the tax return for the income year in which the acquisition took place or for the income year in which the requirement for shares to be kept in restricted accounts pursuant to section 7A of the Danish Tax Assessment Act ends.

Gains are calculated as the sales price less the purchase price. Brokerage may be deducted from the sales price in the calculation of the gain.

If an investor sells only part of his shares in a company, the purchase price of the shares sold is determined as the average purchase price of all the shares in the relevant company (the “average method”). This applies even though the disposal of shares is tax exempt.

Individuals with pension savings

Subject to certain limits, investors may invest pension funds in Existing Shares or Offer Shares. Net returns will thus fall under the scope of the Danish Pension Investment Returns Tax Act. The net return is defined as the sum of any gains less any losses in the relevant year. The net return is subject to tax at a rate of 15% on a marked-to-market basis. According to the marked-to-market principle, each year's taxable gains are calculated as the difference between the net asset value of the shares at the beginning and the end of the tax year. Thus, taxation will take place on an accrual basis even though no shares have been disposed of. Pension return tax is generally settled by the deposit bank.

Companies, etc.

Gains on the sale of portfolio shares are subject to full taxation at the rate of 25% irrespective of the length of the ownership period. Gains from the sale of subsidiary shares and group shares are tax exempt irrespective of the length of the ownership period.

Losses on portfolio shares are tax deductible. Losses on subsidiary shares and group shares are not tax deductible.

If an investor holds portfolio shares, gains are taxable according to the marked-to-market principle. According to the marked-to-market principle, each year's taxable gains and losses are calculated as the difference between the market value of the shares at the beginning and the end of the tax year. Thus, taxation will take place on an accrual basis even though no shares have been disposed of and no gains or losses have been realised.

It should be noted that a change of status from subsidiary shares/group shares to portfolio shares, and vice versa will be treated as a disposal and reacquisition of the shares at the market price of the shares at such time.

DANISH TAXATION OF INVESTORS WHO ARE NON-RESIDENTS OF DENMARK

TAXATION OF DIVIDENDS

Individuals

The distribution of dividends from a Danish company to a non-resident individual is generally subject to withholding tax at the rate of 28%. The rate will be lowered to 27% as from the 2012 income year. The Company is responsible for withholding tax on dividends on behalf of the shareholder.

If Denmark has entered into a double taxation treaty with the country in which the shareholder is resident, the shareholder may seek a refund from the Danish tax authorities of the part of the tax withheld in excess of the tax to which Denmark is entitled under the relevant double taxation treaty. In the event that the dividend-receiving individual is a resident of an EU member state with which Denmark has entered into a double taxation treaty or another arrangement for the exchange of information between the countries' tax authorities or the shareholder holds less than 10% of the shares, the dividends will, upon request, be subject to withholding tax at a reduced rate of 15%. If the rate of withholding tax under the double taxation treaty between Denmark and the country in which the shareholder is resident is to be reduced to less than 15%, the tax rate will, however, be reduced to the rate stipulated in the double taxation treaty. The rate of withholding is still 28%, but a refund of the tax withheld is available.

VP Securities has furthermore entered into an agreement with the Danish tax authorities to the effect that, for certain foreign investors, tax on dividends must only be withheld at the rate of the double taxation treaty with the relevant country. In order to qualify for this regime, an eligible holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with VP. In addition, such shareholder must provide documentation from the relevant foreign tax authority as to the shareholder's tax residence and eligibility under the relevant treaty. Documentation must be given by filling in a form available from the Danish tax authorities. The shareholder may normally agree with its custodian bank that the bank procures such form.

Individuals, investment of pension savings

Provided that international investors have not placed their pension savings in Denmark, they will not be taxed at the rate of 15% under the Danish Pension Investment Returns Tax Act. Generally, non-resident individuals investing through foreign pension schemes are liable to pay withholding tax on dividends in Denmark under the general rules on limited tax liability. See the description above on withholding tax payable on dividends distributed to non-resident shareholders.

Companies, etc.

Non-resident companies are not subject to taxation in Denmark on dividends received in respect of subsidiary or group shares, when taxation of the dividends must be waived or reduced under the provisions of the Parent/Subsidiary Directive (Directive 90/435/EEC) or under a double taxation treaty with the Faroe Islands, Greenland or the state in which the company is resident. With respect to group shares, it is also a condition that the company receiving dividends is resident in the EU/EEA.

Dividends in respect of portfolio shares are always subject to taxation irrespective of the length of the ownership period. The company paying the dividends generally withholds tax at the rate of 28%. The rate will be lowered to 27% as from the 2012 income year.

If the shareholder is resident in a state which has a double taxation treaty with Denmark or any other agreement on the exchange of information between the tax authorities of the countries, and if the shareholder holds less than 10% of the shares, the withholding tax rate may be reduced to 15% on request. The rate of withholding is still 28%, but a refund of the tax withheld is available. If the rate of withholding tax is to be reduced to less than 15% under the relevant double taxation treaty, the withholding tax may be reduced to the rate stipulated in the double taxation treaty.

Moreover, shareholders with a permanent establishment in Denmark to which the shares can be attributed will be taxed according to the same rules as for shareholders who are residents of Denmark.

CAPITAL GAINS TAX

As a general rule, non-Danish investors are not subject to Danish tax on gains on the sale of shares.

Non-Danish shareholders holding portfolio shares and/or shares held in the ordinary course of their business (*næringsaktier*) through a permanent establishment in Denmark will be subject to limited tax liability in Denmark with respect to gains and losses on such shares.

DESCRIPTION OF THE TAXATION OF PRE-EMPTIVE RIGHTS TO LISTED SHARES

The following solely describes the taxation of pre-emptive rights in the Company with a discount element in connection with a capital increase. The discount element constitutes the difference between the market price and the subscription price.

TAXATION OF INVESTORS WHO ARE RESIDENTS OF DENMARK

Individuals

The allocation and exercise of Pre-emptive Rights does not result in a tax liability for the shareholders. Proceeds from the sale of Pre-emptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the sales price. For tax purposes, the Pre-emptive Rights are deemed to have been acquired at DKK 0 for shareholders who have been allocated Pre-emptive Rights free of charge.

Realised gains on the sale of Pre-emptive Rights are taxed as share income. For the 2010 income year, share income is taxed at the rate of 28% for share income up to DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year) and 42% for share income exceeding this amount. The said amounts include all share income for the individual or couple in question. The relevant thresholds are for the 2010 income year and are adjusted annually. However, the thresholds for 2010 also apply to 2011, 2012 and 2013. The rate of 28% will be lowered to 27% as from the 2012 income year.

Individuals who have received pre-emptive rights to shares subject to section 7A of the Danish Tax Assessment Act – restricted shares in blocked accounts

Taxation on the allocation, exercise and sale is subject to the same rules as for individuals who have received pre-emptive rights in respect of shares not subject to section 7A of the Danish Tax Assessment Act (see the description for “Individuals” immediately above). Below is a brief description on the restriction rules applicable to pre-emptive rights in respect of employee shares subject to section 7A of the Danish Tax Assessment Act and shares subscribed for through the exercise of such pre-emptive rights.

Existing Shareholders in the Company who receive Pre-emptive Rights in respect of employee shares that are restricted pursuant to section 7A of the Danish Tax Assessment Act may choose (i) to exercise the Pre-emptive Rights received to subscribe for Offer Shares in the Company; (ii) to sell the Pre-emptive Rights received; or (iii) to let the Pre-emptive Rights expire without exercising them.

If the shareholder chooses to exercise the Pre-emptive Rights received and subscribes for Offer Shares in the Company, such newly subscribed Offer Shares in the Company relating to employee shares held in restricted accounts must remain restricted pursuant to section 7A of the Danish Tax Assessment Act in line with the shareholder's existing employee shares. The period during which the newly subscribed Offer Shares in the Company must remain in restricted accounts will expire on the same date as the restricted period for the employee shares underlying the allocation of such Pre-emptive Rights.

If the shareholder chooses to sell the Pre-emptive Rights received, the gain thereon must be included as share income in the calculation of the shareholder's taxable income. Any cash gains on the sale of Pre-emptive Rights will not be subject to restrictions until the expiry of the restricted period of the underlying employee shares.

If the shareholder chooses to let his Pre-emptive Rights expire without exercising them, the shareholder will lose the right to subscribe for Offer Shares in the Company. If the Pre-emptive Rights received are not exercised, they will have no tax consequences to the shareholder.

Companies, etc.

The allocation and exercise of Pre-emptive Rights does not result in a tax liability for the shareholders. Gains from the sale of Pre-emptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the sales price. For tax purposes, the Pre-emptive Rights are deemed to have been acquired at DKK 0 for shareholders who have been allocated Pre-emptive Rights free of charge. Gains on Pre-emptive Rights are taxed at the rate of 25%, provided that the shares underlying the allocation are portfolio shares. See above. Conversely, if the shares are subsidiary shares or group shares, any gains on the Pre-emptive Rights are tax free.

DANISH TAXATION OF INVESTORS WHO ARE NON-RESIDENTS OF DENMARK

Individuals

The allocation of Pre-emptive Rights to individuals who are non-residents of Denmark will not generally result in a tax liability in Denmark. Individuals resident outside Denmark will not normally be liable to tax to Denmark on gains on Pre-emptive Rights. If a non-resident investor is deemed to be trading in shares, and the Pre-emptive Rights can be attributed to a permanent establishment in Denmark, the Pre-emptive Rights are taxed according to the rules that apply to resident shareholders.

The exercise of the Pre-emptive Rights does not result in taxation in Denmark.

Companies, etc.

The allocation, exercise and sale of Pre-emptive Rights does not normally result in taxation in Denmark.

However, shareholders who have received Pre-emptive Rights in respect of portfolio shares or shares held in the ordinary course of their business attributable to a permanent establishment in Denmark are taxed according to the same rules as shareholders resident in Denmark.

5. Terms and conditions of the Offering

5.1. Subscription ratio, Offer Price and allocation of Pre-emptive Rights

Shareholders registered with VP on 8 December 2010 at 12.30 p.m. CET as shareholders of the Company will be entitled to be allocated Pre-emptive Rights.

The subscription ratio is 9:1, meaning that Existing Shareholders will receive 9 (nine) Pre-emptive Rights for each Existing Share held, and that one (1) Pre-emptive Right will confer the right on the holder for subscribe for one (1) Offer Share with a nominal value of DKK 10.

The Pre-emptive Rights and the Offer Shares will be delivered in book-entry form through allocation to the Existing Shareholders' accounts with VP. Offer Shares will be registered in investors' accounts with VP following exercise of Pre-emptive Rights against cash payment of the Offer Price of DKK 10 per Offer Share, free of brokerage.

The Pre-emptive Rights have the ISIN code DK0060255792 ALMBT, and the Offer Shares have the temporary ISIN code DK0060255602. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.

As from 6 December 2010, the Shares will be traded ex Pre-emptive Rights, assuming that the Shares are traded with customary value of three trading days.

The Pre-emptive Rights have been approved for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 6 December 2010 to 17 December 2010 at 5.00 p.m. CET.

Registration of the Offer Shares with the Danish Commerce and Companies Agency will take place following completion of the Offering, which is expected to be on 30 December 2010, and as soon as possible thereafter, the Offer Shares will be admitted to trading and official listing on NASDAQ OMX through admission of the ISIN code of the Existing Shares, expected to take place on 3 January 2011 (the temporary ISIN code and the ISIN code of the Existing Shares are subsequently expected to be merged in VP).

5.2. Offering and proceeds

The Offering includes 156,150,000 Offer shares of DKK 10 nominal value each.

Upon subscription of the Offering, the gross proceeds will be DKK 1,561 million, and the net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) are expected to total approximately DKK 1,499 million.

As at the Prospectus Date, the Group of Shareholders has made binding advance undertakings, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 90,868,442 Offer Shares corresponding to total gross proceeds of DKK 908,684,420 million. Of this, Alm. Brand af 1792 fmba's share amounts to 90,711,801 Offer Shares, equivalent to a subscription amount of DKK 907,118,010, which will be paid in by Alm. Brand af 1792 fmba converting its senior loans totalling DKK 900 million granted to the Company into share capital and making a cash payment of DKK 7,118,010.

Subject to the satisfaction of certain conditions, Offer Shares which are not subscribed for by Existing Shareholders and investors on the basis of binding commitments, will be subscribed for by the Group of Underwriters and, subject to the satisfaction of certain conditions, the Company has received assurance from the Group of Underwriters of subscription of a total of 65,281,558 Offer Shares corresponding to total gross proceeds of DKK 652,815,580 million. Of this, Alm. Brand af 1792 fmba's share amounts to 4,376,908 Offer Shares, equivalent to an underwriting amount of DKK 43,769,080, which, in case the underwriting commitment is utilised in full or in part, will be settled first by payment of up to DKK 20 million in cash and subsequently by payment of up to DKK 23,769,080 by conversion of its subordinated loans granted to the Company into share capital in the Company. The binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares entail that they will be subordinate to other undertakings.

5.3. Completion of the Offering

The Offering will only be completed if and when the Offer Shares subscribed for are issued by the Company and registered with the Danish Commerce and Companies Agency, which is expected to take place on 30 December 2010. An announcement concerning the results of the Offering is expected to be made on 27 December 2010.

5.4. Subscription period

The subscription period for the Offer Shares commences on 9 December 2010 and closes on 22 December 2010 at 5.00 p.m. CET. For a description of the procedure for exercise and subscription, see II.5 "Terms and conditions of the Offering – Procedure for the exercise of and trading in Pre-emptive Rights".

5.5. Withdrawal of the Offering

The Offering may be withdrawn at any time before registration with the Danish Commerce and Companies Agency of the capital increase relating to the Offer Shares. Pursuant to the Rights Issue Agreement which the Company has entered into with the Sole Lead Manager, the Sole Lead Manager may at any time prior to registration of the capital increase relating to the Offer Shares require that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement.

The Sole Lead Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion of the Offering which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, terminate the Rights Issue Agreement and thereby require that the Company withdraw the Offering. One of the conditions of the Rights Issue Agreement is that the Group of Shareholders and the Group of Underwriters, who have made binding underwriting and/or advance undertakings, subject to the satisfaction of certain conditions, are not entitled to withdraw from their commitments other than the binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares, which entail that they will be subordinate to other undertakings.

If the Offering is not completed, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the Offer Shares will be refunded (less any transaction costs) to the last registered owner of the Offer Shares at the date of withdrawal. All Pre-emptive Rights will lapse with no value, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and/or Offer Shares to incur a loss.

Trades in Offer Shares will not be affected, and investors who have acquired Offer Shares will receive a refund of the subscription amount for the Offer Shares (less any transaction costs). As a result, investors who have acquired Offer Shares will incur a loss corresponding to the difference between the purchase price and the subscription amount for the Offer Shares and any transaction costs.

Any withdrawal will be announced through NASDAQ OMX. See "Risk factors – Risks related to the Offering" for additional information on withdrawal of the Offering.

5.6. Reduction of subscription

Reduction of subscription is not applicable in connection with the Offering.

5.7. Minimum or maximum subscription amounts

The minimum number of Offer Shares that a holder of Pre-emptive Rights may subscribe for will be one (1) Offer Share, requiring the exercise of 1 (one) Pre-emptive Right and the payment of the Offer Price. The number of Offer Shares that a holder of Pre-emptive Rights may subscribe for is not capped. However, the number is limited to the number of Offer Shares which may be subscribed for through the exercise of the Pre-emptive Rights held or acquired.

5.8. Withdrawal of applications for Shares

Instructions to exercise Pre-emptive Rights as well as any undertakings to subscribe for Remaining Shares are irrevocable.

5.9. Payment and delivery

Upon exercise of the Pre-emptive Rights, the holder must pay DKK 10 per Offer Share for which he or she subscribes. Payment for the Offer Shares shall be made in Danish kroner on the date of subscription, however, not later than 22 December 2010 against registration of the Offer Shares in the transferee's account with VP under the unlisted temporary ISIN code.

Alm. Brand af 1792 fmba's participation in the Offering will be paid in by Alm. Brand af 1792 fmba converting a total amount of DKK 900 million of its senior loans granted to the Company into share capital and making a cash payment of DKK 7,118,010.

If Alm. Brand af 1792 fmba's underwriting commitment is utilised in full or in part, the commitment will be settled first by cash payment of up to DKK 20 million and by subsequent payment of up to DKK 23,769,080 by conversion of Alm. Brand af 1792 fmba's subordinated loans granted to the Company into share capital in the Company.

In the event of subscription of Remaining Shares, the transferee must pay DKK 10 per Remaining Share allocated to such transferee. The transferee's custodian institution will send a statement to the transferee showing the number of Remaining Shares subscribed for by the transferee, unless otherwise agreed between the transferee and the transferee's custodian institution. Any Remaining Shares will be delivered against

cash payment in Danish kroner, expected to be on 30 December 2010, subject to registration of the Remaining Shares in the transferee's account with VP in the unlisted temporary ISIN code. Transferees who have made binding commitments to subscribe for any Remaining Shares should note that in relation to the transferee's custodian institution, terms may apply with respect to the time limits for submitting subscription undertakings, etc. which are shorter than the time limits stated in the Prospectus in order to allow such undertakings to be processed by the custodian institution and be received by the Sole Lead Manager on or before 22 December 2010 at 5.00 p.m.

Under Danish company law, Shareholders who also hold employee bonds issued by the Company for a total nominal amount of approximately DKK 31.5 million would be entitled to pay for any Offer Shares they subscribe for by way of conversion of such bonds. However, such conversion is not allowed, as it would conflict with the conditions requiring such employee bonds to be held in restricted accounts. Enquiries concerning conversion of employee bonds and the restrictions thereon should be addressed to the Company.

5.10. Publication of the results of the Offering

The results of the Offering will be announced in a company announcement expected to be issued through NASDAQ OMX not later than two trading days after the expiry of the Subscription Period (expectedly on 27 December 2010).

5.11. Procedure for the exercise of and trading in Pre-emptive Rights

Holders of Pre-emptive Rights who wish to subscribe for Offer Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the rules of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreement with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, such exercise may not be revoked or modified.

Upon exercise of the Pre-emptive Rights and payment of the Offer price in the course of the Subscription Period, the Offer Shares will, at the end of a trading day, be allocated temporarily through VP. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.

The Offer Shares can be subscribed for from 9 December 2010 until 22 December 2010 at 5.00 p.m. CET. If the Offer-

ing is completed, the Offer shares will be registered with the Danish Commerce and Companies Agency, which is expected on 30 December 2010. As soon as possible thereafter, the unlisted temporary ISIN code will be merged with the ISIN code of the existing Shares.

Exercise instructions without the necessary documentation which originate from a person located in the United States, or which are postmarked in the United States or such other jurisdiction in which it would not be permissible to subscribe for the Offer Shares, will be deemed to be invalid, and no Offer Shares will be credited to institutions with addresses in the United States or any other jurisdiction in which it would not be permissible to subscribe for the Offer Shares without the required documentation. The Company and the Sole Lead Manager reserve the right to reject any exercise of Pre-emptive Rights on behalf of persons who fail to present the required documentation and who (i) for acceptance or delivery of Offer Shares state an address in the United States or any other jurisdiction in which it would not be permissible to subscribe for the Offer Shares, (ii) who cannot show or prove that they are not in the United States or any other jurisdiction in which it would not be permissible to subscribe for Offer Shares, (iii) who act on behalf of persons in the United States or any other jurisdiction in which it would not be permissible to subscribe for the Offer Shares, unless it is effected on a discretionary basis, or (iv) who in the opinion of the Company or its agents have given their exercise instructions or certifications in, or sent such instructions or certifications from the United States or any other jurisdiction in which it would not be permissible to offer the Offer Shares. See II.5 "Terms and conditions of the Offering – Transfer restrictions".

Any holders who exercise their Pre-emptive Rights shall be deemed to have represented that they have complied with all applicable laws. Custodian institutions exercising Pre-emptive Rights on behalf of beneficial owners shall be deemed to have represented that they have complied with the offering procedures set forth in this Prospectus. Neither the Pre-emptive Rights nor the Offer Shares have been registered under the Securities Act or any state securities laws in the United States.

The Pre-emptive Rights have been approved for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 6 December 2010 to 17 December 2010 at 5.00 p.m. CET.

Holders of Pre-emptive Rights who do not wish to exercise their Pre-emptive Rights to subscribe for Offer Shares may sell the Pre-emptive Rights during the Rights Trading Period, and the purchaser may use the acquired Pre-emptive Rights to subscribe for Offer Shares. Holders wishing to sell their Pre-emptive Rights should instruct their custodian institution or other financial intermediary accordingly.

Upon expiry of the Subscription Period, the Pre-emptive Rights will lapse with no value, and holders of such Pre-emptive Rights will not be entitled to compensation. The Subscription Period closes on 22 December 2010 at 5.00 p.m. CET. If the holder does not want to exercise the Pre-emptive Rights to subscribe for the Offer Shares, the Pre-emptive Rights can be sold during the Rights Trading Period.

5.12. Procedure for subscription of Remaining Shares

Existing Shareholders and investors in Denmark wishing to subscribe for Remaining Shares must do so by making binding undertakings through their own custodian institution. Existing Shareholders in Denmark and investors in Denmark may use the subscription form that accompanies the Danish Prospectus. Existing Shareholders outside Denmark should contact their custodian institution. The subscription form or any other binding undertakings must be received by the custodian institution so that they can be handled and be received by the Sole Lead Manager no later than at 5.00 p.m. CET on 22 December 2010. Undertakings are binding and cannot be altered or cancelled.

Remaining Shares may be subscribed for, without compensation to the holders of unexercised Pre-emptive Rights, by Ex-

isting Shareholders or other Danish investors who have made binding undertakings to subscribe for Offer Shares at the Offer Price before the end of the Subscription Period. If binding undertakings made by Existing Shareholders and other Danish investors exceed the number of Remaining Shares, allocation will take place on the basis of a plan of distribution to be determined by the Board of Directors in consultation with the Sole Lead Manager. Allocation will take place on the basis of undertakings received without taking into account whether the subscribers are shareholders or non-shareholders. The binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares entail that they will be subordinate to other undertakings.

Neither the Company nor the Sole Lead Manager guarantees that Danish investors or Existing Shareholders who want to subscribe for Offer Shares will be allocated any Remaining Shares. Only Shareholders and investors who acquire and exercise Pre-emptive Rights are guaranteed allocation of Offer Shares in the Company and only in the event that the Offering is completed. Accordingly, Remaining Shares will only be available for allocation if the Offer Shares have not been subscribed for by the Company's Shareholders through the exercise of allocated Pre-emptive Rights or by investors through the exercise of acquired Pre-emptive Rights.

5.13. Expected timetable of principal events

Announcement of Prospectus	3 December 2010
Last day of trading in Existing Shares including Pre-emptive Rights	3 December 2010
First day of trading in Existing Shares ex Pre-emptive Rights (assuming that such Shares are traded with customary value of three trading days)	6 December 2010
First day of Rights Trading Period	6 December 2010
Allocation time of Pre-emptive Rights	8 December 2010 at 12.30 p.m. CET
First day of Subscription Period	9 December 2010
Last day of Rights Trading Period	17 December 2010 at 5.00 p.m. CET
Last day of Subscription Period	22 December 2010 at 5.00 p.m. CET
Announcement of the results of the Offering	27 December 2010
Expected date of registration of the Offer Shares with the Danish Commerce and Companies Agency	30 December 2010
Expected admission to trading and official listing on NASDAQ OMX of the Offer Shares under the ISIN code of the Existing Shares. The temporary ISIN code of the Offer Shares is expected to be merged subsequently with the ISIN code of the Existing Shares in VP	3 January 2011

5.14. Transfer restrictions

WHERE THE OFFERING WILL BE MADE

The Offering consists of a public offering in Denmark and private placements in certain other jurisdictions.

GENERAL RESTRICTIONS

The Offering will be implemented under Danish law, and neither the Company nor the Sole Lead Manager has taken any action or will take any action in any other jurisdiction, with the exception of Denmark, which may result in a public offering of the Pre-emptive Rights and/or the Offer Shares.

In certain countries, the distribution of this Prospectus, the Offering and the marketing of Pre-emptive Rights and Shares may be restricted by law and/or be subject to other restrictions, and the Prospectus may not be used for, or in connection with, any offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any persons to whom it is unlawful to make such offer or solicitation. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions, including any tax issues and currency restrictions that may be relevant in connection with the Offering. All investors should examine the tax consequences of an investment in Pre-emptive Rights and Offer Shares or the trading in Pre-emptive Rights through their own advisers. This Prospectus does not constitute an offer of or an invitation to purchase Pre-emptive Rights or to purchase or subscribe for Offer Shares in any jurisdiction in which such offer or invitation would be unlawful.

The Pre-emptive Rights and the Offer Shares are subject to transfer and reselling restrictions in certain jurisdictions. Prospective purchasers of Pre-emptive Rights and/or subscribers of the Offer Shares shall comply with all applicable laws and provisions in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or Offer Shares or possess or distribute this Prospectus and shall obtain consent, approval or permission, as required, for the acquisition of the Pre-emptive Rights or the Offer Shares. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions. Neither the Company, the Company's auditors, nor the Sole Lead Manager accept any liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber of the Offer Shares.

This Prospectus may not be distributed in or otherwise made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager have received satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise made available, and the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager have received satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares.

By purchasing Pre-emptive Rights or subscribing for the Offer Shares, purchasers or subscribers will be deemed to have confirmed that the Company and SEB Enskilda and their respective group enterprises and other persons may rely on the compliance by such purchaser or subscriber with the representations, warranties, guarantees and agreements contained herein or made by such purchaser or subscriber in connection with the purchase or subscription.

TRANSFER RESTRICTIONS IN THE UNITED STATES

The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Pre-emptive Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. No transfer of the Pre-emptive Rights and no offer or sale of the Offer Shares are permitted unless in connection with an offer or sale under Regulation S.

Any person wishing to exercise Pre-emptive Rights to subscribe for Offer Shares will be deemed to have declared and warranted, by accepting delivery of this Prospectus, Pre-emptive Rights or Offer Shares, that such person and the transac-

tion in which Pre-emptive Rights or Offer Shares are acquired is subject to Regulation S or exempted from the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws.

The Offering concerns securities in a Danish company. The Offering is subject to Danish disclosure requirements which deviate from the disclosure requirements under U.S. law. The financial statements contained in this document have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the EU, and may not be comparable with the financial statements of U.S. companies.

Due to such restrictions under applicable laws the Company expects that some or all investors residing in the United States may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares.

TRANSFER RESTRICTIONS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), no offering of Pre-emptive Rights or Offer Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the Pre-emptive Rights and the Offer Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of Pre-emptive Rights and Offer Shares may be made to the public at any time in such Relevant Member State:

- (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity fulfilling at least two of the following criteria: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000; and (iii) an annual net revenue of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to less than 100 individuals or legal persons (who are not "qualified investors" as defined in the Prospectus Directive) subject to the prior written consent of the Company and the Sole Lead Manager; or
- (d) in any other circumstances which do not require the publication by the Company of a prospectus under Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Pre-emptive Rights and Offer Shares to the public" in relation to any Pre-emptive Rights and Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and the Offer Shares so as to enable an investor to decide whether to purchase the Pre-emptive Rights or to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term "Prospectus Directive" means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

TRANSFER RESTRICTIONS IN CANADA, AUSTRALIA, JAPAN AND OTHER JURISDICTIONS OUTSIDE DENMARK

The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

Due to such restrictions under applicable laws, the Company expects that some or all investors residing in Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares.

The Sole Lead Manager reserves the right to require documentation that attests to the genuineness of all orders and the names of investors, and to provide such information to the Company. The Board of Directors, upon consultation with the Sole Lead Manager, reserves the right not to allocate shares or to reduce any allocation of shares to certain investors under objective circumstances, including an investor's lack of ability to pay, or other similar circumstances.

5.15. Intentions of major Shareholders and members of the Board of Directors and Management Board

BINDING ADVANCE UNDERTAKINGS FROM EXISTING SHAREHOLDERS TO SUBSCRIBE FOR OFFER SHARES

As at the Prospectus Date, a group of Existing Shareholders, including Alm. Brand af 1792 fmba and the Board of Directors, the Management Board and Key Employees (collectively referred to as the "Group of Shareholders") has made binding advance undertakings, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 90,868,442 Offer Shares corresponding to aggregate gross proceeds of DKK 908,684,420 million.

Of this, Alm. Brand af 1792 fmba's share amounts to 90,711,801 Offer Shares, equivalent to a subscription amount of DKK 907,118,010, which will be paid in by Alm. Brand af 1792 fmba converting its senior loans totalling DKK 900 million granted to the Company into share capital and making a cash payment of DKK 7,118,010. If the binding underwriting commitment made by Alm. Brand af 1792 fmba is utilised to the effect that, after pro rata allocation in the Group of Underwriters, Alm. Brand af 1792 fmba will subscribe for more than 2,000,000 Remaining Shares, Alm. Brand af 1792 fmba will convert additional subordinated loans granted to the Company in the amount of up to DKK 24 million into share capital. See also I.20 "Major Shareholders" and II.5 "Terms and conditions of the Offering – Placing and underwriting".

INTENTIONS OF MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS, MANAGEMENT BOARD AND KEY EMPLOYEES

The members of the Board of Directors elected by the shareholders, the members of the Management Board and the Key employees have all made binding advance undertakings to exercise in full the Pre-emptive Rights allocated to them through their direct or indirect shareholdings, equivalent to 119,448 Offer Shares. In addition, the Company's employee-elected board members have made binding advance undertakings to exercise Pre-emptive Rights corresponding to 37,193 Offer Shares.

5.16. Plan of distribution

There is no pre-allotment of Offer Shares.

5.17. Overallotment

There is no over-allotment of Offer Shares.

5.18. Offer Price

The Offer Shares are offered at DKK 10 per Offer Share of DKK 10 nominal value, free of brokerage.

5.19. Price disparity

No persons have been granted the right to subscribe for Offer Shares at a price other than the Offer Price, and consequently there is no price disparity.

5.20. Placing and underwriting

SOLE LEAD MANAGER

The Offering is coordinated by SEB Enskilda, Bernstorffsgade 50, DK-1577 Copenhagen V, Denmark, acting as the Sole Lead Manager of the Offering.

SUBSCRIPTION AND PAYMENT AGENTS

Shareholders' instructions to exercise Pre-emptive Rights and subscribe for Offer Shares shall be given to each Shareholder's custodian institution or other financial intermediary.

Euroclear and Clearstream act as international payment intermediaries:

Euroclear Bank S.A./N.V.
1 Boulevard du Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking S.A.
42 Avenue JF Kennedy
L-1855 Luxembourg
Luxembourg

UNDERWRITING COMMITMENTS AND ADVANCE UNDERTAKINGS

As at the Prospectus Date, a group of Existing Shareholders, including Alm. Brand af 1792 fmba and the Board of Directors, the Management Board and Key Employees (collectively referred to as the "Group of Shareholders") has made binding advance undertakings, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 90,868,442 Offer Shares corresponding to aggregate gross proceeds of DKK 908,684,420 million. Of this, Alm. Brand af 1792 fmba's share amounts to 90,711,801 Offer Shares, equivalent to a subscription amount of DKK 907,118,010, which will be paid in by Alm. Brand af 1792 fmba converting its senior loans totalling DKK 900 million granted to the Company into share capital and making a cash payment of DKK 7,118,010. See also I.20 "Major Shareholders".

In addition, a number of investors, including Alm. Brand af 1792 fmba, Skandinaviska Enskilda Banken A/S and Realdania (collectively referred to as the "Group of Underwriters"), have made binding underwriting commitments as of the Prospectus Date, subject to the satisfaction of certain conditions, to subscribe for up to 65,281,558 Remaining Shares (equiva-

lent to total gross proceeds of DKK 652,815,580) which, at the end of the Subscription Period, have not been subscribed for by the Company's Existing Shareholders and investors on the basis of binding undertakings or pursuant to Pre-emptive Rights. Of this, Alm. Brand af 1792 fmba's share amounts to 4,376,908 Offer Shares, equivalent to an underwriting amount of DKK 43,769,080, which, in case the underwriting commitment is utilised in full or in part, will be settled first by payment of up to DKK 20 million in cash and subsequently by payment of up to DKK 23,769,080 by conversion of its subordinated loans granted to the Company into share capital in the Company.

The Group of Shareholders and the Group of Underwriters have thus made binding underwriting commitments and advance undertakings to subscribe for a total of 156,150,000 Offer Shares corresponding to aggregate gross proceeds of DKK 1,561 million or 100% of the Offering. The binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares entail that they will be subordinate to other undertakings.

Alm. Brand af 1792 fmba will participate in the Offering through binding advance undertakings to the effect that it retains its ownership interest in the Company at the 58.09% held prior to the Offering. If Alm. Brand af 1792 fmba's binding underwriting commitment is utilised in full, Alm. Brand af 1792 fmba's ownership interest in the Company will amount to 60.62%.

Table 5-1 shows the shareholdings as at the Prospectus Date, advance undertakings to exercise Pre-emptive Rights and underwriting commitments to subscribe for Offer Shares for each Shareholder in the Group of Shareholders and the Group of Underwriters.

The advance undertakings and underwriting commitments are subject, inter alia, to the Sole Lead Manager not withdrawing from the Offering or any other events occurring which must be assumed to have a material adverse effect on the Company's operations and activities, its financial position or prospects. In addition, the advance undertakings and underwriting commitments are subject to Alm. Brand af 1792 fmba subscribing for

Table 5-1: Underwriting commitments and advance undertakings

	Number of Shares before the Offering	Share of capital and votes before the Offering	Advance commitments to exercise allocated Pre-emptive Rights (number of Offer Shares)	Underwriting commitment (number of Offer Shares)	Maximum number of Shares after the Offering	Maximum share of capital and votes after the Offering
Alm. Brand af 1792 fmba						
Midtermolen 7						
DK-2100 København Ø	10,079,089	58.09%	90,711,801	4,376,908	105,167,798	60.62%
Skandinaviska Enskilda Banken A/S						
Bernstorffsgade 50						
DK-1577 København V	-	0.00%	-	29,754,650	29,754,650	17.15%
Realdania						
Jarmers Plads 2						
DK-1551 København V	-	0.00%	-	7,500,000	7,500,000	4.32%
Other underwriters*	-	0.00%	-	23,650,000	23,650,000	13.63%
Board of Directors, Management						
Board and Key Employees	17,697	0.10%	156,641	-	174,338	0.10%
Total	10,096,786	58.19%	90,868,442	65,281,558	166,246,786	95.82%

* None of these underwriters have made any underwriting commitment corresponding to more than 5% of the Company's share capital after completion of the Offering.

Source: The Company

its pro rata share of the Offer Shares. The Company will pay an underwriting commission totalling 4.0% on the amounts underwritten by the Group of Underwriters. Alm. Brand af 1792 fmba will not receive any underwriting commission on its underwriting commitment. The advance undertakings and underwriting commitments do not contain any other material terms and conditions.

Pursuant to the Rights Issue Agreement which the Company has entered into with the Sole Lead Manager, the Sole Lead Manager may at any time prior to registration of the capital increase relating to the Offer Shares require that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement. The Sole Lead Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion of the Offering which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, terminate the Rights Issue Agreement and thereby require that the Company withdraw the Offering. The Rights Issue Agreement is subject, inter alia, to the Group of Shareholders and the Group of Underwriters not being entitled to withdraw from their commitments other than the binding underwriting commitments made by the Group of Underwriters to subscribe for Remaining Shares, which entail that they will be subordinate to other undertakings.

The Sole Lead Manager may at any time acquire and sell Pre-emptive Rights, exercise such Pre-emptive Rights and buy and sell Offer Shares and Existing Shares.

6. Admission to trading and official listing

The Pre-emptive Rights will be admitted to trading and official listing on NASDAQ OMX, and the trading period for the Pre-emptive Rights commences on 6 December 2010 at 9.00 a.m. CET and closes on 17 December 2010 at 5.00 p.m. CET under ISIN code DK0060255792.

After registration of the capital increase relating to the Offer Shares with the Danish Commerce and Companies Agency, expected on 30 December 2010, the Offer Shares will be issued, and, subject to approval of the application for admission for trading and official listing, the admission of the Offer Shares to trading and official listing under the existing ISIN code is expected to commence.

The Existing Shares are listed on NASDAQ OMX under ISIN code DK0015250344 (ALMB).

6.1. Market making

Alm. Brand A/S has no market making agreement as at the Prospectus Date.

6.2. Stabilisation

In connection with the Offering, the Sole Lead Manager may, until 30 days after the first day of trading in the Offer Shares, effect transactions that stabilise or maintain the market price of the Pre-emptive Rights (stabilising actions regarding the Pre-emptive Rights will only take place during the Rights Trading Period), the Offer Shares and the Existing Shares at levels above those that might otherwise prevail in the open market. The Sole Lead Manager is, however, not obliged to take any stabilising measures. Such stabilising measures, if commenced, may be discontinued at any time.

6.3. ISIN codes

Existing shares	DK0015250344 (ALMB)
Pre-emptive Rights	DK0060255792 (ALMBT)
Offer Shares (unlisted temporary ISIN code)	DK0060255602

7. Selling Shareholders and lock-up

7.1. Shareholders who have indicated that they expect to sell their Shares or Pre-emptive Rights

The Company has not received any indications from Shareholders that they intend to sell their Shares or Pre-emptive Rights.

In connection with the Offering, Pre-emptive Rights will be allocated to the Company in respect of its treasury shares. Pursuant to the Danish Companies Act, the Company is not allowed to exercise such Pre-emptive Rights itself, for which reason the Company expects to sell such Pre-emptive Rights in connection with the Offering.

7.2. Lock-up agreements in connection with the Offering

For a period of 360 days from the completion of the Offering (expectedly on 30 December 2010), the Company has undertaken not to issue, sell, offer for sale, enter into any agreement regarding the sale of, pledge or in any other way directly or indirectly transfer Shares in the Company or other securities exchangeable into Shares in the Company or warrants or other options to acquire Shares in the Company (together "Company Securities") or to announce the intention to make any such act without the prior written consent of the Sole Lead Manager. Such consent is not to be unreasonably withheld or delayed, if the transaction is motivated by reasonable business considerations attributable to the Company.

The above-mentioned obligation of the Company shall not apply to transfers or issues of Company Securities to employees of the Company and its subsidiaries, members of the Company's Management Board or Board of Directors in relation to the exercise by such persons of their rights in accordance with previous, existing or future employee share, option or warrant programmes.

The undertaking set out above does not apply to Alm. Brand Bank's trading portfolio of the Company's shares.

The Existing Shares in the Company that have been acquired by the members of the Board of Directors elected by the employees of the Company, the Management Board and Key Employees and other current or former employees under employee share schemes subject to section 7A of the Danish Tax Assessment Act are held in restricted accounts for periods of five and seven years, respectively, beyond the current calendar year. See I.19 "Employees" for a detailed description thereof. Offer Shares that have been subscribed for by exercising Pre-emptive Rights granted on the basis of Existing Shares acquired under employee share schemes subject to section 7A of the Danish Tax Assessment Act must be held in restricted accounts for the same period as the Existing Shares underlying the exercised Pre-emptive Rights. See II.4 "Information on the Offer Shares – Taxation" for a description thereof.

No further lock-up agreements have been made.

8. Costs

As described in II.5 “Terms and conditions of the Offering – Placing and underwriting”, the Company has ensured, through advance undertakings and/or underwriting commitments, subject to the satisfaction of certain conditions, that a total of 156,150,000 Offer Shares will be subscribed for in the Offering, corresponding to total gross proceeds of DKK 1,561 million and estimated net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) totalling approximately DKK 1,499 million. Out of the total proceeds, Alm. Brand af 1792 fmba will settle DKK 900 million by conversion of debt. See II.3 “Reasons for the Offering and use of proceeds”.

The estimated costs of the Offering are expected to be:

Table 8-1: Costs relating to the Offering

Costs	DKKm
Financial intermediary	23
Commission (underwriting, etc.)	26
Fees to legal advisers, accountants, etc.	10
Printing, layout, translation and other costs	3
Total	62

Source: Alm. Brand

Subscription commission to the custodian institutions amounts to 0.25% of the market value of the shares subscribed for through them.

9. Dilution

As at 30 September 2010, the Company's equity amounted to DKK 3,141 million, corresponding to DKK 185.5 per Existing Share. Following the completion of the Offering at the Offer Price of DKK 10 per Offer Share and after deduction of estimated costs related to the Offering, the Company's pro forma equity as at 30 September 2010 would have amounted to approximately DKK 4,640 million, equivalent to approximately DKK 26.7 per Share. The equity value per Share is determined by dividing the Company's total equity by the total number of Shares excluding treasury shares. This corresponds to an immediate dilution of the equity value by approximately DKK 158.8 per Existing Share to Existing Shareholders and an immediate increase of the adjusted equity value to investors who subscribe for the Offer Shares by approximately DKK 16.7 per Offer Share.

Table 9-1 below shows the dilution per Existing Share upon completion of the Offering to Existing Shareholders who do not participate in the Offering.

Table 9-1: Dilution per Share

Dilution per Share	DKK
Offer Price per Share	10.0
Shareholders' equity per Share at 30 September 2010	185.5
Change in equity per Share attributable to the Offering	-158.8
Equity per Share after the Offering	26.7
Relative dilution per Existing Share	-85.6%

Source: Alm. Brand

10. Additional information

10.1. Advisers

SOLE LEAD MANAGER

SEB Enskilda Corporate Finance, Skandinaviska Enskilda Banken, Denmark, branch of Skandinaviska Enskilda Banken (publ.), Sweden

LEGAL ADVISER TO THE COMPANY IN CONNECTION WITH THE OFFERING

Gorrissen Federspiel is the Company's legal adviser.

LEGAL ADVISER TO THE SOLE LEAD MANAGER

Kromann Reumert is legal adviser to the Sole Lead Manager.

AUDITORS TO THE COMPANY

Deloitte Statsautoriseret Revisionsaktieselskab are the Company's independent auditors.

10.2. Availability of the Prospectus

Copies of this Prospectus are available on request from:

SEB Enskilda
Bernstorffsgade 50
DK-1577 Copenhagen V
Denmark

Tel: +45 33 28 29 00
Fax: +45 33 28 29 02
E-mail: prospekt@enskilda.dk

Subject to certain restrictions, the Prospectus can also be downloaded from the Company's website: www.almbrand.dk. The contents of the website do not form part of the Prospectus.

The distribution of this Prospectus and the offer of the Pre-emptive Rights and the Offer Shares is, in certain jurisdictions, restricted by law. This Prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Pre-emptive Rights or the Offer Shares in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Persons into whose possession this Prospectus may come are required to inform themselves about and to observe such restrictions.

III. Financial information

Contents

1.	Introduction to financial information	F-3
2.	Information incorporated by reference	F-4
3.	Consolidated financial statements for the financial years ended 31 December 2007, 2008 and 2009	F-5
3.1.	Statement by the Board of Directors and the Management Board	F-5
3.2.	Independent auditors' report on the consolidated financial statements for the financial years ended 31 December 2007, 2008 and 2009	F-6
3.3.	Balance sheet	F-8
3.4.	Income statement	F-9
3.5.	Statement of changes in equity	F-10
3.6.	Cash flow statement	F-11
3.7.	Segment reporting, Balance sheet – 2009, 2008	F-12
3.8.	Segment reporting, Balance sheet – 2007	F-13
3.9.	Segment reporting, Income statement – 2009, 2008	F-14
3.10.	Segment reporting, Income statement – 2007	F-15
3.11.	Overview of notes	F-16
3.12.	Notes	F-17
4.	Unaudited Interim Financial Statements for the nine months ended 30 September 2010	F-73
4.1.	Statement by the Board of Directors and the Management Board	F-73
4.2.	Independent auditors' report on the interim financial statements for the nine months ended 30 September 2010	F-74
4.3.	Balance sheet	F-75
4.5.	Income statement	F-76
4.6.	Statement of changes in equity	F-77
4.7.	Cash flow statement	F-78
4.8.	Segment reporting, Income statement	F-79
4.9.	Notes	F-80

1. Introduction to financial information

The following consolidated financial statements for 2009, 2008 and 2007 are extracts from Alm. Brand's official annual report for 2009 (with comparative figures for 2008) and the official annual report for 2007. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for listed financial enterprises. The accounting policies are described on pages F-64 to F-72.

The official annual reports for 2009 (with comparative figures for 2008) and 2007 include the Management's review, consolidated and parent company financial statements and the notes thereto. The consolidated financial statements in this Prospectus comprise consolidated financial statements and notes thereto, and do not include Management's review or parent company financial statements, as such components of the financial statements are incorporated in the Prospectus by reference, see III.2 "Information incorporated by reference".

The interim financial statements for the nine months ended 30 September 2010 and 2009 have been extracted from the official interim report for the nine months ended 30 September 2010 with comparative figures for the corresponding period of 2009. The interim consolidated financial statements are presented in accordance with IAS 34 as adopted by the EU and additional Danish disclosure requirements for listed financial enterprises. The interim report for the nine months ended 30 September 2010 has been reviewed. The comparative figures for the same period of 2009 have been neither audited nor reviewed.

The official interim report for the nine months ended 30 September 2010 comprises a Management's review and consolidated and parent company interim financial statements. The interim financial statements in this Prospectus do not include Management's review or parent company financial statements, as such components of the financial statements are incorporated in the Prospectus by reference, see III.2 "Information incorporated by reference".

2. Information incorporated by reference

The additional information explicitly listed in the table below has been incorporated by reference in the Prospectus pursuant to article 28 of the Prospectus Regulation and section 18(2) of the Prospectus Order. Direct and indirect references in the reports to other documents or websites are not incorporated in the Prospectus by reference and do not form part of the Prospectus. The reports speak only as of the date of their respective publications and have not been updated and in some cases they have been superseded by the information in this Prospectus. Potential investors should assume that the information in this Prospectus as well as the information the Company incorporates by reference, is accurate as of the dates of the respective documents only.

The Group's business, financial position, cash flows and results of operations may have changed since those dates.

Potential investors are encouraged to read the information incorporated in the Prospectus by reference in conjunction with the cautionary statements in "Forward-looking statements" and "Risk factors".

The presented official annual reports for 2007 and 2008 and the consolidated and parent company financial statements and Management's review for 2009 have been audited. The official interim report for the nine months ended 30 September 2010 has been reviewed, whereas the comparative figures for the same period in 2009 have been neither audited nor reviewed. The interim report for the six months ended 30 June 2010 has been neither audited nor reviewed.

The following information will be incorporated in the Prospectus by reference, and the material will be available for inspection at Alm. Brand's offices at Midtermolen 7, DK-2100 Copenhagen Ø and on Alm. Brand's website www.almbrand.dk.

Disclosure element	Page(s)
Alm. Brand A/S – Interim report for the nine months ended 30 September 2010	
Financial highlights and key ratios	4
Management's review	4
Statement by the Board of Directors and the Management Board	24
Auditors' report	25
Accounting policies	32
Income statement	28
Balance sheet	27
Statement of changes in equity	29
Notes	32
Alm. Brand A/S – Interim report for the six months ended 30 June 2010	
Financial highlights and key ratios	4
Management's review	4
Statement by the Board of Directors and the Management Board	19
Auditors' report	-
Accounting policies	26
Income statement	21
Balance sheet	20
Statement of changes in equity	22
Notes	26
Alm. Brand A/S – Annual report for the year ended 31 December 2009	
Financial highlights and key ratios	7
Management's review	10-11
Statement by the Board of Directors and the Management Board	62
Auditors' report	63-65
Accounting policies	102-113
Income statement	69
Balance sheet	68
Statement of changes in equity	70
Notes	75-102
Alm. Brand A/S – Annual report for the year ended 31 December 2008	
Financial highlights and key ratios	7
Management's review	10-11
Statement by the Board of Directors and the Management Board	53
Auditors' report	54-55
Accounting policies	92-101
Income statement	59
Balance sheet	58
Statement of changes in equity	60
Notes	65-91
Alm. Brand A/S – Annual report for the year ended 31 December 2007	
Financial highlights and key ratios	4
Management's review	6-9
Statement by the Board of Directors and the Management Board	59
Auditors' report	60
Accounting policies	64-75
Income statement	77
Balance sheet	76
Statement of changes in equity	78
Notes	83-108

3. Consolidated financial statements for the financial years ended 31 December 2007, 2008 and 2009

3.1. Statement by the Board of Directors and the Management Board

To the readers of this Prospectus

The consolidated financial statements for the financial years ended 31 December 2007, 2008 and 2009 in this Prospectus have been extracted from the annual reports for the financial years ended 31 December 2007 and 2009.

The Board of Directors and the Management Board reviewed and approved the annual reports for 2007, 2008 and 2009 of Alm. Brand A/S on 28 February 2008, 26 February 2009 and 27 February 2010, respectively. The consolidated financial statements in this Prospectus have been prepared for the purpose of the Offering and have been extracted, with respect to the financial years ended 31 December 2008 and 2009, from the Company's official annual report for the financial year ended 31 December 2009 with comparative figures for the financial year ended 31 December 2008. The consolidated financial statements for the financial year ended 31 December

2007 herein have been extracted from the Company's official annual report for the financial year ended 31 December 2007.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial enterprises.

In our opinion, the consolidated financial statements on pages F-9-F-12 have been correctly extracted from the annual reports for the financial years ended 31 December 2007 and 2009.

In our opinion, the accounting policies applied are appropriate and the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2007, 31 December 2008 and 31 December 2009 and of the results of the Group's operations and cash flows for the financial years ended 31 December 2007, 2008 and 2009.

Copenhagen, 3 December 2010

Management Board:

Søren Boe Mortensen
Chief Executive

Board of Directors:

Jørgen Hesselbjerg Mikkelsen
Chairman
Farmer

Arne Nielsen
Board member
State-authorized public accountant (with lodged licence)

Tage Benjaminsen
Board member
Executive

Jan Skytte Pedersen
Board member
Executive

Helle Låsby Frederiksen
Employee representative
Chairman of the association of Insurance Staff

Susanne Larsen
Employee representative
Banking adviser

Boris Nørgaard Kjeldsen
Deputy Chairman
Chief Executive

Per Frandsen
Board member
Landowner

Jørgen Henrik Christensen
Board member
Attorney-at-law

Per Dahlbom
Board member
Claims Assessor

Henning Kaffka
Employee representative
Regional Manager
Commercial Customers

3.2. Independent auditor's report on the consolidated financial statements for the financial years 2007, 2008 and 2009

To the readers of this Prospectus

We have audited the annual report for the financial year 2007 as presented and published by Management of Alm. Brand A/S as well as the consolidated financial statements and the parent financial statements for the financial year 2009, from which the consolidated financial statements on pages F-9 to F-12 have been summarised. We conducted our audit in accordance with Danish and International Standards on Auditing. In our auditor's report on the annual report for 2007 dated 28 February 2008 and on the consolidated financial statements and the parent financial statements for 2009 dated 25 February 2010 we expressed an unmodified opinion.

Our auditor's report on the consolidated financial statements and the parent financial statements for the financial year 2009 dated 25 February 2010 is represented below:

"To the shareholders of Alm. Brand A/S

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

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

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent financial statements as well as additional Danish disclosure requirements for listed financial companies, and a management commentary that contains

a fair review in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements, parent financial statements and a management commentary that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these consolidated financial statements, these parent financial statements and this management commentary based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, parent financial statements and management commentary are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, the parent financial statements and the management commentary. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, the parent financial statements and the management commentary, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and parent financial statements and the preparation of a management commentary that contains a fair review in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements, the parent financial statements and the management commentary.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31

December 2009 and of its financial performance and cash flows for the financial year 1 January to 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies.

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

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

We did not carry out any additional audit procedures after 25 February 2010.

Management is responsible for the correct summary of the consolidated financial statements on pages F-8 to F-72 from the annual reports for the financial years 2007 and 2009. Our responsibility is to express a conclusion on the financial statements summarised and represented from the statutory annual reports based on our work.

Basis of opinion

We planned and performed our work in accordance with the Danish Standard of Auditing RS 800, "The Independent Auditor's Report on Special Purpose Audit Engagements" to obtain reasonable assurance that the consolidated financial statements are, in all material respects, in accordance with the statutory annual reports, from which they have been summarised.

Opinion

In our opinion, the consolidated financial statements presented on pages F-8 to F-72 are, in all material respects, in accordance with the statutory annual reports for the financial years 2007 and 2009, from which they have been summarised.

Copenhagen, 3 December 2010

Deloitte

Statsautoriseret Revisionsaktieselskab

Henrik Priskorn
State Authorised
Public Accountant

Jens Ringbæk
State Authorised
Public Accountant

Balance sheet

DKKm	Note	Group		
		2009	2008	2007
Assets				
Intangible assets	1	118	243	227
Owner-occupied properties	2	1,035	1,036	670
Deferred tax assets	3	521	195	234
Investments in associates	4	46	46	45
Reinsurers' share of insurance contracts	5	134	217	518
Current tax assets	6	14	19	30
Other assets	7	1,650	2,135	1,488
Loans and advances	8	14,823	17,292	17,117
Investment properties	9	440	451	811
Investment assets	10	27,337	20,980	23,396
Balances due from credit institutions and central banks	11	1,331	3,017	2,560
Cash in hand and balances at call		49	146	790
Total assets		47,498	45,777	47,886
Liabilities and equity				
Share capital		1,388	1,476	1,668
Reserves, retained earnings, etc.		2,107	3,042	3,274
Minority interests		199	282	504
Consolidated shareholders' equity	12	3,694	4,800	5,446
Subordinated debt	13	1,834	828	817
Provisions for insurance contracts	14	17,894	17,714	18,331
Other provisions	15	90	104	118
Deferred tax liabilities	16	46	46	46
Issued bonds	17	26	1,145	1,402
Other liabilities	18	1,727	1,920	1,887
Deposits	19	10,874	10,634	10,987
Payables to credit institutions and central banks	20	11,313	8,586	8,852
Total liabilities and equity		47,498	45,777	47,886
Contingent liabilities, guarantees and lease agreements	40			
Collateral security	41			
Related parties	42			
Classification of financial instruments	43			
Return on financial instruments	44			
Fair value of financial instruments	45			
Financial instruments by term to maturity	46			
Credit risk	47			
Hedge accounting	48			
Sensitivity information	49			
Key ratios for the banking group	50			

Income statement

DKKm	Note	Group		
		2009	2008	2007
Income				
Premium income	21	5,434	5,530	5,345
Interest income, etc.	22	1,995	2,425	2,111
Fee income, etc.	23	100	172	185
Other income from investment activities	24	23	21	40
Profit from investments in associates	25	0	2	0
Other income	26	19	26	40
Total income		7,571	8,176	7,721
Costs				
Claims expenses	27	-4,499	-4,284	-4,081
Interest expenses	28	-803	-1,243	-973
Other expenses from investment activities		-27	-47	-68
Impairment of loans, advances and receivables, etc.	29	-1,451	-340	50
Acquisition costs and administrative expenses	30	-1,670	-1,520	-1,501
Other costs	31	0	-27	-41
Total costs		-8,450	-7,461	-6,614
Loss from business ceded	32	-136	-102	-85
Change in life insurance provisions	33	-233	-156	188
Change in collective bonus potential		-225	423	69
Value adjustments	34	198	-1,025	-288
Tax on pension investment returns	35	-141	-19	-11
Loss before tax		-1,416	-164	980
Tax	36	336	-53	-266
Loss after tax		-1,080	-217	714
The profit/loss before tax is allocated as follows:				
Share attributable to Alm. Brand		-1,336	44	986
Share attributable to minority shareholders	37	-80	-208	-6
The profit/loss before tax allocated		-1,416	-164	980
The Loss after tax is allocated as follows:				
Share attributable to Alm. Brand		-1,000	-29	705
Share attributable to minority shareholders	37	-80	-188	9
The profit/loss after tax allocated		-1,080	-217	714
Earnings per share, DKK		-59	-2	35
Diluted earnings per share, DKK		-59	-2	35
Comprehensive income				
Loss for the year		-1,080	-217	
Revaluation of owner-occupied properties		-4	12	
Transferred to collective bonus potential		0	0	
Comprehensive income		-1,084	-205	
Proposed allocation of loss:				
Share attributable to Alm. Brand		-1,004	-17	
Share attributable to minority interests		-80	-188	
Comprehensive income		-1,084	-205	
Technical result, non-life insurance	38			
Realised result, life insurance	39			

Statement of changes in equity

DKKm	Share capital	Contingency funds	Retained earnings	Revaluation reserves	Shareholders' equity	Minority interests	Consolidated shareholders' equity
Shareholders' equity at 1 January 2007	1,788	182	2,939	3	4,912	520	5,432
Changes in shareholders' equity 2007:							
Profit for the year	0		705	0	705	9	714
Cancellation of treasury shares	-120		120	0	0	0	0
Revaluation of owner-occupied properties	0		0	11	11	0	11
Transferred to collective bonus potential	0		0	-8	-8	0	-8
Tax on changes recognised in equity	0		-1	0	-1	0	-1
Purchase and sale of treasury shares	0		14	0	14	0	14
Share buyback programme	0		-691	0	-691	0	-691
Change in share attributable to minority interests	0		0	0	0	-25	-25
Changes in shareholders' equity	-120	0	147	3	30	-16	14
Shareholders' equity at 31 December 2007	1,668	182	3,086	6	4,942	504	5,446
Shareholders' equity at 1 January 2008	1,668	182	3,086	6	4,942	504	5,446
Changes in shareholders' equity 2008:							
Loss for the year			-29	0	-29	-188	-217
Revaluation of owner-occupied properties				12	12		12
Transferred to collective bonus potential				-10	-10		-10
Tax on changes recognised in equity				0	0		0
Comprehensive income	0	0	-29	2	-27	-188	-215
Cancellation of treasury shares	-192		192	0	0		0
Purchase and sale of treasury shares	0		22	0	22		22
Share buyback programme	0		-419	0	-419		-419
Change in share attributable to minority interests	0		0	0	0	-34	-34
Changes in shareholders' equity	-192	0	-234	2	-424	-222	-646
Shareholders' equity at 31 December 2008	1,476	182	2,852	8	4,518	282	4,800
Shareholders' equity at 1 January 2009	1,476	182	2,852	8	4,518	282	4,800
Changes in shareholders' equity 2009:							
Loss for the year			-1,000	0	-1,000	-80	-1,080
Reversed revaluation of owner-occupied properties			2	-6	-4		-4
Transferred to collective bonus potential			0	0	0		0
Tax on changes recognised in equity			0	0	0		0
Comprehensive income	0	0	-998	-6	-1,004	-80	-1,084
Cancellation of treasury shares	-88		88	0	0		0
Purchase and sale of treasury shares	0		11	0	11		11
Share buyback programme	0		-30	0	-30		-30
Change in share attributable to minority interests	0		0	0	0	-3	-3
Changes in shareholders' equity	-88	0	-929	-6	-1,023	-83	-1,106
Shareholders' equity at 31 December 2009	1,388	182	1,923	2	3,495	199	3,694

The contingency funds are allocated from untaxed funds and are required, according to the articles of association, to be used for the benefit of policyholders. A deferred tax provision has been made for the contingency funds.

Shareholders' equity at 31 December 2009 excluding minority interests	3,495
Consolidation of Pensionskassen under Alm. Brand A/S	-9
Shareholders' equity according to the rules of the Danish Financial Supervisory Authority excluding minority interests	3,486
Shareholders' equity at 31 December 2008 excluding minority interests	4,518
Consolidation of Pensionskassen under Alm. Brand A/S	-8
Shareholders' equity according to the rules of the Danish Financial Supervisory Authority excluding minority interests	4,510
Shareholders' equity at 31 December 2007 excluding minority interests	4,942
Consolidation of Pensionskassen under Alm. Brand A/S	-10
Shareholders' equity according to the rules of the Danish Financial Supervisory Authority excluding minority interests	4,932

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

Cash flow statement

DKKm	Group		
	2009	2008	2007
Cash flows from operating activities			
Premiums received	5,454	5,428	5,223
Claims paid	-4,320	-4,789	-4,154
Interest, dividends, etc. received	2,152	2,553	2,237
Interest paid	-628	-1,039	-789
Payments concerning reinsurance	-112	137	39
Fee income received	144	212	210
Fees paid	-45	-42	-49
Expenses paid	-1,562	-1,651	-1,640
Tax on pension investment returns paid	-171	-19	-10
Acquisition of intangible assets, furniture, equipment, etc.	-6	-73	-89
Other ordinary income received	17	14	12
Taxes paid/received	-4	-4	-44
Cash flows from operating activities	919	727	946
Change in investment placement (net)			
Properties acquired or converted	9	-23	-59
Sale/acquisition of equity investments	42	-585	249
Sale/repayment of mortgage deeds and loans	376	-670	-3,890
Divestment Kjøbenhavnske Reassurance	150	0	0
Sale/purchase of bonds	-5,957	1,408	246
Change in receivables from credit institutions over 3 months	311	185	63
Change in investment placement (net)	-5,069	315	-3,391
Change in financing			
Other provisions	0	-14	-128
Sale/purchase of treasury shares	-19	-397	-677
Sale/acquisition of subsidiaries (change in minority interests)	-3	-34	-25
Subordinated debt	1,003	0	343
Change in issued bonds	-1,367	10	362
Change in deposits	-45	-320	1,878
Change in payables to credit institutions	2,749	-266	2,143
Change in other liabilities	300	0	0
Change in financing	2,618	-1,021	3,896
Gross change in cash and cash equivalents	-1,532	21	1,451
Exchange rate adjustment of cash and cash equivalents beginning of year	4	-23	-34
Disposals relating to divestments	-209	0	0
Net change in cash and cash equivalents	-1,737	-2	1,417
Cash and cash equivalents beginning of year	3,117	3,119	1,702
Cash and cash equivalents, year end	1,380	3,117	3,119
Cash and cash equivalents comprise the following items:			
Cash at bank and in hand	49	146	790
Amounts due from credit institutions and central banks, see Note 11	569	872	212
Amounts due from credit institutions and central banks, see Note 11	762	2,099	2,117
	1,380	3,117	3,119

Segment reporting, Balance sheet

2009

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

2008

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

Segment reporting, Balance sheet

2007

DKKm	Note	Non-life	Banking	Life	Other	Elimi- nation	Total
Assets							
Intangible assets	1	164	63	0	0		227
Owner-occupied properties	2	9	0	0	0	661	670
Deferred tax assets	3	99	74	28	33		234
Investments in associates	4	0	25	48	20	-48	45
Reinsurers' share of insurance contracts	5	104	0	29	385		518
Current tax assets	6	0	39	4	11	-24	30
Other assets	7	696	596	264	173	-241	1,488
Loans and advances	8	0	17,117	0	0		17,117
Investment properties	9	24	0	1,448	0	-661	811
Investment assets	10	6,970	5,717	10,145	564	0	23,396
Balances due from credit institutions and central banks	11	250	1,712	0	598	0	2,560
Cash in hand and balances at call		470	442	202	447	-771	790
Total assets		8,786	25,785	12,168	2,231	-1,084	47,886
Liabilities and equity							
Share capital		0	0	0	1,668		1,668
Reserves, retained earnings, etc.		2,338	1,365	903	-1,326	-6	3,274
Minority interests		0	552	0	0	-48	504
Consolidated shareholders' equity	12	2,338	1,917	903	342	-54	5,446
Subordinated debt	13	149	668	120	0	-120	817
Provisions for insurance contracts	14	5,930	0	11,049	1,352		18,331
Other provisions	15	36	6	0	76		118
Deferred tax liabilities	16	0	0	0	46		46
Issued bonds	17	0	1,402	0	0		1,402
Current tax liabilities	6	24	0	0	0	-24	0
Other liabilities	18	309	1,182	96	415	-115	1,887
Deposits	19	0	11,758	0	0	-771	10,987
Payables to credit institutions and central banks	20	0	8,852	0	0		8,852
Total liabilities and equity		8,786	25,785	12,168	2,231	-1,084	47,886

Segment reporting, Income statement

2009

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

2008

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

Segment reporting, Income statement

2007

DKK ^m	Note	Non-life	Banking	Life	Other	Elimi- nation	Total
Income							
Premiums	21	4,578	0	750	17		5,345
Interest income, etc.	22	346	1,237	471	102	-45	2,111
Fee income, etc.	23	0	207	0	0	-22	185
Other income from investment activities	24	1	0	77	0	-38	40
Other income	26	28	12	0	0		40
Total income		4,953	1,456	1,298	119	-105	7,721
Costs							
Claims expenses	27	-3,156	0	-918	-7		-4,081
Interest expenses	28	-164	-842	-6	-4	43	-973
Other expenses from investment activities		-16	0	-22	-52	22	-68
Impairment of loans, advances and receivables, etc.	29	0	50	0	0		50
Acquisition costs and administrative expenses	30	-898	-521	-82	-40	40	-1,501
Other costs	31	-41	0	0	0		-41
Total costs		-4,275	-1,313	-1,028	-103	105	-6,614
Profit/loss from business ceded	32	-129	0	17	27		-85
Change in life insurance provisions	33	0	0	188	0		188
Change in collective bonus potential		0	0	61	0	8	69
Value adjustments	34	98	47	-421	-4	-8	-288
Tax on pension investment returns	35	0	0	-11	0		-11
Profit before tax		647	190	104	39	0	980
Tax	36	-185	-33	-35	-13		-266
Profit after tax		462	157	69	26	0	714

Overview of notes

NOTES WITH REFERENCE

Note 1	Intangible assets
Note 2	Owner-occupied properties
Note 3	Deferred tax assets
Note 4	Investments in associates
Note 5	Reinsurers' share of insurance contracts
Note 6	Current tax assets
Note 7	Other assets
Note 8	Loans and advances
Note 9	Investment properties
Note 10	Investment assets
Note 11	Balances due from credit institutions and central banks
Note 12	Consolidated shareholders' equity
Note 13	Subordinated debt
Note 14	Provisions for insurance contracts
Note 15	Other provisions
Note 16	Deferred tax liabilities
Note 17	Issued bonds
Note 18	Other liabilities
Note 19	Deposits
Note 20	Payables to credit institutions and central banks
Note 21	Premium income
Note 22	Interest income, etc.
Note 23	Fee income, etc.
Note 24	Other income from investment activities
Note 25	Profit from investments in associates
Note 26	Other income
Note 27	Claims expenses
Note 28	Interest expenses
Note 29	Impairment of loans, advances and receivables, etc.
Note 30	Acquisition costs and administrative expenses
Note 31	Other costs
Note 32	Loss from business ceded
Note 33	Change in life insurance provisions
Note 34	Value adjustments
Note 35	Tax on pension investment returns
Note 36	Tax
Note 37	Share attributable to minority shareholders

NOTES WITHOUT REFERENCE

Note 38	Technical result, non-life insurance
Note 39	Realised result, life insurance
Note 40	Contingent liabilities, guarantees and lease agreements
Note 41	Collateral security
Note 42	Related parties
Note 43	Classification of financial instruments
Note 44	Return of financial instruments
Note 45	Fair value on financial instruments
Note 46	Financial instruments by term to maturity
Note 47	Credit risk
Note 48	Hedge accounting
Note 49	Sensitivity information
Note 50	Key ratios for the banking group
Note 51	Accounting policies

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 1 Intangible assets															
Software	118	0	0	0	118	155	39	0	0	194	164	14	0	0	178
Goodwill	0	0	0	0	0	0	49	0	0	49	0	49	0	0	49
Intangible assets, year-end	118	0	0	0	118	155	88	0	0	243	164	63	0	0	227
Software															
Cost beginning of year	337	39	0	0	376	306	14	0	0	320	252	3	0	0	255
Additions during the year	1	13	0	0	14	31	25	0	0	56	54	11	0	0	65
Disposals during the year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost, year-end	338	52	0	0	390	337	39	0	0	376	306	14	0	0	320
Accumulated amortisation and impairment,															
beginning of year	-182	0	0	0	-182	-142	0	0	0	-142	-117	0	0	0	-117
Amortisation	-38	0	0	0	-38	-40	0	0	0	-40	-25	0	0	0	-25
Impairment	0	-52	0	0	-52	0	0	0	0	0	0	0	0	0	0
Reversal of prior years' amortisation and impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated amortisation and impairment, year-end	-220	-52	0	0	-272	-182	0	0	0	-182	-142	0	0	0	-142
Software, year-end	118	0	0	0	118	155	39	0	0	194	164	14	0	0	178
Goodwill															
Cost beginning of year	49	0	0	0	49	49	49	0	0	49	49	49	0	0	49
Additions during the year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals during the year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost, year-end	49	0	0	0	49	49	49	0	0	49	49	49	0	0	49
Accumulated amortisation and impairment,															
beginning of year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment	-49	0	0	0	-49	0	0	0	0	0	0	0	0	0	0
Reversal of prior years' amortisation and impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated amortisation and impairment, year-end	-49	0	0	0	-49	0	0	0	0	0	0	0	0	0	0
Software, year-end	0	0	0	0	0	0	49	0	0	49	49	49	0	0	49

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

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

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 2 Owner-occupied properties															
Cost beginning of year	3				1,063	3				725	3				698
Additions during the year	0				1	0				338	0				27
Disposals during the year	-2				-2	0				0	0				0
Cost, year-end	1				1,062	3				1,063	3				725
Accumulated revaluations beginning of year	8				66	6				37	3				26
Additions revaluation beginning of year	0				0	0				17	0				0
Revaluations during the year	0				5	2				14	3				11
Reversal of prior year revaluation through shareholders' equity	-6				-11	0				-2	0				0
Accumulated revaluations, year-end	2				60	8				66	6				37
Accumulated depreciation and impairment, beginning of year	0				-93	0				-92	0				-92
Impairment for the year	0				-4	0				-5	0				0
Reversal of prior year impairment through the income statement	0				10	0				4	0				0
Accumulated depreciation and impairment, year-end	0				-87	0				-93	0				-92
Owner-occupied properties, year-end	3				1,035	11				1,036	9				670
Restated value beginning of year	11				1,036	9				670	6				632
Additions during the year	0				1	0				355	0				26
Disposals during the year	-2				-2	0				0	0				0
Value adjustment recognised through the income statement	0				6	0				-1	0				1
Value adjustment recognised through shareholders' equity	-6				-6	2				12	3				11
Restated value, year-end	3				1,035	11				1,036	9				670
Average return, office property					6.11%					6.12%					6.03%

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

Notes

DKK m	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 3 Deferred tax assets															
Deferred tax assets beginning of year	93	68	9	25	195	99	74	28	33	234	209	126	67	47	449
Disposals relating to divestments	0	0	0	-12	-12	0	0	0	0	0	-21	-13	-7	-5	-46
Prior-year adjustment	6	0	0	0	6	6	0	0	9	15	-7	-1	-2	3	-7
Tax through equity	0	0	0	0	0	-1	0	0	0	-1	-1	0	0	0	-1
Change for the year	7	339	-15	1	332	-11	-6	-19	-17	-53	-81	-38	-30	-12	-161
Deferred tax assets, year-end	106	407	-6	14	521	93	68	9	25	195	99	74	28	33	234
Deferred tax on net fees	0	-3	0	0	-3	0	-1	0	0	-1	0	-1	0	0	-1
Deferred tax on equipment	25	1	0	6	32	2	1	0	7	10	9	1	0	9	19
Deferred tax on shares and bonds	0	0	0	0	0	0	0	15	0	15	0	0	34	0	34
Deferred tax on real estate	-2	3	-5	0	-4	-1	1	-6	0	-6	0	0	-6	0	-6
Deferred tax on goodwill	78	0	-1	0	77	78	0	0	0	78	78	0	0	0	78
Deferred tax on other intangibles	0	0	0	0	0	0	-2	0	0	-2	0	-1	0	0	-1
Deferred tax on lease assets	0	85	0	0	85	0	59	0	0	59	0	64	0	0	64
Deferred tax on provisions	5	21	0	5	31	14	10	0	18	42	12	11	0	24	47
Deferred tax on losses carried forward	0	300	0	3	303	0	0	0	0	0	0	0	0	0	0
Deferred tax assets, year-end	106	407	-6	14	521	93	68	9	25	195	99	74	28	33	234

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

At 31 December 2008 the group had total tax assets of some DKK 205 million, of which DKK 195 million has been capitalised. At 31 December 2007 the group had total tax assets of some DKK 240 million, of which DKK 234 million has been capitalised.

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 4 Investments in associates															
Investments in associates															
Cost beginning of year	29	43	43	25	29	25	43	3	43	25	3	43	3	43	3
Additions	0	2	0	57	0	57	0	22	0	57	22	0	0	0	22
Disposals	0	0	0	-53	0	-53	0	0	0	-53	0	0	0	0	0
Cost, year-end	29	45	43	29	29	29	43	25	43	29	25	43	25	43	25
Revaluations and impairment beginning of year	-1	-25	0	0	-1	0	5	0	0	0	0	6	0	0	0
Profit/loss for the year	1	8	0	0	1	0	-30	0	0	0	0	-1	0	0	0
Reversal of adjustments	0	0	0	-1	0	-1	0	0	0	-1	0	0	0	0	0
Revaluations and impairment, year-end	0	-17	-1	-1	0	-1	-25	0	5	-1	0	5	0	0	0
Investments in associates, year-end	29	28	28	28	29	28	18	25	48	28	25	48	25	48	25
Investments in joint ventures															
Cost, year-end		60			60	60			60	60				60	60
Revaluations and impairment beginning of year		-42			-42	-40			-40	-40				-40	-40
Loss for the year		-1			-1	-2			-2	-2				0	0
Revaluations and impairment, year-end		-43			-43	-42			-42	-42				-40	-40
Investments in joint ventures, year-end		17			17	18			18	18				20	20
Investments in joint ventures, year-end	29	28	17	46	29	28	18	25	46	28	25	48	25	45	45

Investments in associates comprise Invest Administration A/S and Nordic Corporate Investment. Alm. Brand's ownership interest is 50% in Invest Administration A/S and 25% in Nordic Corporate Investment. In addition, Alm. Brand Liv og Pension A/S' part of the affiliated company Alm. Brand Formue A/S is included. The investment is eliminated at group level. Investments in joint ventures comprise Alm. Brand's investment in EDC-udvikling a/s. Alm. Brand's ownership interest is 50%.

In addition Investeringsselskabet af 6/10 1998 A/S was included in 2008 and 2007. Alm. Brand's ownership interest was 20%.

In addition Henton Aktielinvest A/S was also included in 2007. Alm. Brands ownership interest was 42%. Henton Aktielinvest A/S was wound up at year-end 2008. Nordic Corporate Investments A/S was not included in 2007.

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 5 Reinsurers' share of insurance contracts															
Reinsurers' share of life insurance provisions	0		27	0	27	0		25	0	25	0		27	0	27
Reinsurers' share of premium provisions	2		0	0	2	2		0	0	2	0		0	0	0
Reinsurers' share of claims provisions	101		4	0	105	65		2	123	190	104		2	385	491
Reinsurers' share of insurance contracts, year-end	103		31	0	134	67		27	123	217	104		29	385	518
Reinsurers' share of life insurance provisions															
Beginning of year			25		25			27		27			30		30
Change for the year			2		2			-2		-2			-3		-3
Reinsurers' share of life insurance provisions, year-end			27		27			25		25			27		27
Reinsurers' share of premium provisions															
Beginning of year	2		0	0	2	0		0	0	0	0		0	0	0
Premiums ceded	-212		0	0	-212	-196		0	0	-196	0		0	0	0
Payments to reinsurers	212		0	0	212	198		0	0	198	0		0	0	0
Discounting	0		0	0	0	0		0	0	0	0		0	0	0
Reinsurers' share of premium provisions, year-end	2		0	0	2	2		0	0	2	0		0	0	0
Reinsurers' share of claims provisions															
Beginning of year	65		2	123	190	104		2	385	491	142		1	463	606
Disposals relating to divestments	0		0	-123	-123	0		0	0	0	0		0	0	0
Value adjustment	0		0	0	0	0		0	-57	-57	0		0	-46	-46
Claims ceded	63		-24	0	39	20		40	62	122	76		48	26	150
Payments received from reinsurers	-28		26	0	-2	-59		-40	-267	-366	-115		-47	-58	-220
Discounting	1		0	0	1	0		0	0	0	1		0	0	1
Reinsurers' share of claims provisions, year-end	101		4	0	105	65		2	123	190	104		2	385	491

Alm. Brand is automatically notified about any changes to the security rating of reinsurance companies and their financial figures. This provides an overview of the reinsurance market and allows the group to identify potential financial difficulties (run-off) in any of the companies with which it collaborates.

If the security rating of a reinsurer is downgraded to below the level prevailing at the signing of the contract, Alm. Brand has a contractual right to terminate the contract.

Any commutation proposals/agreements at less than 100% of the claims provisions are registered, and any disputes that the group might have with its reinsurers are taken into consideration.

Based on the above, at the balance sheet date, the group assesses whether there are any doubtful receivables from reinsurers. If that is the case, an impairment loss is recognised.

Alm. Brand has no significant concentrations of credit risks on reinsurers.

Reinsurance is calculated on the basis of gross claims incurred based on the given retention rates. See the section on risk for a more detailed description of retention rates. The sensitivity of reinsurance to changes in assumptions is similar to that for gross claims expenses.

There is a direct correlation between reinsurance and gross provisions, so the level of the reinsurance provisions is considered to be adequate at all times.

DKKm	2009					2008					2007				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 6 Current tax assets															
Current tax assets beginning of year	-56	135	6	-66	19	-24	39	4	11	30	-65	49	9	48	41
Prior-year tax adjustment	-6	3	0	0	-3	-6	0	0	-9	-15	7	0	0	-3	4
Tax received in respect of prior years	62	-138	-6	66	-16	30	-39	-4	-2	-15	58	-49	-9	-45	-45
Tax paid during the year	0	1	2	11	14	0	2	4	13	19	57	20	0	12	89
Tax on profit/loss for the year	-86	91	-11	2	0	-56	133	2	-79	0	-81	19	4	-1	-59
Current tax assets, year-end	-86	92	-9	13	14	-56	135	6	-66	19	-24	39	4	11	30

NOTE 7 Other assets

Reinsurance deposits	0	0	0	0	0	0	0	0	9	9	0	0	0	12	12
Receivables from policyholders	142	0	26	0	168	208	0	37	0	245	260	0	49	0	309
Receivables from insurance brokers	14	0	0	0	14	19	0	0	0	19	2	0	0	0	2
Receivables from insurance companies	0	0	0	0	0	0	0	8	126	134	0	0	15	82	97
Receivables from subsidiaries	190	0	0	0	0	180	0	0	552	1	197	0	8	7	0
Other receivables	37	0	26	31	66	61	0	37	49	121	19	0	31	39	66
Positive market value of derivatives	0	537	0	0	537	0	829	0	0	829	0	328	0	0	328
Furniture and equipment, computers, cars, etc.	37	48	0	0	85	48	12	0	0	60	55	9	0	0	64
Other assets	0	66	0	0	66	0	92	0	0	92	0	233	0	0	227
Pensionskassen under Alm. Brand A/S	0	0	0	9	9	0	0	0	8	8	0	0	10	10	10
Assets temporarily acquired	0	86	0	0	86	0	39	0	0	39	0	14	0	0	14
Interest receivable	134	294	137	0	565	148	198	164	0	510	134	0	152	21	307
Prepayments	29	9	16	0	54	34	9	12	13	68	29	12	9	2	52
Other assets, year-end	583	1,040	205	40	1,650	698	1,179	258	757	2,135	696	596	264	173	1,488

Furniture and equipment, computers, cars, etc.

Cost beginning of year	224	20	3	247	220	16	16	4	240	202	16	16	5	223
Adjustment beginning of year	0	76	0	0	0	0	0	0	0	0	0	0	0	0
Additions during the year	11	15	17	6	26	17	6	0	23	27	2	2	0	29
Disposals during the year	-12	-37	-13	-3	-52	-13	-2	-1	-16	-9	-2	-2	-1	-12
Cost, year-end	223	74	0	297	224	20	20	3	247	220	16	16	4	240
Accumulated depreciation and impairment, beginning of year	-176	-8	-3	-187	-165	-7	-7	-4	-176	-151	-6	-6	-5	-162
Adjustment beginning of year	0	-28	0	-28	0	0	0	0	0	0	0	0	0	0
Depreciation for the year	-15	-10	-17	-2	-25	-17	-2	0	-19	-18	-2	-2	0	-20
Depreciation on disposals	5	20	3	28	6	1	1	1	8	4	1	1	1	6
Accumulated depreciation and impairment, year-end	-186	-26	0	-212	-176	-8	-8	-3	-187	-165	-7	-7	-4	-176
Furniture and equipment, computers, cars, etc., year-end	37	48	0	85	48	12	12	0	60	55	9	9	0	64

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 7 Other assets (continued)															
Future minimum lease payments for assets held under operating leases															
Term of 1 year or less		8			8										
Term of 1-5 years		30			30										
Term of 5 years or more		0			0										
Total		38			38										
Alm. Brand has hedged its pension commitments in Pensionskassen under Alm. Brand A/S															
Discount rate beginning of year					2.65%					3.19%					2.57%
Expected return on plan assets beginning of year					3.40%					3.40%					3.50%
Present value of commitment beginning of year					-124					-122					-136
Interest expenses					-3					-4					-3
Benefits paid					12					14					14
Actuarial gains/losses on commitment					0					-12					3
Present value of commitment year-end					-115					-124					-122
Fair value of plan assets beginning of year					132					132					146
Expected return on plan assets					5					4					5
Benefits paid					-13					-14					-14
Actuarial gains/losses on plan assets					0					10					-5
Fair value of plan assets year-end					124					132					132
Present value of commitment					-115					-124					-122
Fair value of plan assets					124					132					132
Net asset recognised in the balance sheet					9					8					10
Interest expenses					-3					-4					-3
Expected return on plan assets					4					4					5
Actuarial gains/losses recognised					0					-2					-2
Costs recognised in the income statement					1					-2					0
Net asset beginning of year					8					10					10
Costs recognised in the income statement					1					-2					0
Net asset recognised in the balance sheet					9					8					10
Expected return on plan assets					5					4					5
Actuarial gains/losses on plan assets					0					10					-5
Actual return on plan assets					5					14					0

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 8 Loans and advances															
Loans and advances at fair value		2,262			2,262	2,705				2,705	2,876				2,876
Loans and advances at amortised cost		12,561			12,561	14,587				14,587	14,241				14,241
Loans and advances, year-end		14,823			14,823	17,292				17,292	17,117				17,117
Loans and advances at fair value															
Mortgage deeds		2,262			2,262	2,705				2,705	2,876				2,876
Loans and advances at fair value, year-end		2,262			2,262	2,705				2,705	2,876				2,876
Mortgage deeds are measured at fair value, using a valuation method estimating the present value of expected future cash flows. The valuation is based on observable market data (interest rates) in combination with expectations as to future prepayment and loss rates.															
Loans and advances at amortised cost															
Loans		14,050			14,050	14,492				14,492	13,746				13,746
Leases		308			308	531				531	625				625
Impairment etc.		14,358			14,358	15,023				15,023	14,371				14,371
Loans and advances at amortised cost, year-end		-1,797			-1,797	-436				-436	-130				-130
		12,561			12,561	14,587				14,587	14,241				14,241
Gross investment in finance leases															
Term of less than one year		86			86	127				127	104				104
Term of between one and five years		249			249	497				497	580				580
Term of more than five years		6			6	5				5	5				5
Unearned financial income		341			341	629				629	689				689
Net investment in finance leases, year end		-33			-33	-113				-113	-75				-75
		308			308	516				516	614				614
Net investment in finance leases															
Term of less than one year		82			82	100				100	101				101
Term of between one and five years		221			221	413				413	509				509
Term of more than five years		5			5	3				3	4				4
Net investment in finance leases, year-end		308			308	516				516	614				614
Of this, any unguaranteed residual value		0			0	37				37	40				40
Impairment of finance leases		15			15	15				15	12				12

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 8 Loans and advances (continued)															
Value of loans and advances for which there is an objective indication of impairment															
Individual assessment															
Loans and advances before impairment	3,593				3,593	2,020				2,020	555				555
Impairment, etc.	-1,724				-1,724	-402				-402	-103				-103
Individual assessment, year-end	1,869				1,869	1,618				1,618	452				452
Group assessment															
Loans and advances before impairment	8,812				8,812	10,593				10,593	2,916				2,916
Impairment, etc.	-72				-72	-33				-33	-27				-27
Group assessment, year-end	8,740				8,740	10,560				10,560	2,889				2,889
Loans and advances after impairment, year-end	10,609				10,609	12,178				12,178	3,341				3,341

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

NOTE 9 Investment properties

Carrying amount beginning of year	25	1,451			451	24			1,448	811	21			1,361	756
Additions during the year	0	8			7	0			25	21	4			57	34
Disposals during the year	0	0			0	0			0	-351	-2			0	-2
Value adjustments	-2	-10			-18	1			-22	-30	1			30	23
Investment properties, year-end	23	1,449			440	25			1,451	451	24			1,448	811
Average return, office property	7.08%				6.71%	7.11%			6.27%	6.72%	6.97%			6.14%	6.23%
Average return, residential property					6.00%				6.00%					4.50%	4.50%
Total average return	7.08%				6.66%	7.11%			6.38%	6.66%	6.97%			6.08%	6.12%

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

NOTE 10 Investment assets

Government bonds	1,362	2	3,388	0	4,752	1,440	1	1,778	296	3,515	1,415	1	2,663	338	4,417
Mortgage bonds	5,595	8,674	5,636	0	19,905	5,165	3,243	6,725	26	15,159	5,163	4,683	6,215	10	16,071
Other fixed-rate instruments	167	68	425	0	660	154	134	256	125	669	189	191	346	186	912
Other floating-rate instruments	94	0	205	2	301	0	0	271	9	280	182	0	47	11	240
Listed shares	0	313	842	0	1,155	0	314	530	11	855	0	733	523	10	1,266
Unlisted shares	22	211	241	1	475	16	160	248	6	430	21	109	247	7	384
Other	8	0	81	0	89	0	0	72	0	72	0	0	104	2	106
Investment assets, year-end	7,248	9,268	10,818	3	27,337	6,775	3,652	9,880	473	20,980	6,970	5,717	10,145	564	23,396

The group's holding of listed and unlisted shares had a market value of DKK 1,630 million at 31 December 2009 (2008: DKK 1,285 million and 2007: DKK 1,650 million). A significant part of the group's equity exposure is achieved through the use of derivatives such as options and futures. The aggregate equity exposure, including derivatives, was DKK 1,887 million at 31 December 2009 (2008: DKK 1,668 million and 2007: DKK 2,342 million).

The bank's portfolio of financial instruments is recognised under other assets and other liabilities. Please refer to the bank's annual report for further details on the positions.

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 11 Balances due from credit institutions and central banks															
Balances at notice with central banks	0	0	0	0	0	0	1,140	0	0	1,140	0	420	0	0	420
Balances due from credit institutions	485	846	0	0	1,331	340	897	100	540	1,877	250	1,292	0	598	2,140
Balances due from credit institutions and central banks, year-end	485	846	0	0	1,331	340	2,037	100	540	3,017	250	1,712	0	598	2,560
By term to maturity:															
Balances at call	0	569	0	0	569	0	872	0	0	872	0	212	0	0	212
Up to and including 3 months	485	277	0	0	762	340	1,165	100	494	2,099	250	1,500	0	367	2,117
Over 3 months and up to and including 1 year	0	0	0	0	0	0	0	0	46	46	0	0	0	231	231
Year-end	485	846	0	0	1,331	340	2,037	100	540	3,017	250	1,712	0	598	2,560
Receivables in connection with genuine purchase and resale transactions:															
Due from credit institutions and central banks	0	0	0	0	0	0	0	0	0	0	0	584	0	0	584
Other debtors	94	94	0	0	94	23	23	23	23	23	23	584	0	0	584
Year-end	94	94	0	0	94	23	23	23	23	23	23	584	0	0	584

NOTE 12 Consolidated shareholders' equity

Share capital	1,476	1,668	1,788
Cancellation of treasury shares	-88	-192	-120
Share capital, year-end	1,388	1,476	1,668

The share capital consists of 17,350,000 shares of DKK 80 each and has been fully paid up. The share capital year-end 2008 consisted of 18,450,000 shares of DKK 80 each and was fully paid up. The share capital year-end 2007 consisted of 20,850,000 shares of DKK 80 each and was fully paid up.

The following shareholder has announced that it holds more than 5% of the share capital:

Alm. Brand af 1792 Imba
Midtermolen 7
DK-2100 Copenhagen
Denmark

DKKm	2009	2008	2007	2006	2005	2004
Share capital beginning of year	1,476	1,668	1,788	1,788	1,788	1,788
Cancellation of treasury shares	-88	-192	-120	0	0	0
Share capital, year-end	1,388	1,476	1,668	1,788	1,788	1,788

Reference is made to the statement of changes in equity.

DKKm	2009	2008	2007
Solvency			
Tier 1 capital after deductions	3,670	4,127	4,818
Capital base after deductions	3,679	3,977	4,681

Notes

	2009	2008	2007
DKKm			
NOTE 12 Consolidated shareholders' equity (continued)			
Weighted items subject to credit risks	15,507	17,948	20,654
Weighted items subject to market risks	2,243	1,842	2,071
Weighted items subject to operational risks	715	852	982
Total weighted items	18,465	20,642	23,707
Tier 1 capital after deductions as a percentage of total weighted items	19.9%	20.0%	20.3%
Solvency ratio	19.9%	19.3%	19.7%
The risk-weighted items have been prepared in accordance with the Danish Financial Business Act.			
No. of shares			
Reconciliation of the no. of shares (1,000)			
Issued shares beginning of year	18,450	20,850	22,350
Treasury shares beginning of year	-1,376	-1,906	-1,421
No. of shares beginning of year	17,074	18,944	20,929
Shares bought back	-391	-1,935	-2,017
Employee shares issued	153	43	54
Shares acquired/sold during the year	0	22	-22
Cancellation of treasury shares	1,100	2,400	0
Issued shares year end	17,350	18,450	20,850
Treasury shares year end	-515	-1,376	-1,906
No. of shares at year end	16,835	17,074	18,944
Treasury shares			
Carrying amount beginning of year	0	0	0
Value adjustment	69	-205	-557
Acquired during the year	30	941	1,442
Sold during the year	-11	-544	-765
Cancellation of treasury shares	-88	-192	-120
Treasury shares, year-end	0	0	0
Nominal value beginning of year	110	152	114
Acquired during the year	31	349	337
Sold during the year	-12	-199	-179
Cancellation of treasury shares	-88	-192	-120
Nominal value, year-end	41	110	152
Holding (no. of shares) beginning of year	1,376	1,906	1,421
Acquired during the year	391	4,358	4,219
Sold during the year	-153	-2,488	-2,234
Cancellation of treasury shares	-1,100	-2,400	-1,500
Holding (no. of shares), year-end	514	1,376	1,906
Percentage of share capital, year-end	3.0%	7.5%	9.1%

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 13 Subordinated debt															
Subordinated loan capital															
Floating rate bullet loans maturing 2012.05.09	0	0	0	0	0	0	0	0	0	100	0	100	0	0	100
Floating rate bullet loans maturing 2013.05.09	0	100	0	0	100	0	100	0	0	100	0	100	0	0	100
Floating rate bullet loans maturing 2014.05.09	0	100	0	0	100	0	100	0	0	100	0	100	0	0	100
Floating rate bullet loans maturing 2015.12.03	0	200	0	0	200	0	200	0	0	200	0	200	0	0	200
Floating rate bullet loans maturing 2020.03.15	0	0	120	0	0	0	0	120	0	0	0	0	120	0	0
Floating rate bullet loans maturing 2020.03.15	149	0	0	0	149	149	0	0	0	149	149	0	0	0	149
Floating rate bullet loans maturing 2016.10.13	0	0	0	0	0	0	300	0	0	0	0	0	0	0	0
Floating rate bullet loans maturing 2016.12.19	0	0	0	0	0	0	250	0	0	0	0	0	0	0	0
Floating rate bullet loans maturing 2017.09.07	0	0	0	249	249	0	0	0	0	0	0	0	0	0	0
Subordinated loan capital, year-end	149	400	120	249	798	149	1,050	120	0	649	149	500	120	0	649
Hybrid loan capital															
Fixed rate bullet loans in DKK with indefinite terms		175			175		175			175		175			175
State-funded capital injection, bullet loan i DKK with an indefinite term		854			854		0			0		0			0
Hybrid loan capital, year-end		1,029			1,029		175			175		175			175
Hedging of interest rate risk at fair value		7			7		4			4		-7			-7
Subordinated debt, year-end	149	1,436	120	249	1,834	149	1,229	120	0	828	149	668	120	0	817
Interest on subordinated debt	5	81	4	5	95	10	49	6	6	65	8	33	6	6	47
Extraordinary instalments	0	550	0	0	550	0	0	0	0	0	0	0	0	0	0
Costs incurred in connection with the raising of the subordinated debt	0	0	0	1	1	0	1	2	2	3	3	0	2	2	5

The subordinated loan capital in the non-life insurance segment carries interest at a floating rate of three-month EURIBOR plus 1.80 basis points.

The subordinated loan capital in the banking segment carries interest at a floating rate of three-month CIBOR plus 1.00-3.00 percentage points or six-month CIBOR plus 1.00 percentage points.

The subordinated loan capital in the life insurance segment carries interest at a floating rate of three-month EURIBOR plus 1.80 basis points.

The hybrid loan capital of DKK 175 million was issued on 12 October 2006 and is subject to a rate of interest for the first ten-year term of 5.855%. Subsequently, the capital certificates carry interest at 3M CIBOR plus 2.70 percentage points. As a part of the risk management efforts, the fair value of the hybrid Tier 1 capital is hedged by way of derivative financial instruments. See note 48.

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

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

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

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 14 Provisions for insurance contracts															
Unearned premium provisions	1,801		0	0	1,801	1,751		0	0	1,751	1,746		0	12	1,758
Life insurance provisions	0		10,994	0	10,994	0		10,758	0	10,758	0		10,590	0	10,590
Outstanding claims provisions	4,830		44	0	4,874	4,509		43	653	5,205	4,184		46	1,340	5,570
Collective bonus potential	0		225	0	225	0		0	0	0	0		413	0	413
Provisions for insurance contracts, year-end	6,631		11,263	0	17,894	6,260		10,801	653	17,714	5,930		11,049	1,352	18,331
Unearned premium provisions															
Beginning of year	1,751		0	0	1,751	1,746		12	12	1,758	1,662		13	13	1,675
Exchange rate adjustment	0		0	0	0	0		-12	-12	-12	0		-1	-1	-1
Premiums received	4,750		0	0	4,750	4,736		14	14	4,750	4,678		17	17	4,695
Premiums recognised as income	-4,714		0	0	-4,714	-4,769		-14	-14	-4,783	-4,578		-17	-17	-4,595
Discounting, all years	12		0	0	12	14		0	0	14	10		10	0	10
Value adjustment, all years	2		0	0	2	24		0	0	24	-26		0	0	-26
Unearned premium provisions, year-end	1,801		0	0	1,801	1,751		0	0	1,751	1,746		12	12	1,758

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Life insurance provisions															
Life insurance provisions beginning of year					10,758					10,590					10,772
Accumulated value adjustments beginning of year					-334					-256					-591
Retrospective provisions beginning of year					10,424					10,334					10,181
Change in share of provisions in Forenade Gruppelliv					-1					-3					5
Gross premiums					710					747					750
PAL compensation (gross)					0					15					0
Interest					351					440					450
Claims and benefits					-892					-981					-919
Expense supplement after addition of expense bonus					-71					-79					-80
PAL cost					0					-2					0
Risk gain after addition of risk bonus					-45					-48					-46
Change as a result of changes in the level of interest rates and mortality rates (annuities)					27					7					-10
Other changes					1					-6					3
Retrospective provisions, year-end					10,504					10,424					10,334
Accumulated value adjustments, year-end					490					334					256
Life insurance provisions, year-end					10,994					10,758				10,590	
Guaranteed benefits					8,862					8,820					7,846
Bonus potential on future premiums					1,370					1,270					1,655
Bonus potential on paid-up policy benefits					762					668					1,089
Life insurance provisions, year-end					10,994					10,758				10,590	

DKK m	2009			2008			2007					
	Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits			
NOTE 14 Provisions for insurance contracts (continued)												
Life insurance provisions per basis												
G82 2%	1,268	1,045	603	2,916	1,192	897	510	2,599	492	1,168	662	2,322
G82 3%	1,112	160	121	1,393	1,109	173	112	1,394	984	232	237	1,453
G82 3.49%	2,185	89	89	2,363	2,259	111	96	2,466	2,102	125	232	2,459
G82 5%	3,857	76	-51	3,882	3,841	89	-50	3,880	3,855	130	-42	3,943
G82 8%-16%	13	0	0	13	12	0	0	12	12	0	0	12
L66 4.5%	1	0	0	1	1	0	0	1	1	0	0	1
Non-guaranteed	230	0	0	230	225	0	0	225	211	0	0	211
Portfolios without bonus entitlement year-end	8,666	1,370	762	10,798	8,639	1,270	668	10,577	7,657	1,655	1,089	10,401
L66 13.6%	1	0	0	1	1	0	0	1	2	0	0	2
U74 12%-20%	195	0	0	195	180	0	0	180	187	0	0	187
Portfolios without bonus entitlement year-end	196	0	0	196	181	0	0	181	189	0	0	189
Life insurance provisions, year-end	8,862	1,370	762	10,994	8,820	1,270	668	10,758	7,846	1,655	1,089	10,590

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

DKK m	2009			2008			2007					
	Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits			
Guaranteed benefits include a supplement pursuant to section 66(5) of the executive order on the presentation of financial reports by insurance companies, to the effect that the minimum value provided is equal to the guaranteed surrender value.												
The supplement has been calculated taking into account the probability of surrender and totals												
Without taking into account the probability of surrender, the supplement amounts to												
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to												
			113					61				76
			113					61				76
			12.00%					5.00%				5.00%

DKK m	2009					2008					2007				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 14 Provisions for insurance contracts (continued)															
Outstanding claims provisions															
Beginning of year	4,509		43	653	5,205	4,184		46	1,340	5,570	4,057		48	1,692	5,797
Disposals relating to divestments	0		0	-653	-653	0		0	0	0	0		0	0	0
Transferred from premium provisions	0		0	0	0	0		0	12	12	0		0	0	0
Exchange rate adjustments	0		0	0	0	0		0	-148	-148	0		0	-131	-131
Claims paid regarding current year	-2,041		-888	0	-2,929	-1,900		-984	0	-2,884	-1,753		-920	0	-2,673
Claims paid regarding previous years	-1,477		0	0	-1,477	-1,550		0	-331	-1,881	-1,290		0	-228	-1,518
Change in claims regarding current year	3,689		889	0	4,578	3,504		981	0	4,485	3,177		918	0	4,095
Change in claims regarding previous years	-88		0	0	-88	19		0	-220	-201	-21		0	7	-14
Discounting, all years	141		0	0	141	162		0	0	162	146		0	0	146
Value adjustment, all years	58		0	0	58	111		0	0	111	-143		0	0	-143
Hedging of inflation risk	39		0	0	39	-21		0	0	-21	11		0	0	11
Outstanding claims provisions, year-end	4,830		44	0	4,874	4,509		43	653	5,205	4,184		46	1,340	5,570

The determination of expected future inflation is explained in the accounting policies. For provisions for workers' compensation the inflation factor applied for 2009 is 3.45%. For provisions for workers' compensation the inflation factor applied for 2008 and 2007 is 3.36%, and for children's dental damage the inflation factor is 3.10%.

DKK m	2009					2008					2007				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Run-off triangle, gross															
Estimated accumulated claims															
Year-end															
1 year later															
2 years later															
3 years later															
4 years later															
5 years later															
Paid to date															
Provisions before discounting effect, year-end															
Discounting effect															
Accumulated value change, health and personal accident insurance															
Provisions from 2003 and prior years															
Gross outstanding claims provisions, year-end															

Notes

DKK m	2004	2005	2006	2007	2008	2009	Total
NOTE 14 Provisions for insurance contracts (continued)							
Run-off triangle, net of reinsurance							
Estimated accumulated claims							
Year-end	2,878	2,768	2,802	3,234	3,589	3,703	
1 year later	2,873	2,739	3,004	3,498	3,671		
2 years later	2,800	2,754	2,945	3,541			
3 years later	2,747	2,744	2,900				
4 years later	2,717	2,740					
5 years later	2,716						
Paid to date	2,716	2,740	2,900	3,541	3,671	3,703	19,271
Provisions before discounting effect, year-end	-2,456	-2,441	-2,503	-2,956	-2,843	-2,016	-15,215
Discounting effect	260	299	397	585	828	1,687	4,056
Accumulated value change, health and personal accident insurance	-2	-3	-5	-9	-18	-33	-70
	3	3	2	3	3	6	20
Provisions from 2003 and prior years	261	299	394	579	813	1,660	4,006
Outstanding claims provisions year-end, net of reinsurance							693
							4,699

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2004 to 2009. The stated liabilities were calculated excluding discounting, thus eliminating fluctuations due to changes in discount rates and discounting methods. Worker's compensation and health and personal accident insurance are, however, calculated including discounting. The development is presented gross as well as net of reinsurance.

DKK m	2003	2004	2005	2006	2007	2008	Total
Run-off triangle, gross 2008							
Estimated accumulated claims							
Year-end	2,667	2,914	3,560	2,824	3,241	3,604	
1 year later	2,680	2,955	3,533	3,021	3,511		
2 years later	2,696	2,900	3,552	2,962			
3 years later	2,726	2,844	3,520				
4 years later	2,694	2,802					
5 years later	2,703						
Paid to date	2,703	2,802	3,520	2,962	3,511	3,604	19,102
Provisions before discounting effect, year-end	-2,447	-2,507	-3,114	-2,402	-2,729	-1,899	-15,098
Discounting effect	256	295	406	560	782	1,705	4,004
Accumulated value change, health and personal accident insurance	-4	-6	-11	-20	-38	-58	-137
	0	2	3	2	3	3	13
Provisions from 2002 and prior years	252	291	398	542	747	1,650	3,880
Gross outstanding claims provisions, year-end							630
							4,510

Notes

DKK m	2003	2004	2005	2006	2007	2008	Total
NOTE 14 Provisions for insurance contracts (continued)							
Run-off triangle, net of reinsurance 2008							
Estimated accumulated claims							
Year-end	2,647	2,878	2,768	2,802	3,234	3,589	
1 year later	2,663	2,873	2,739	3,004	3,498		
2 years later	2,683	2,800	2,754	2,945			
3 years later	2,710	2,747	2,744				
4 years later	2,676	2,717					
5 years later	2,689						
Paid to date	2,689	2,717	2,744	2,945	3,498	3,589	18,182
Provisions before discounting effect, year-end	-2,438	-2,425	-2,374	-2,396	-2,726	-1,899	-14,258
Discounting effect	251	292	370	549	772	1,690	3,924
Accumulated value change, health and personal accident insurance	-4	-6	-11	-20	-38	-58	-137
	4	4	4	3	6	5	26
Provisions from 2002 and prior years	251	290	363	532	740	1,637	3,813
Outstanding claims provisions year-end, net of reinsurance							632
							4,445

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2003 to 2008. The stated liabilities were calculated excluding discounting, thus eliminating fluctuations due to changes in discount rates and discounting methods. Worker's compensation and health and personal accident insurance are, however, calculated including discounting. The development is presented gross as well as net of reinsurance.

DKK m	2002	2003	2004	2005	2006	2007	Total
Run-off triangle, gross 2007							
Estimated accumulated claims							
Year-end	3,117	2,667	2,914	3,560	2,824	3,241	
1 year later	3,050	2,680	2,955	3,533	3,021		
2 years later	3,094	2,696	2,900	3,552			
3 years later	3,126	2,726	2,844				
4 years later	3,179	2,694					
5 years later	3,138						
Paid to date	3,138	2,694	2,844	3,552	3,021	3,241	18,490
Provisions before discounting effect, year-end	-2,958	-2,390	-2,433	-2,975	-2,196	-1,753	-14,705
Discounting effect	180	304	411	577	825	1,488	3,785
Accumulated value change, health and personal accident insurance	-3	-5	-11	-20	-35	-55	-129
	0	1	1	1	1	1	5
Provisions from 2001 and prior years	177	300	401	558	791	1,434	3,661
Gross outstanding claims provisions, year-end							523
							4,184

Notes

DKKm	2002	2003	2004	2005	2006	2007	Total
NOTE 14 Provisions for insurance contracts (continued)							
Run-off triangle, net of reinsurance 2007							
Estimated accumulated claims							
Year-end	3,069	2,647	2,878	2,768	2,802	3,234	
1 year later	2,977	2,663	2,873	2,739	3,004		
2 years later	3,022	2,683	2,800	2,754			
3 years later	3,043	2,710	2,747				
4 years later	3,105	2,676					
5 years later	3,065						
Paid to date	3,065	2,676	2,747	2,754	3,004	3,234	17,480
Provisions before discounting effect, year-end	-2,892	-2,382	-2,351	-2,249	-2,191	-1,752	-13,817
Discounting effect	173	294	396	505	813	1,482	3,663
Accumulated value change, health and personal accident insurance	-3	-5	-10	-20	-35	-55	-128
	2	3	5	3	3	7	23
Provisions from 2001 and prior years	172	292	391	488	781	1,434	3,558
Outstanding claims provisions year-end, net of reinsurance							522
							4,080

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2002 to 2007. The stated liabilities were calculated excluding discounting, thus eliminating fluctuations due to changes in discount rates and discounting methods. Worker's compensation and health and personal accident insurance are, however, calculated including discounting. The development is presented gross as well as net of reinsurance.

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

Calculation of claims provisions

For all lines except children's dental damage and workers' compensation, the future inflation rate is estimated and recognised implicitly in the provision models. For children's dental damage, a summary private sector salary index without safety margin is used. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

Notes

NOTE 14 Provisions for insurance contracts (continued)

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

2008 and 2007: For the part of the claims in which 15% or more of the disbursements are made after one year from the date of the claim, the provisions are discounted. The outstanding claims provisions are divided into homogenous groups for which the average duration has been calculated, and the provisions are discounted on the basis thereof. The discount rate applied is the maturity-dependent discount rate stipulated by the Danish Financial Supervisory Authority for the given duration.

Sensitivity of provisions

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

Social inflation has a particular impact on claims levels within workers' compensation, vehicle and liability insurance. When discounted provisions are made, expectations of the future inflation and discount rates on long-tail business are sensitive to changes.

Adequacy of provisions

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

DKK m	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 15 Other provisions															
Provisions for jubilees, severance payments, etc.	22	3	0	0	25	24	4	32	60	36	6	30	30	72	
Provisions for losses on guarantees	0	65	0	0	65	0	14	0	14	0	0	0	0	0	
Other provisions	0	0	0	0	0	0	0	30	30	0	0	0	46	46	
Other provisions, year-end	22	68	0	0	90	24	18	62	104	36	6	62	76	118	
Provisions for jubilees, severance payment, etc., beginning of year	24	4	32	0	60	36	6	30	72	38	9	35	35	82	
Net provisions recognised during the year	0	0	0	0	0	0	0	0	0	15	-2	-5	-5	8	
New and adjusted provisions	1	0	0	0	1	-37	-6	2	-41	0	0	0	0	0	
Reversed provisions recognised during the year	-4	-2	-32	0	-38	-4	-1	0	-5	0	0	0	0	0	
Provisions used during the year	-2	0	0	0	-2	-1	0	0	-1	0	0	0	0	0	
Discounting effect	3	1	0	0	4	30	5	0	35	-17	-1	0	0	-18	
Provisions for jubilees, severance payment etc., year-end	22	3	0	0	25	24	4	32	60	36	6	30	30	72	
Provisions for losses on guarantees beginning of year	14	52	0	0	14	0	14	0	14	0	0	0	0	0	
Provisions for the year	52	-1	0	0	52	14	0	0	14	0	0	0	0	0	
Reversed provisions for the year	-1	65	0	0	-1	0	0	0	0	0	0	0	0	0	
Provisions for losses on guarantees, year-end	65	52	0	0	65	14	14	14	14	0	0	0	0	0	
Other provisions beginning of year	0	0	30	0	30	30	46	46	46	56	108	108	164	164	
Provisions for the year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Reversed provisions for the year	-30	-30	-16	-16	-30	-16	-16	-16	-16	-56	-62	-62	-118	-118	
Other provisions, year-end	0	0	0	0	0	0	30	30	30	0	0	46	46	46	

Other provisions cover provisions for: Rent commitments for Copenhagen Re's London offices. Provisions for jubilees, severance of service, etc. have been calculated using an estimated likelihood of disbursement.

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 16 Deferred tax liabilities															
Deferred tax on contingency funds			46		46			46		46			46		46
Deferred tax liabilities, year-end			46		46			46		46			46		46

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

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

NOTE 17 Issued bonds

Floating-rate loan in NOK with expiry on 2009.09.29	0	0	0	0	0	1,135	0	1,135	0	1,135	1,402	0	1,402
Employee bonds	0	0	26	26	26	0	10	10	0	10	0	0	0
Issued bonds, year-end	0	0	26	26	26	1,135	10	1,145	10	1,145	1,402	0	1,402

In September 2006, the bank issued the listed bond Alm - Brand Bank A/S Open Bond Issue, which was listed on ABM in Oslo, Norway and carried interest at NIBOR plus 0.15 percentage point. At 1 January 2007, the bank increased the outstanding amount by NOK 350 million. The bond was redeemed in September 2009. Alm Brand A/S issued employee bonds amounting to DKK 10 million in 2009.

NOTE 18 Other liabilities

Reinsurance deposits	0	0	0	0	0	0	0	27	0	27	0	0	113	113
Payables to policyholders	21	0	0	0	21	47	0	0	0	47	16	0	0	16
Payables related to direct insurance	0	0	6	0	6	0	12	0	0	12	0	13	0	13
Payables related to reinsurance	2	0	6	0	8	1	56	7	0	58	7	1	171	179
Payables to subsidiaries	12	62	4	493	303	0	49	4	2	2	11	78	0	7
Negative market value of derivatives	0	558	0	0	558	0	944	0	0	944	0	206	0	206
Liabilities temporarily acquired	0	37	0	0	37	0	6	0	0	6	0	0	0	0
Other payables	256	384	78	94	790	289	335	78	118	794	275	875	81	1,331
Deferred income	1	3	0	0	4	0	28	0	2	30	0	23	1	27
Other liabilities, year-end	292	1,044	94	587	1,727	337	1,362	101	207	1,920	309	1,182	96	415

NOTE 19 Deposits

Deposits at call	5,429				5,229	4,985				4,518	5,781			5,042
At notice	4,320				4,320	3,964				3,964	2,662			2,662
Time deposits	373				351	1,406				1,366	2,645			2,613
Special categories of deposits	974				974	786				786	670			670
Deposits, year-end	11,096				10,874	11,141				10,634	11,758			10,987

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 20 Payables to credit institutions and central banks															
Central banks		1,530	0		1,530		0	0		0		0	0		0
Credit institutions		9,776	7		9,783		8,586	0		8,586		8,852	0		8,852
Payables to credit institutions and central banks, year-end		11,306	7		11,313		8,586	0		8,586		8,852	0		8,852
Of which falling due after more than five years		0	0		0		0	0		0		0	0		0
Debt arising from genuine purchase and resale transactions:															
Debt to credit institutions and central banks	11	0	0		11	9	0	0		9	132	0	0		132
NOTE 21 Premium income															
Gross premium		4,750	710	10	5,470	4,736	747	14		5,497	4,678	750	17		5,445
Change in unearned premium provisions		-36	0	0	-36	33	0	0		33	-100	0	0		-100
Total premium income		4,714	710	10	5,434	4,769	747	14		5,530	4,578	750	17		5,345
Direct insurance is exclusively written in Denmark															
Premium income, life insurance															
Regular premiums		652	652		652		658			658		678			678
Single premiums		58	58		58		89			89		72			72
Total premium income, life insurance		710	710		710		747			747		750			750
Individually written insurance		341	341		341		375			375		383			383
Insurance written in employment relationship		215	215		215		229			229		231			231
Group life schemes		154	154		154		143			143		136			136
Total premium income, life insurance		710	710		710		747			747		750			750
Number of policies ('000)															
Individually written insurance		77	77		77		80			80		83			83
Insurance written in employment relationship		8	8		8		8			8		8			8
Group life schemes		66	66		66		68			68		71			71
All policies written include a bonus arrangement.															
The life insurance company only writes direct Danish insurance.															

DKKkm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 22 Interest income, etc.															
Equity investments	0	0	11	0	11	0	0	15	0	15	0	0	16	0	16
Bonds	305	231	451	0	987	343	190	458	2	993	317	190	436	35	978
Loans secured by mortgages	0	204	0	0	204	0	209	0	0	209	0	173	0	0	173
Other loans	0	714	0	0	714	0	1,010	0	0	1,010	0	771	0	0	771
Deposits in credit institutions	21	33	6	24	74	21	74	13	66	144	15	66	14	46	104
Other investment assets	53	-68	4	21	6	21	40	-6	7	54	14	37	5	21	69
Total interest income, etc.	379	1,114	472	45	1,995	385	1,523	480	75	2,425	346	1,237	471	102	2,111

Interest income from genuine purchase and resale transactions
Balances due from credit institutions and central banks
Loans, advances and other receivables

NOTE 23 Fee income, etc.

Securities trading and deposits	119	79	162		139	168		146
Payment transfers	7	7	8		8	6		6
Loan fees	1	1	2		2	21		21
Commission fees	9	9	7		7	5		5
Other fees and commissions	38	38	43		43	31		31
Dividends	10	10	14		14	15		15
Fees paid	-44	-44	-41		-41	-39		-39
Total fee income, etc.	140	100	195		172	207		185

NOTE 24 Other income from investment activities

Rental income	2	47	0		40	3		60
Operation and maintenance - occupied leases	-2	-21	0		-12	-2		-19
Operation and maintenance - vacant leases	0	-3	0		-7	0		-1
Total other income from investment activities	0	23	0		21	1		40

NOTE 25 Profit from investments in associates

Investments in associates	1	8	-1		4	-30		0
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Profit/loss from investments in associates comprises the group's share of the profit in EDC-udvikling a/s, Invest Administration A/S and Nordic Corporate Investments A/S. Alm. Brand Liv og Pension A/S's share of the sister company Alm. Brand Formue A/S is recognised under investment in associates. The share is eliminated at group level.

2008: Profit from investments in associates comprises the group's share of financial results in EDC-udvikling a/s, Invest Administration A/S and Investeringsselskabet af 6/10 1998 A/S. Alm. Brand Liv og Pension A/S's part of the affiliated company Alm. Brand Formue A/S is recognised as an investment in associated company. The investment is eliminated at group level.

2007: Profit from investments in associates comprises the group's share of financial results in EDC-udvikling a/s, Invest Administration A/S, Henton Aktielinvest A/S and Investeringsselskabet af 6/10 1998 A/S. The group's share of financial results from each company is zero.

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 26 Other income															
Income related to building surveyors	2	0			2	12	0			12	28	0			28
Other	0	17			17	0	14			14	0	12			12
Total other income	2	17			19	12	14			26	28	12			40
NOTE 27 Claims expenses															
Claims paid	-3,518		-889	-47	-4,454	-3,450		-986	-331	-4,767	-3,043		-920	-228	-4,191
Change in outstanding claims provisions	-83		0	38	-45	-73		5	551	483	-113		2	221	110
Total claims expenses	-3,601		-889	-9	-4,499	-3,523		-981	220	-4,284	-3,156		-918	-7	-4,081
Run-off result, gross	89			-5	84	-16			232	216	31			9	40
Run-off result, ceded business	-9			9	0	-18			59	41	54			27	81
Run-off result, net	80			4	84	-34			291	257	85			36	121
The run-off result includes value adjustment of inflation swaps used to hedge inflation risk related to workers' compensation.															
Claims and benefits paid, life insurance															
Insurance sums on death			-85		-85			-79		-79			-79		-79
Insurance sums on critical illness			-16		-16			-13		-13			-13		-13
Insurance sums on disability			-8		-8			-6		-6			-6		-6
Insurance sums on expiry			-252		-252			-239		-239			-182		-182
Pension and annuity benefits			-301		-301			-291		-291			-280		-280
Surrenders			-143		-143			-285		-285			-286		-286
Cash bonus payments			-84		-84			-73		-73			-74		-74
Total claims and benefits, life insurance			-889		-889			-986		-986			-920		-920
NOTE 28 Interest expenses															
Credit institutions and central banks	0	-165	0	0	-165	0	-416	0	0	-416	0	-360	0	-4	-364
Deposits and other payables	0	-365	0	0	-365	0	-522	0	0	-492	0	-380	0	0	-343
Issued bonds	0	-30	0	0	-30	0	-89	0	0	-89	0	-68	0	0	-68
Subordinated debt	-10	-81	-7	-7	-101	-9	-49	-19	0	-69	-8	-33	-6	0	-41
Other interest expenses	0	-2	0	0	-2	0	-1	0	0	-1	0	-1	0	0	-1
Discounting insurance contracts	-151	0	0	0	-151	-176	0	0	0	-176	-156	0	0	0	-156
Total interest expenses	-161	-643	-7	-7	-803	-185	-1,077	-19	0	-1,243	-164	-842	-6	-4	-973
Interest expenses from genuine purchase and resale transactions															
Payables to credit institutions and central banks							11			11		22			22
Deposits and other payables							1			1		0			0

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 29 Impairment of loans, advances and receivables, etc.															
Individual assessment:															
Impairment and value adjustments, respectively, during the year	-1,408				-1,408	-380				-380	-66				-66
Reversal of impairment in previous years	20				20	57				57	92				92
Total individual assessment	-1,388				-1,388	-323				-323	26				26
Group assessment:															
Impairment and value adjustments, respectively, during the year	-51				-51	-13				-13	-2				-2
Reversal of impairment in previous years	13				13	6				6	19				19
Total group assessment	-38				-38	-7				-7	17				17
Losses not previously provided for	-54				-54	-21				-21	-11				-11
Bad debts recovered	29				29	11				11	18				18
Other losses and provisions	0				0	0				0	0				0
Total impairment of loans, advances and receivables, etc.	-1,451				-1,451	-340				-340	50				50
NOTE 30 Acquisition costs and administrative expenses															
Acquisition commission, etc.	-159		-4	-1	-164	-180	0	-1	-1	-182	-181	0	-3	-1	-185
Other acquisition costs	-458		-26	0	-484	-449	0	-34	0	-483	-128	0	-33	0	-161
Administrative expenses	-255	-750	-37	-40	-1,022	-276	-557	-37	-45	-855	-589	-521	-46	-39	-1,155
Total acquisition costs and administrative expenses	-872	-750	-67	-41	-1,670	-905	-557	-72	-46	-1,520	-898	-521	-82	-40	-1,501
Salaries and wages					-1,076					-1,030					-1,018
Pension					-145					-135					-129
Payroll tax, etc.					-98					-95					-94
Total salaries and wages, pension, etc.					-1,319					-1,260					-1,241
Part of the payroll expenses for the year have been allocated as claims handling costs and are therefore included under claims incurred.															
Average number of employees					1,859					1,898					1,862

Notes

DKKm	2009			2008			2007		
	Non-life	Banking	Total	Non-life	Banking	Total	Non-life	Banking	Total
NOTE 30 Acquisition costs and administrative expenses (continued)									
From this:									
Remuneration to the Management Board (DKK '000)									
Salaries			24,247			8,466			11,701
Pension plans			2,724			1,955			1,761
Total remuneration to the Management Board			26,971			10,421			13,462
Remuneration to the Board of Directors (DKK '000)									
Directors' fees			2,747			1,568			1,568
Total remuneration to the Board of Directors			2,747			1,568			1,568

In 2007 salaries to members of the Management Board include the bonus earned in 2007, which will be paid in 2008. Remuneration to the Management Board comprises Søren Boe Mortensen, Chief Executive Officer, and Henrik Nordam, Deputy Chief Executive Officer.

In 2008 salaries to members of the Management Board include the bonus earned in 2007 and earlier, which will be paid in 2009. Remuneration to the Management Board comprises Søren Boe Mortensen, Chief Executive Officer, and Henrik Nordam, Deputy Chief Executive Officer.

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

Alm. Brand has decided to provide all employees of the group, including the Management Board, with defined contribution pension plans. The group's expenses in relation to the Management Board's pension plans are shown in the above note.

The notice of termination between Alm. Brand and the Management Board is 12 months for either party. If a member of the Management Board is given notice by Alm. Brand, he is entitled to a severance payment equalling 36 months' salary.

A bonus scheme has been established for the Alm. Brand Group's senior management, including the Management Board. The bonus scheme for the Management Board and senior management employees is, along with Alm. Brand's bonus scheme for other managers and specialists, detailed further in the section Employees and development. The bonus scheme has no material effect on the cost level and does not comprise stock options.

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

DKKm	2009			2008			2007		
	Non-life	Banking	Total	Non-life	Banking	Total	Non-life	Banking	Total
Audit fees (DKK '000)									
Deloitte - Audit	982	1,269	3,923	1,135	1,597	4,705	1,837	968	4,630
Deloitte - Non-audit services	1,032	2,048	3,874	771	572	3,361	255	1,198	2,899
Total audit fees	2,014	3,317	7,797	1,906	2,169	8,066	2,092	2,166	7,529
NOTE 31 Other costs									
Expenses relating to building surveys	0		0			-27	-41		-41
Total other costs			0			-27	-41		-41

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 32 Loss from business ceded															
Reinsurance premiums ceded	-212		-28	-1	-241	-198		-29	-3	-230	-208		-33	1	-240
Reinsurers' share received	63		28	6	97	59		40	267	366	115		48	57	220
Change in reinsurers' share of insurance contracts	0		2	0	2	0		-2	-205	-207	-39		-2	-31	-72
Commissions and profit shares from reinsurance companies	3		3	0	6	-34		3	0	-31	3		4	0	7
Total loss from business ceded	-146		5	5	-136	-173		12	59	-102	-129		17	27	-85
NOTE 33 Change in life insurance provisions															
Guaranteed benefits			-41		-41			-974		-974			891		891
Bonus potential on future premiums			-101		-101			385		385			-319		-319
Bonus potential on paid-up policies			-94		-94			421		421			-389		-389
Change in share of provisions in Forenede Gruppeliv			3		3			-3		-3			5		5
Compensation, tax on pension returns			0		0			15		15			0		0
Total change in life insurance provisions			-233		-233			-156		-156			188		188
NOTE 34 Value adjustments															
Investment assets															
Equity investments	-16	89	251	0	324	-4	-263	-559	0	-826	0	74	37	1	114
Unit trust units	0	16	54	0	70	0	-27	-74	0	-101	0	57	-10	0	47
Bonds	73	47	143	0	263	26	-132	286	0	180	-71	-98	-487	6	-650
Shares in collective investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans secured by mortgages	0	-384	0	0	-384	0	-124	0	0	-124	0	27	0	0	27
Other investment assets	2	-19	7	0	-10	36	91	-29	0	98	0	-28	6	0	-22
Exchange rate adjustments	0	-6	0	6	0	0	-80	0	-11	-91	-1	15	0	-11	3
	59	-257	455	6	263	58	-535	-376	-11	-864	-72	47	-454	-4	-481
Land and buildings															
Investment properties	-2	0	-7	0	-15	1	0	-17	0	-21	1	0	33	0	24
Owner-occupied properties	4	0	0	0	10	0	0	0	0	-5	0	0	0	0	0
Discounting insurance contracts	61	-257	448	6	258	59	-535	-393	-11	-890	-71	47	-421	-4	-457
Total value adjustments	1	-257	448	6	198	-76	-535	-393	-11	-1,025	98	47	-421	-4	-288
Change in fair values based on valuation models and recognised in the income statement															
Mortgage deeds	0	13	0	0	13	0	-51	0	0	-51	0	13	0	0	13
Unlisted shares	1	0	-15	0	-14	-4	0	12	-2	6	0	0	52	1	53
Investment properties	-2	0	-7	0	-15	1	0	-17	0	-21	1	0	33	0	24
Owner-occupied properties	4	0	0	0	10	0	0	0	0	-5	0	0	0	0	0
Total change in fair values	3	13	-22	0	-6	-3	-51	-5	-2	-71	1	13	85	1	90

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 35 Tax on pension investment returns															
Tax on pension investment returns regarding prior years			0		0			0		0			0		0
Tax on pension investment returns regarding current year			-141		-141			-19		-19			-11		-11
Change in deferred tax on pension investment returns			0		0			0		0			0		0
Total tax on pension investment returns			-141		-141			-19		-19			-11		-11
Exemption rate			4.6%		4.6%			4.7%		4.7%			4.8%		4.8%
NOTE 36 Tax															
Estimated tax on operating profit for the year	-86	91	-11	6	0	-56	133	3	-79	1	-81	19	4	-1	-59
Prior-year adjustment	0	3	0	1	4	0	0	0	0	0	-1	-1	-2	1	-3
Adjustment of deferred tax (28% to 25%)	0	0	0	0	0	0	0	0	0	0	-21	-13	-7	-1	-42
Adjustment of deferred tax	7	339	-15	1	332	-11	-6	-20	-17	-54	-82	-38	-30	-12	-162
Total tax	-79	433	-26	8	336	-67	127	-17	-96	-53	-185	-33	-35	-13	-266
Effective tax rate:															
Current tax rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Adjustment of deferred tax (28% to 25%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	7.1%	6.6%	-0.2%	4.3%
Prior-year adjustment of deferred tax	-1.9%	0.0%	0.0%	0.0%	0.4%	-2.2%	0.0%	0.0%	-3.5%	9.4%	1.1%	0.3%	2.5%	-7.5%	0.7%
Prior-year adjustment	1.9%	0.2%	0.0%	0.2%	-0.1%	2.3%	0.0%	0.0%	3.2%	-9.1%	-0.9%	0.0%	0.1%	7.5%	-0.3%
Tax adjustment	2.5%	-1.5%	-6.3%	134.8%	-1.6%	0.4%	-8.6%	14.5%	10.3%	7.0%	0.0%	-14.6%	-0.1%	6.2%	-2.6%
Total effective tax rate	27.5%	23.7%	18.7%	160.0%	23.7%	25.5%	16.4%	39.5%	35.0%	32.3%	28.5%	17.8%	34.1%	31.0%	27.1%
NOTE 37 Share attributable to minority shareholders															
Share of profit/loss before tax attributable to minority interests		48			40		-212			-179		-24			-24
Alm. Brand Formue A/S		-120			-120		-29			-29		18			18
Total share of profit/loss before tax attributable to minority interests		-72			-80		-241			-208		-6			-6
Share of profit/loss after tax attributable to minority interests															
Alm. Brand Formue A/S		48			40		-196			-166		-5			-5
Alm. Brand Pantebreve A/S		-120			-120		-22			-22		14			14
Total share of profit/loss after tax attributable to minority interests		-72			-80		-218			-188		9			9

NOTE 38 Technical result, non-life insurance

DKK m	Health and accident insurance	Workers' compensation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	Liability insurance	Other direct insurance	2009 Total
Gross premiums	481	304	551	858	1,070	1,156	100	230	4,750
Gross premium income	475	291	548	858	1,043	1,139	100	260	4,714
Gross claims expenses	-376	-122	-510	-408	-926	-1,003	-54	-202	-3,601
Gross operating expenses	-92	-54	-53	-208	-205	-199	-18	-43	-872
Profit/loss from business ceded	-2	-3	-2	0	-40	-98	-3	2	-146
Investment return on insurance business	5	3	6	10	12	13	1	3	53
Total technical result	10	115	-11	252	-116	-148	26	20	148
No. of claims	11,893	2,901	15,066	45,198	81,231	29,545	2,398	23,611	211,843
Frequency of claims	0.035	0.093	0.037	0.122	0.175	0.178	0.047	0.141	0.130
Average damages paid for claims incurred, DKK '000	27	72	32	11	12	33	15	8	17
DKK m	Health and accident insurance	Workers' compensation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	Liability insurance	Other direct insurance	2008 Total
Gross premiums	462	331	548	858	1,026	1,148	111	252	4,736
Gross premium income	456	353	559	863	1,001	1,172	110	255	4,769
Gross claims expenses	-205	-133	-301	-522	-1,001	-1,037	-38	-286	-3,523
Gross operating expenses	-91	-61	-56	-220	-207	-199	-20	-51	-905
Profit/loss from business ceded	-3	9	-3	0	-54	-122	-1	1	-173
Investment return on insurance business	9	4	15	23	38	27	1	8	125
Total technical result	166	172	214	144	-223	-159	52	-73	293
Numbers of claims	11,833	3,860	15,765	47,294	79,511	29,760	1,922	21,841	211,786
Frequency of claims	0.034	0.121	0.038	0.128	0.168	0.185	0.043	0.130	0.129
Average damages paid for claims incurred, DKK '000	20	58	31	11	11	30	17	9	17

Notes

NOTE 38 Technical result, non-life insurance (continued)

DKK m	Health and accident insurance	Workers' compensation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	Change of ownership insurance	Liability insurance	Other direct insurance	2007 Total
Gross premiums	433	352	566	903	992	1,100	70	101	161	4,678
Gross premium income	431	333	573	902	954	1,071	61	98	155	4,578
Gross claims expenses	-176	-203	-475	-447	-796	-838	-67	-31	-123	-3,156
Gross operating expenses	-86	-60	-59	-237	-200	-194	-13	-18	-31	-898
Profit/loss from business ceded	2	42	-2	0	-44	-125	-1	-1	0	-129
Investment return on insurance business	7	3	11	16	32	29	10	1	3	112
Total technical result	178	115	48	234	-54	-57	-10	49	4	507
Numbers of claims	9,717	3,224	16,376	44,275	77,902	30,293	3,029	2,490	16,692	203,997
Frequency of claims	0.030	0.102	0.041	0.112	0.176	0.192	0.085	0.057	0.138	0.104
Average damages paid for claims incurred, DKK '000	22	71	31	11	10	25	18	12	6	15

Direct insurance is written only in Denmark

The technical result from fire and property insurance in private and commercial lines was heavily affected by the year's expenses for weather-related claims and major claims.

	2009	2008	2007
DKKm			
NOTE 39 Realised result, life insurance			
Technical result of life insurance activities			74
Transfer of investment return	81	-1	29
Tax on pension investment return	65	75	11
Change in collective bonus potential	141	19	-62
Change in bonus potential on paid-up policies	225	-412	0
Result of portfolios without bonus entitlement	131	-131	-1
Addition of bonus	24	0	133
Return equity deposit	57	146	-31
Health and accident insurance deposits	-58	-43	2
Realised result	-7	-32	155
	659	-379	

Return requirement for shareholders' equity

Unconditional shares:			
Actual investment return before tax on pension investment return	58	43	30
Result of portfolios without bonus entitlement	-24	0	1
Result of health and accident insurance	2	11	16
Total unconditional shares	36	54	47

Conditional shares:

Risk premium of 0.5% of the average life insurance provisions	54	53	55
Expense result, net of reinsurance	8	13	2
25% of risk result, net of reinsurance	14	15	16
Total conditional shares	76	81	73

Profit for the year before tax	112	135	120
Transferred to shadow account	29	-81	0
Profit for the year before tax including health and accident insurance	141	54	120
Profit for the year before tax excluding health and accident insurance	139	43	104

NOTE 40 Contingent liabilities, guarantees and lease agreements

Guarantee commitments	2,386	2,504	2,223
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The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 54 million allocated over a five-year period. (2008: DKK 68 million allocated over a six-year period. 2007: DKK 69 million allocated over a six-year period).

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

Alm. Brand Bank A/S has unrecognised guarantee commitments consisting of financial guarantees, loss guarantees for mortgage loans, etc. totalling DKK 1.9 billion. (2008: DKK 1.8 billion and 2007: 1.6 billion).

Alm. Brand Ejendomsinvest A/S, Copenhagen, has incurred a VAT adjustment liability of DKK 11 million relating to property. (2008: DKK 11 million and 2007: DKK 12 million).

Notes

NOTE 40 Contingent liabilities, guarantees and lease agreements (continued)

Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen, has a VAT adjustment obligation in respect of properties totalling DKK 3 million. (2008: DKK 3 million and 2007: DKK 3 million).

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of the Copenhagen Reinsurance Company (U.K.) Ltd. (Cop. Re UK Ltd), Copenhagen Re's UK subsidiary.

The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. In connection with the divestment of the Copenhagen Re Group in 2009, the buyer has undertaken to indemnify Alm. Brand A/S against the guarantee commitments.

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

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

DKK/m	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Cash	0	0	365	0	365	0	0	651	30	681	0	0	247	33	280
Bonds	6,414	9,817	0	0	16,231	5,579	9,193	14,778	6	14,784	5,671	9,426	9,426	66	15,163
Equity investments and units in unit trusts	0	1,116	0	0	1,116	0	831	841	10	851	0	855	855	9	864
Shares in collective investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest receivable	119	128	0	0	247	145	162	307	0	307	119	143	143	0	262
Properties, mortgage deeds	0	97	0	0	97	0	98	98	0	98	0	96	96	0	96
Loans guaranteed by insurance companies	0	0	0	0	0	0	0	0	0	0	0	164	164	0	164
Loans to group enterprises	0	0	0	0	0	0	0	0	0	0	0	116	116	0	116
Investments in subsidiaries	0	291	0	0	291	582	382	764	0	764	0	497	497	0	497
Other assets	0	0	0	0	0	338	0	338	0	338	0	0	0	0	0
Collateral security, year-end	6,533	11,814	0	0	18,638	6,062	11,317	17,807	46	17,853	5,790	11,544	11,544	108	16,829

NOTE 41 Collateral security

Carrying amounts of assets provided as collateral security for technical provisions

Cash	0	365	0	0	365	0	0	651	30	681	0	0	247	33	280
Bonds	6,414	9,817	0	0	16,231	5,579	9,193	14,778	6	14,784	5,671	9,426	9,426	66	15,163
Equity investments and units in unit trusts	0	1,116	0	0	1,116	0	831	841	10	851	0	855	855	9	864
Shares in collective investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest receivable	119	128	0	0	247	145	162	307	0	307	119	143	143	0	262
Properties, mortgage deeds	0	97	0	0	97	0	98	98	0	98	0	96	96	0	96
Loans guaranteed by insurance companies	0	0	0	0	0	0	0	0	0	0	0	164	164	0	164
Loans to group enterprises	0	0	0	0	0	0	0	0	0	0	0	116	116	0	116
Investments in subsidiaries	0	291	0	0	291	582	382	764	0	764	0	497	497	0	497
Other assets	0	0	0	0	0	338	0	338	0	338	0	0	0	0	0
Collateral security, year-end	6,533	11,814	0	0	18,638	6,062	11,317	17,807	46	17,853	5,790	11,544	11,544	108	16,829

Monetary-policy counterparties with the Danish Central Bank can obtain credit only against security through the mortgaging of approved securities. As part of the ongoing business, in 2009 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 2,431 million (2008: DKK 635 million and 2007: DKK 954 million).

Notes

NOTE 42 Related parties

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

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

Related parties also include related family members of the Management Board and Board of Directors as well as companies in which these persons have significant interests.

The Alm. Brand Group handles administrative tasks for Alm. Brand af 1792 fmba.

An agreement has been made on interest accruing on accounts between Alm. Brand af 1792 fmba and the Alm. Brand A/S Group on an arm's length basis. Furthermore, Alm. Brand af 1792 fmba has acquired hybrid capital issued by Alm. Brand A/S.

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

An overview of subsidiaries and associates, etc. is provided in the corporate overview.

The Alm. Brand Group maintains cross-cutting functions that solve joint administrative tasks for the group's companies. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis.

Alm. Brand Bank is the Alm. Brand Group's primary banker. This involves the conclusion of a number of agreements between the bank and the group's other enterprises, and a number of transactions are regularly made between the company and the rest of the group. All agreements and transactions between the group and the bank are made on an arm's length or cost-recovery basis in accordance with applicable legislation for intra-group transactions.

In addition, the Alm. Brand Group has made an asset management agreement with Alm. Brand Bank, according to which a substantial proportion of the group's assets are under management with the bank.

Reinsurance cover for the Alm. Brand Group is taken out on a group-wide basis.

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

DKKkm	2009			2008			2007		
	Fair value	Amor- tised cost	Total	Fair value	Amor- tised cost	Total	Fair value	Amor- tised cost	Total
NOTE 43 Classification of financial instruments									
Financial assets									
Government bonds	4,752	0	4,752	3,515	0	3,515	4,417	0	4,417
Mortgage bonds	19,905	0	19,905	15,159	0	15,159	16,071	0	16,071
Other fixed-rate instruments	660	0	660	669	0	669	912	0	912
Other floating-rate instruments	301	0	301	280	0	280	240	0	240
Listed shares	1,155	0	1,155	855	0	855	1,266	0	1,266
Unlisted shares	475	0	475	430	0	430	384	0	384
Other investment assets	89	0	89	72	0	72	106	0	106
Reinsurance deposits	0	0	0	0	9	9	0	12	12
Receivables from policyholders	0	168	168	0	245	245	0	309	309
Receivables from insurance brokers	0	14	14	0	19	19	0	2	2
Receivables from insurance companies	0	0	0	0	134	134	0	97	97
Other receivables	0	66	66	0	121	121	0	66	66
Positive market value of derivative financial instruments	537	0	537	829	0	829	328	0	328
Other assets	0	66	66	0	92	92	0	227	227
Pensionskassen under Alm. Brand A/S	0	9	9	0	8	8	0	10	10
Assets temporarily acquired	0	86	86	0	39	39	0	14	14
Interest receivable	565	0	565	510	0	510	0	307	307
Prepayments	0	54	54	0	68	68	0	52	52
Balances due from credit institutions and central banks	0	1,331	1,331	0	3,017	3,017	0	2,560	2,560
Cash in hand and demand deposits	0	49	49	0	146	146	0	790	790
Loans and advances	2,262	12,561	14,823	2,705	14,587	17,292	2,876	14,241	17,117
Financial assets, year-end	30,701	14,404	45,105	25,024	18,485	43,509	26,600	18,687	45,287
Financial liabilities									
Subordinated debt	0	1,834	1,834	0	828	828	0	817	817
Issued bonds	0	26	26	0	1,145	1,145	0	1,402	1,402
Reinsurance deposits	0	0	0	0	27	27	0	113	113
Payables to policyholders	0	21	21	0	47	47	0	16	16
Payables related to direct insurance	0	6	6	0	12	12	0	13	13
Payables related to reinsurance	0	8	8	0	58	58	0	179	179
Payables to subsidiaries	0	303	303	0	2	2	0	2	2
Negative market value of derivative financial instruments	558	0	558	944	0	944	206	0	206
Other payables	203	587	790	0	794	794	0	1,331	1,331
Deferred income	0	4	4	0	30	30	0	27	27
Deposits	0	10,874	10,874	0	10,634	10,634	0	10,987	10,987
Payables to credit institutions and central banks	0	11,313	11,313	0	8,586	8,586	0	8,852	8,852
Financial liabilities, year-end	761	24,976	25,737	944	22,163	23,107	206	23,739	23,945

Notes

2009

DKKm	Non-life	Banking	Life	Other	Total
NOTE 43 Classification of financial instruments (continued)					
Fair value measurement of financial instruments					
Quoted prices					
<i>Financial assets</i>					
Loans and advances	0	0	0	0	0
Bonds	6,915	8,744	8,621	2	24,282
Shares	0	313	578	0	891
Other assets	0	0	0	0	0
Total financial assets	6,915	9,057	9,199	2	25,173
<i>Financial liabilities</i>					
Other payables	0	0	0	0	0
Total financial liabilities	0	0	0	0	0
Observable data					
<i>Financial assets</i>					
Loans and advances	0	0	0	0	0
Bonds	14	0	989	0	1,003
Shares	0	0	4	0	4
Other assets	134	831	137	0	1,102
Total financial assets	148	831	1,130	0	2,109
<i>Financial liabilities</i>					
Other payables	0	761	0	0	761
Total financial liabilities	0	761	0	0	761
Non-observable data					
<i>Financial assets</i>					
Loans and advances	0	2,262	0	0	2,262
Bonds	297	0	125	0	422
Shares	22	211	501	1	735
Other assets	0	0	0	0	0
Total financial assets	319	2,473	626	1	3,419
<i>Financial liabilities</i>					
Other payables	0	0	0	0	0
Total financial liabilities	0	0	0	0	0

Loans, advances and other receivables at fair value comprises mortgage deeds measured at fair value using a valuation model. Bonds at fair value comprises corporate bonds valued at quoted prices or based on observable data.

Shares, etc. comprises listed shares valued at quoted prices and unlisted shares for which the input is not based on directly observable market data. Other assets comprises interest receivable and positive values of derivative financial instruments valued based on observable data. Other liabilities comprises interest payable and negative values of derivative financial instruments valued based on observable data.

DKKm	2009			2008			2007		
	Assets and debt at amortised cost			Assets and debt at amortised cost			Assets and debt at amortised cost		
	Fair value	cost	Total	Fair value	cost	Total	Fair value	cost	Total
Interest income, etc.	1,243	752	1,995	1,340	1,085	2,425	1,274	837	2,111
Fee income, etc.	87	13	100	150	22	172	156	29	185
Other income	9	10	19	19	7	26	32	8	40
Total income	1,339	775	2,114	1,509	1,114	2,623	1,462	874	2,336
Interest expenses	-160	-643	-803	-166	-1,077	-1,243	-131	-842	-973
Value adjustments	194	4	198	-1,015	-10	-1,025	-290	2	-288
Profit before tax	1,373	136	1,509	328	27	355	1,041	34	1,075

NOTE 44 Return on financial instruments

DKKm	2009			2008			2007		
	Assets and debt at amortised cost			Assets and debt at amortised cost			Assets and debt at amortised cost		
	Fair value	cost	Total	Fair value	cost	Total	Fair value	cost	Total
Government bonds	4,752	4,752	4,752	3,515	3,515	3,515	4,417	4,417	4,417
Mortgage bonds	19,905	19,905	19,905	15,159	15,159	15,159	16,071	16,071	16,071
Other fixed-rate instruments	660	660	660	669	669	669	912	912	912
Other floating-rate instruments	301	301	301	280	280	280	240	240	240
Listed shares	1,155	1,155	1,155	855	855	855	1,266	1,266	1,266
Unlisted shares	475	475	475	430	430	430	384	384	384
Other investment assets	89	89	89	72	72	72	106	106	106
Reinsurance deposits	0	0	0	9	9	9	12	12	12
Receivables from policyholders	168	168	168	245	245	245	309	309	309
Receivables from insurance brokers	14	14	14	19	19	19	2	2	2
Receivables from insurance companies	0	0	0	134	134	134	97	97	97
Other receivables	66	66	66	121	121	121	66	66	66
Positive market value of derivative financial instruments	537	537	537	829	829	829	328	328	328
Other assets	66	66	66	92	92	92	227	227	227
Pensionskassen under Alm. Brand AVS	9	9	9	8	8	8	10	10	10
Assets temporarily acquired	86	86	86	39	39	39	14	14	14
Interest receivable	565	565	565	510	510	510	307	307	307
Prepayments	54	54	54	68	68	68	52	52	52
Balances due from credit institutions and central banks	1,331	1,331	1,331	3,017	3,017	3,017	2,560	2,560	2,560
Cash in hand and demand deposits	49	49	49	146	146	146	790	790	790
Loans and advances	14,922	14,922	14,922	17,357	17,357	17,292	17,124	17,117	17,117
Fair value of financial instruments, year-end	45,204	45,105	45,105	43,574	43,509	43,509	45,294	45,287	45,287

NOTE 45 Fair value of financial instruments

Financial assets at fair value through profit or loss

Government bonds	4,752	4,752	4,752	3,515	3,515	3,515	4,417	4,417	4,417
Mortgage bonds	19,905	19,905	19,905	15,159	15,159	15,159	16,071	16,071	16,071
Other fixed-rate instruments	660	660	660	669	669	669	912	912	912
Other floating-rate instruments	301	301	301	280	280	280	240	240	240
Listed shares	1,155	1,155	1,155	855	855	855	1,266	1,266	1,266
Unlisted shares	475	475	475	430	430	430	384	384	384
Other investment assets	89	89	89	72	72	72	106	106	106
Reinsurance deposits	0	0	0	9	9	9	12	12	12
Receivables from policyholders	168	168	168	245	245	245	309	309	309
Receivables from insurance brokers	14	14	14	19	19	19	2	2	2
Receivables from insurance companies	0	0	0	134	134	134	97	97	97
Other receivables	66	66	66	121	121	121	66	66	66
Positive market value of derivative financial instruments	537	537	537	829	829	829	328	328	328
Other assets	66	66	66	92	92	92	227	227	227
Pensionskassen under Alm. Brand AVS	9	9	9	8	8	8	10	10	10
Assets temporarily acquired	86	86	86	39	39	39	14	14	14
Interest receivable	565	565	565	510	510	510	307	307	307
Prepayments	54	54	54	68	68	68	52	52	52
Balances due from credit institutions and central banks	1,331	1,331	1,331	3,017	3,017	3,017	2,560	2,560	2,560
Cash in hand and demand deposits	49	49	49	146	146	146	790	790	790
Loans and advances	14,922	14,922	14,922	17,357	17,357	17,292	17,124	17,117	17,117
Fair value of financial instruments, year-end	45,204	45,105	45,105	43,574	43,509	43,509	45,294	45,287	45,287

DKKm	2009		2008		2007	
	Fair value	Recognised amount	Fair value	Recognised amount	Fair value	Recognised amount
NOTE 45 Fair value on financial instruments (continued)						
Financial liabilities at fair value through profit or loss						
Subordinated debt	1,834	1,834	828	828	817	817
Issued bonds	26	26	1,145	1,145	1,402	1,402
Reinsurance deposits	0	0	27	27	113	113
Payables to policyholders	21	21	47	47	16	16
Payables related to direct insurance	6	6	12	12	13	13
Payables related to reinsurance	8	8	58	58	179	179
Payables to subsidiaries	303	303	2	2	2	2
Negative market value of derivative financial instruments	558	558	944	944	206	206
Other payables	790	790	794	794	1,331	1,331
Deferred income	4	4	30	30	27	27
Deposits	10,907	10,874	10,649	10,634	10,993	10,987
Payables to credit institutions and central banks	11,313	11,313	8,586	8,586	8,852	8,852
Financial liabilities at fair value through profit or loss, year-end	25,770	25,737	23,122	23,107	23,951	23,945

Cash in hand and balances at call with central banks are relatively short term, and recognised amounts at amortised cost are assumed to equal fair values.

Balances with credit institutions are recognised at amortised cost. The difference between the recognised value and fair value is assumed to be the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the balances were established.

Loans, advances and receivables at fair value, bonds at fair value, shares etc. and derivatives are measured at fair value in the financial statements so that recognised values equal fair values.

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

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

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

Fair value adjustments of financial assets and liabilities represent a total unrecognised unrealised gain of DKK 65.2 million at the end of 2009, against DKK 50.1 million at the end of 2008 and DKK 1.2 million at the end of 2007.

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

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 46 Financial instruments by term to maturity															
Bonds															
Expiry within 1 year	944	6,115	535	0	7,594	480	2,361	516	172	3,529					
Expiry between 1 year and 5 years	2,667	754	1,242	2	4,665	2,389	288	1,957	184	4,818					
Expiry after more than 5 years	3,607	1,875	7,877	0	13,359	3,890	729	6,557	100	11,276					
Bonds, year-end	7,218	8,744	9,654	2	25,618	6,759	3,378	9,030	456	19,623					
Cash in hand and balances at call															
Expiry within 1 year	264	34	160	9	49	272	29	352	0	146					
Expiry between 1 year and 5 years	0	0	0	0	0	0	0	0	0	0					
Expiry after more than 5 years	0	0	0	0	0	0	0	0	0	0					
Cash in hand and balances at call, year-end	264	34	160	9	49	272	29	352	0	146					
Loans, advances and receivables															
Expiry within 1 year	641	7,855	26	0	8,522	567	8,290	145	666	9,668	496	6,398	64	680	7,638
Expiry between 1 year and 5 years	0	2,119	0	0	2,119	0	4,776	0	0	4,776	16	6,073	0	0	6,089
Expiry after more than 5 years	0	5,695	0	0	5,695	0	6,263	0	0	6,263	0	6,358	0	0	6,358
Loans, advances and receivables, year-end	641	15,669	26	0	16,336	567	19,329	145	666	20,707	512	18,829	64	680	20,085
Deposits and payables to credit institutions and central banks															
Expiry within 1 year	23	16,348	19	0	16,190	48	12,451	13	56	12,101	23	13,484	14	171	12,953
Expiry between 1 year and 5 years	0	5,413	0	0	5,391	0	6,784	0	0	6,744	0	6,737	0	0	6,705
Expiry after more than 5 years	0	641	0	0	641	0	492	0	0	492	0	389	0	0	389
Deposits and payables to credit institutions and central banks, year-end	23	22,402	19	0	22,222	48	19,727	13	56	19,337	23	20,610	14	171	20,047
Issued bonds															
Expiry between 1 year and 5 years	0	0	0	0	0	0	1,135	0	0	1,135	0	1,402	0	0	1,402
Issued bonds, year-end	0	0	0	0	0	0	1,135	0	0	1,135	0	1,402	0	0	1,402

The actual expiry dates may deviate from the contractual expiry dates as the issuers of the specific instruments may be entitled to repurchase the instrument before it expires. See note 14, which includes the expected cash flow for the group's claims and life insurance provisions.

Notes

DKKm	2009					2008					2007				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 47 Credit risk															
Credit risk by type of financial asset															
Government bonds	1,362	2	3,388	0	4,752	1,440	1	1,778	296	3,515	1,415	1	2,663	338	4,417
Mortgage bonds	5,595	8,674	5,636	0	19,905	5,165	3,243	6,725	26	15,159	5,163	4,683	6,215	10	16,071
Other fixed-rate instruments	167	68	425	0	660	154	134	256	125	669	189	191	346	186	912
Other floating-rate instruments	94	0	205	2	301	0	0	271	9	280	182	0	47	11	240
Other investment assets	8	0	81	0	89	0	0	72	0	72	0	0	256	2	258
Reinsurance deposits	103	0	31	0	134	67	0	27	123	217	104	0	29	385	518
Receivables from policyholders	142	0	26	0	168	208	0	37	0	245	260	0	49	0	309
Receivables from insurance brokers	14	0	0	0	14	19	0	0	0	19	2	0	0	0	2
Receivables from insurance companies	0	0	0	0	0	0	0	8	126	134	0	0	15	82	97
Other receivables	37	0	26	31	66	61	0	37	49	121	19	0	31	39	66
Positive market value of derivative financial instruments	0	537	0	0	537	0	829	0	0	829	0	328	0	0	328
Other assets	0	66	0	0	66	0	92	0	0	92	0	233	0	0	227
Interest receivable	134	294	137	0	565	148	198	164	0	510	134	0	152	21	307
Balances due from credit institutions and central banks	485	846	0	0	1,331	340	2,037	100	540	3,017	250	1,712	0	598	2,560
Cash in hand and demand deposits	264	34	160	9	49	272	29	352	0	146	470	442	202	447	790
Loans and advances	0	14,823	0	0	14,823	0	17,292	0	0	17,292	0	17,117	0	0	17,117
Maximum credit risk	8,405	25,344	10,115	42	43,460	7,874	23,855	9,827	1,294	42,317	8,188	24,707	10,005	2,119	44,219

The group's exposure to credit risk primarily involves financial receivables such as mortgage deeds and other loans and advances as well as credit risk on the portfolio of credit bonds. The portfolio of credit bonds in the life insurance company forms part of customer investment assets. The entire portfolio of credit bonds is investment Grade-rated (BBB rating and higher). Overdue receivables in the non-life company are written off after nine months.

Total receivables written down in connection with insurance operations:

Impairment beginning of year	38	38	25	26
Impairment during the year and reversal of impairment	10	10	13	-1
Impairment, year-end	48	48	38	25

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 47 Credit risk (continued)															
Loans and guarantees distributed by sector and industry															
Public authorities		0.0%			0.0%		0.0%			0.0%		0.0%			0.0%
Business sectors:															
Agriculture, hunting and forestry		7.8%			7.8%		6.8%			6.8%		2.8%			2.8%
Fishery		0.0%			0.0%		0.0%			0.0%		0.0%			0.0%
Manufacturing, raw materials extraction, utilities		0.3%			0.3%		0.4%			0.4%		0.2%			0.2%
Construction		1.0%			1.0%		1.3%			1.3%		0.6%			0.6%
Trade, restaurant and hotel industry		1.4%			1.4%		2.6%			2.6%		2.5%			2.5%
Transport, post and telecommunications		0.2%			0.2%		0.5%			0.5%		0.4%			0.4%
Credit and financing and insurance		24.5%			24.5%		21.7%			21.7%		21.1%			21.1%
Property administration and trading, business services		20.0%			20.0%		20.8%			20.8%		20.5%			20.5%
Other business		1.5%			1.5%		1.9%			1.9%		4.1%			4.1%
Business total		56.7%			56.7%		56.0%			56.0%		52.2%			52.2%
Private customers		43.3%			43.3%		44.0%			44.0%		47.8%			47.8%
Total		100.0%			100.0%		100.0%			100.0%		100.0%			100.0%
Impairment															
<i>Individual assessment</i>															
Impairment beginning of year		416			416		103			103		137			137
Impairment during the year		1,408			1,408		380			380		66			66
Reversal of impairment		-20			-20		-57			-57		-92			-92
Loss (written off)		-15			-15		-10			-10		-8			-8
Impairment individual assessment year-end		1,789			1,789		416			416		103			103
<i>Group assessment</i>															
Impairment beginning of year		34			34		27			27		45			45
Impairment during the year		50			50		13			13		1			1
Reversal of impairment		-12			-12		-6			-6		-19			-19
Impairment group assessment year-end		72			72		34			34		27			27
Total impairment		1,861			1,861		450			450		130			130
Interest income on loans found to be impaired		20			20		4			4		8			8
The carrying amount of loans and advances which would have been overdue or impaired if the loan had not been renegotiated.															
		0			0		0			0		0			0

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 47 Credit risk (continued)															
Reasons for individual impairment writedowns															
<i>Loans, advances and other receivables before impairment</i>															
Estate administration		870			870		186			186		16			16
Debt collection		115			115		142			142		75			75
Uncollectible claims		2,674			2,674		1,706			1,706		464			464
Total		3,659			3,659		2,034			2,034		555			555
<i>Impairment, etc.</i>															
Estate administration		547			547		81			81		6			6
Debt collection		58			58		41			41		37			37
Uncollectible claims		1,184			1,184		294			294		60			60
Total		1,789			1,789		416			416		103			103
Loans, advances and other receivables after impairment		1,870			1,870		1,618			1,618		452			452
Value of security for loans which in an individual assessment have been found to be impaired		1,714			1,714		1,468			1,468		364			364
Description of security															
<i>Value of security</i>															
Real property, private		147			147		155			155		32			32
Real property, commercial		238			238		203			203		273			273
Cash, deposits and highly marketable securities		1,198			1,198		1,018			1,018		7			7
Cars		40			40		82			82		40			40
Other security		91			91		10			10		12			12
Value of security, year-end		1,714			1,714		1,468			1,468		364			364
Collateral security is valued on the following basis (all three years):															
Private residential property; 80-95%, depending on type, location, state of repair and transferability.															
Commercial property; 60-85%, depending on use, location, state of repair, business, income basis and assessed transferability.															
Cash and marketable securities; 80-95% of official market price when available and, if not, of assessed market price.															
Personal property, cars; depending on type, model and age.															
Personal property, other collateral; based on individual assessments.															
Realised security, including conditions															
<i>Value of realised security</i>															
Real property, private		46			46		17			17		1			1
Real property, commercial		329			329		0			0		0			0
Current-asset investments		33			33		0			0		0			0
Cars		62			62		21			21		15			15
Total value of realised security		470			470		38			38		16			16

Notes

NOTE 47 Credit risk (continued)

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

DKKm	2009			2008			2007			
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Loans, advances and other receivables, etc. in arrears										
<i>How much in arrears</i>										
Up to three months		18			18	103				103
Three to six months		14			14	31				31
Six to twelve months		9			9	5				5
More than twelve months		44			44	10				10
Arrears year-end		85			85	149				149
							73			73
Value of collateral security for loans in arrears		3,266			3,266	1,133				1,133
							1,265			1,265
Description of security										
<i>Value of security</i>										
Real property, private		691			691	1,056				1,056
Real property, commercial		784			784	6				6
Cash and marketable securities		956			956	21				21
Cars		774			774	49				49
Other security		61			61	1				1
Value of security, year-end		3,266			3,266	1,133				1,133
							1,265			1,265
Total value of security at the balance sheet date		13,097			13,097	15,862				15,862
							16,283			16,283
Description of security										
<i>Value of security</i>										
Real property, private		3,705			3,705	5,502				5,502
Real property, commercial		2,671			2,671	3,735				3,735
Cash and marketable securities		5,422			5,422	4,680				4,680
Cars		1,109			1,109	1,678				1,678
Other security		190			190	267				267
Value of security, year-end		13,097			13,097	15,862				15,862
							16,283			16,283
Credit quality										
The bank uses rating models on its retail customers and on small and medium-sized businesses. The rating models use a scale of 0-7, and each individual rating segment has a PD range (Probability of Default) for each scale step. The credit quality declined between 2008 and 2009.										

Notes

DKKm	2009				2008				2007						
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
NOTE 48 Hedge accounting															
As part of the risk management efforts, the fair value of certain financial assets and liabilities is hedged through the use of derivative financial instruments.															
Nature of the hedged item															
Fixed-rate loans in DKK															
- At amortised cost		645			645	150				150	0				0
- At adjusted amortised cost (carrying amount)		637			637	149				149	0				0
Payables to credit institutions denominated in EUR															
- At amortised cost		4,342			4,342	0				0	0				0
- At adjusted amortised cost (carrying amount)		4,342			4,342	0				0	0				0
Hybrid Tier 1 capital in DKK															
- At amortised cost		175			175	175				175	175				175
- At adjusted amortised cost (carrying amount)		182			182	179				179	168				168
Nature of hedging instruments															
For fixed-rate loans in DKK															
Interest rate swaps in DKK															
- Fair value		-8			-8	-1				-1	0				0
- Synthetic principal		645			645	150				150	0				0
For payables to credit institutions denominated in EUR															
Currency swaps i DKK/EUR															
- Fair value		0			0	0				0	0				0
- Synthetic principal		4,342			4,342	0				0	0				0
For hybrid Tier 1 capital in DKK															
Interest rate swaps in DKK															
- Fair value		7			7	4				4	-7				-7
- Synthetic principal		175			175	175				175	175				175
Recognised through profit and loss															
Value adjustment of hedged assets and liabilities															
Value adjustment of hedging instruments		4			4	-11				-11	6				6
Value adjustment of hedging instruments		-4			-4	11				11	-6				-6

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

2008

2009

DKKm	2009				2008							
	Non-life	Banking	Life share-holders' equity	Other	Total	Life share-holders' equity	Non-life	Banking	Life share-holders' equity	Other	Total	
	-24	-61	-15	0	-100	-2.7%	-31	-47	-11	-4	-93	-1.9%
	14	61	14	0	89	2.4%	18	47	11	4	80	1.7%
	-4	-27	0	0	-31	-0.8%	-2	-34	0	-2	-38	-0.8%
	-2	0	0	0	-2	-0.1%	-3	0	0	0	-3	-0.1%
	-1	-15	0	0	-16	-0.4%	0	-39	0	-6	-45	-0.9%
	0	-25	0	0	-25	-0.7%	-94	-15	-11	-12	-132	-2.8%
	-54	-52	-8		-114	-3.1%						
	260	0	0	0	260	7.0%	260	0	0	0	260	5.4%
	480	0	0	0	480	13.0%	415	0	0	0	415	8.6%

2007

	-17	-36	-8	-3	-64	-1.2%
	4	36	8	3	51	0.9%
	-7	-13	0	-2	-22	-0.4%
	-3	0	0	0	-3	-0.1%
	-1	-1	0	-3	-5	-0.1%
	-40	-141	-6	-16	-203	-3.7%
	250	0	0	0	250	4.6%
	400	0	0	0	400	7.3%

NOTE 49 Sensitivity information

Sensitivity information, group

Risk on shareholders' equity in case of specific events:

Interest rate increase of 0.7 percentage point

Interest rate fall of 0.7 percentage point

Share price fall of 12%

Fall in property prices of 8%

Maximum exchange rate loss of 99.5%

probability of 10 days

Loss on counterparties of 8%

Loss on credit of 8%

Castastrophe events:

- one "100-year event"

- two "100-year events"

Risk on shareholders' equity in case of specific events:

Interest rate increase of 0.7 percentage point

Interest rate fall of 0.7 percentage point

Share price fall of 12%

Fall in property prices of 8%

Maximum exchange rate loss of 99.5%

probability of 10 days

Loss on counterparties of 8%

Castastrophe events:

- one "100-year event"

- two "100-year events"

The above is a description of the most significant risk exposures of the Alm. Brand Group. The risk factors relating to the life group's shareholders' equity do not include risks related to securities owned by the policyholders. The heading 'Risk management' in the management's review contains a description of the risk assumed by the group.

Notes

NOTE 49 Sensitivity information (continued)
Sensitivity information, life company

DKKkm	2009				2008				2007			
	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum potential on bonus paid-up policies before change in applied bonus potential on paid-up policies	Maximum effect on applied bonus potential on paid-up policies	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum potential on bonus paid-up policies before change in applied bonus potential on paid-up policies	Maximum effect on applied bonus potential on paid-up policies	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum potential on bonus paid-up policies before change in applied bonus potential on paid-up policies	Maximum effect on applied bonus potential on paid-up policies
Event:												
Interest rate increase of 0.7 percentage point	-12	-150	289	0	-10	0	328	-191	9	-356	395	0
Interest rate fall of 0.7 percentage point	12	37	-249	0	-37	0	-275	131	9	221	-310	0
Share price fall of 12%	0	-149	0	0	-29	0	0	-81	0	-172	0	0
Fall in property prices of 8%	0	-92	0	0	0	0	0	-81	0	-98	0	0
Exchange rate risk (VaR 99.5%)	0	-1	0	0	0	0	0	-1	0	-2	0	0
Loss on counterparties of 8%	-6	-72	0	0	-65	0	0	-81	-2	-81	0	0
Fall in mortality intensity of 10%	-11	-32	7	0	-10	0	3	-30	-2	-21	4	0
Increase in mortality intensity of 10%	9	28	-7	0	-9	0	-2	26	6	19	-3	0
Increase in disability intensity of 10%	-3	-9	-9	0	-2	0	-8	-6	-1	-4	-9	0
Event:												
Interest rate increase of 0.7 percentage point												
Interest rate fall of 0.7 percentage point												
Share price fall of 12%												
Fall in property prices of 8%												
Exchange rate risk (VaR 99.5%)												
Loss on counterparties of 8%												
Fall in mortality intensity of 10%												
Increase in mortality intensity of 10%												
Increase in disability intensity of 10%												

Notes

	2009	2008	2007	2006	2005	2004	2003
NOTE 50 Key ratios for the banking group							
Solvency ratio *	16.0%	12.6%	11.7%	12.1%	11.5%	12.4%	14.7%
Tier 1 ratio *	12.9%	6.8%	9.4%	10.4%	9.5%	9.7%	11.3%
Return on equity before tax	-321.7%	-45.4%	15.2%	14.5%	23.0%	15.7%	14.9%
Return on equity after tax	-243.7%	-37.2%	11.5%	11.1%	16.1%	15.4%	14.7%
Income/cost ratio	0.17	0.14	1.40	1.49	1.88	1.44	1.27
Interest rate risk *	8.4%	11.6%	8.7%	13.3%	15.2%	10.1%	12.9%
Foreign exchange position *	3.0%	43.3%	72.7%	41.1%	19.1%	9.5%	3.0%
Foreign exchange risk *	0.1%	0.5%	0.6%	0.7%	0.2%	0.2%	0.1%
Loans and advances as a percentage of deposits	149.8%	159.2%	146.7%	139.4%	121.9%	99.4%	97.0%
Gearing of loans and advances	9.3	14.0	8.9	7.4	6.7	7.6	11.2
Annual growth in lending	-14.3%	1.0%	30.4%	22.2%	20.5%	8.2%	-5.2%
Excess cover relative to statutory liquidity requirement *	104.1%	93.0%	36.7%	71.5%	82.0%	71.2%	90.7%
Total amount of large exposures *	73.9%	163.0%	177.6%	225.1%	275.3%	218.4%	101.8%
Impairment ratio for the year	7.9%	1.7%	-0.3%	-0.2%	0.0%	0.3%	0.7%

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by credit institutions and investment companies etc. The accounting policies were changed in 2005.

Financial highlights and key ratios for 2003 have not been restated to reflect the change in accounting policies.

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

Accounting policies

NOTE 51 Accounting policies (extracted from the Company's annual report for 2009)

GENERAL

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial enterprises. Additional Danish disclosure requirements for financial statements are for the group set out in the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S.

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

All new and amended standards (IFRS/IAS) and interpretations (IFRIC), which are relevant for the group, and which have become effective as for the financial years presented in the Prospectus, have been applied in the preparation of the consolidated financial statements. The application of these new and amended standards and interpretations have not resulted in any changes to the accounting policies. Accordingly, the accounting policies for the group have been consistently applied throughout the period 2007-2009.

BASIS OF CONSOLIDATION

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

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

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

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

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

Acquisitions

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

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

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

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

INTRA-GROUP TRANSACTIONS

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

FOREIGN CURRENCY

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

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

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

GENERAL RECOGNITION AND MEASUREMENT POLICIES

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

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

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

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

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

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

ACCOUNTING ESTIMATES

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

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

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

CHANGE IN ACCOUNTING ESTIMATES

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

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

BALANCE SHEET

Intangible assets

Goodwill

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

Software

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

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

Land and buildings

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

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

Investment properties

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

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

Owner-occupied properties

Owner-occupied properties are measured at a revalued amount corresponding to the fair value at the revaluation date less accumulated depreciation and value adjustments. The fair value is calculated on the basis of the Danish Financial Supervisory Authority's guidelines on the yield method, which involves the measurement of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Owner-occupied properties are depreciated on a straight-line basis over the expected useful lives of the properties, which are estimated to be 60 years. Depreciation is calculated with due consideration to the expected residual value and is recognised in the income statement under administrative expenses.

Revaluations with the addition or deduction of the tax effect, including properties classified as owner-occupied properties, are made in shareholders' equity as revaluation reserves. If a revaluation can no longer be maintained, it is reversed. Write-

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

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

The yield method

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

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

Investments in associates

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

Reinsurers' share from insurance contracts

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

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

Operating equipment

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

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

Cost comprises acquisition cost and directly attributable costs.

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

Investment assets

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

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

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

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

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

Financial assets are recognised or derecognised at the settlement date.

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

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

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

Securities sold under agreements to repurchase at a later date (repo transactions) remain in the balance sheet. Amounts

received are included as amounts owed to the purchaser and are subject to interest at the agreed rate.

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

Derivative financial instruments

As part of the risk management efforts, the fair value of certain fixed rate assets and liabilities is hedged through the use of derivatives. Derivatives are measured at cost on initial recognition. Subsequently, derivatives are measured at fair value at the balance sheet date.

Changes in the fair value of derivatives designated as and qualifying for recognition as fair value hedges of a recognised asset or a liability are recognised in the income statement together with changes in the fair value of the hedged asset or hedged liability that can be attributed to the hedged risk.

Changes in the fair value of derivatives designated as and qualifying for recognition as effective hedges of future cash flows are recognised directly in equity. When the hedged cash flows are realised, cumulative changes are recognised as part of the cost of the transactions in question.

For derivatives that do not qualify for hedge accounting, changes in fair value are recognised as financial items in the income statement as they occur.

Loans, advances and receivables

Loans, advances and receivables for which the price is fixed in active markets are measured at fair value. The loans, advances and other receivables involved must be measured at fair value on initial and subsequent recognition. The fair value is calculated using a valuation technique which is in accordance with generally recognised methods of pricing financial instruments.

Other loans and advances and other receivables are measured at amortised cost. On initial recognition, the portfolio is measured at fair value plus transaction costs less fees and commissions received that are directly related to the acquisition or issue of the financial instrument. On subsequent recognition, such loans, advances and other receivables will be adjusted to amortised cost on a current basis.

An ongoing evaluation takes place to detect any objective indication of impairment of the company's loans, advances and other receivables determined at amortised cost. If there is any

objective indication of impairment, the need to write down the loan, advance or receivable is assessed. Any impairment losses are calculated based on the difference between the carrying amount before the impairment and the present value of expected future payments from the loan, advance or receivable.

Collective impairment charges

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

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

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

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

Balances due from credit institutions

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

Cash in hand and balances at call

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

Contingency funds

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

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

Dividends

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

Treasury shares

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

Subordinated debt

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

Issued bonds at amortised cost

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

Provisions for insurance contracts

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

Unearned premium provisions

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

Unearned premium provisions relating to health and personal accident insurance are made up according to market value

principles. They are calculated as the difference between the present value of the company's liabilities in respect of health and personal accident policies and the present value of the premiums to be paid by policyholders in the future using a best estimate of insurance risk, costs incurred in managing insurance and claims handling and the rate of return obtainable in the market. The provisions are calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated based on the company's historical claims ratios on mortality and disability, respectively, and costs relative to the assumptions in the calculation basis for new contracts. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

Life insurance provisions

Life insurance provisions are stated at market value based on an expected cash flow discounted using the yield curve published by the Danish Financial Supervisory Authority. The market value expectations include a risk premium, corresponding to the risk of fluctuations in the amount and time of payment of guaranteed benefits. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

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

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

Life insurance provisions are calculated at market value, based on individual calculations for each policy. Also, bonuses earned but not yet added to the individual policies are added to the provisions. For amounts exempt from tax on pension returns, a discount rate without deduction of tax on pension returns is used.

The provisions are generally calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated on the basis of an empirical analysis of the company's insurance portfolio.

Provisions for the guaranteed benefits comprise obligations to pay benefits guaranteed to the policyholder. Provisions for guaranteed benefits are calculated as the difference between the present value of the benefits guaranteed by the insurance policy and the present value of the expected future insurance administration costs less the present value of the agreed fu-

ture premiums. The provision includes an estimated amount in cover of future benefits resulting from already incurred claims and an estimated amount for claims incurred but not reported. The guaranteed benefits are calculated with the addition of a premium, ensuring that as a minimum a value corresponding to the guaranteed surrender value is provided.

The bonus potential on future premiums comprises obligations to pay a bonus concerning premiums agreed but not yet due. For the portfolio of insurance with bonus entitlement, the bonus potential on future premiums is calculated as the difference between the value of the guaranteed paid-up policy benefits and the value of guaranteed benefits. Guaranteed paid-up policy benefits are benefits guaranteed under the insurance if the policy is converted into a paid-up policy. The value of the guaranteed paid-up policy benefits is calculated as the present value of the guaranteed paid-up policy benefits plus the present value of the expected future administrative costs associated with the paid-up policies. Whether the bonus potential on future premiums is to be strengthened is determined individually for each calculation basis.

The bonus potential on paid-up policy benefits includes obligations to pay a bonus concerning premiums etc. already due. The bonus potential on paid-up policy benefits is calculated as the value of the policyholders' savings less provisions for the guaranteed benefits, the bonus potential on future premiums and the present value of the future administrative results. The administrative result is calculated as the future expense loading according to bonus regulations less the expected actual future administrative expenses reduced by the probability of surrender/paid-up policy. Whether the bonus potential on future premiums is to be strengthened is determined individually for each policy.

Outstanding claims provisions

Outstanding claims provisions comprise the amounts provided at the end of the year against claims reported but not settled as well as amounts for claims incurred but not reported. They are generally estimated using statistical methods based on the payment history and the development in case reserves. For workers' compensation, a separate model has been introduced which is mainly based on rulings and case officer assessments of individual claims. Furthermore, the company makes a provision for future revisions of settled and unsettled claims and a provision for reopened and future delayed claims. Other factors affecting the necessary level of outstanding claims provisions include changes in legal practice, internal processes, inflation and singular, extreme claims.

The outstanding claims provisions also include amounts to cover direct and indirect costs considered necessary in connection with settling the claims obligations. The estimate of the provision is based on the direct and indirect costs incurred during a normal claims year on the establishment of new

claims and the processing and settlement of old claims. Included in the calculations is the ratio of claims paid and the outstanding claims provisions at year end, including claims incurred but not reported.

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

For all lines except workers' compensation, the future inflation rate is estimated and recognised implicitly in the provision models. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

Several assumptions and estimates underlying the calculation of the provisions for claims are mutually dependent. However, the most important interdependence is that between the assumption of inflation and interest rates, although the effect of changes in the inflation rate assumption will not affect the calculation of the outstanding claims provisions as effectively as changes to the discount rate.

Provisions for claims relating to health and personal accident insurance are calculated at the present value of expected future payments. The outstanding claims provisions relating to health and personal accident insurance also include amounts to cover direct and indirect costs considered necessary in connection with settling the claims obligations. For reported claims, an individual assessment is made of the date of payment. The costs are estimated on the basis of the average duration of established claims payments and an assessment of the annual costs incurred in handling claims.

The provisions for current disablement benefits are determined individually, and an assessment of the duration of the benefits is made for each policy. To the determined provision is added a premium reflecting the risk of an extension of the expected duration, for example as a result of new health information. The premium is assessed regularly based on empirical experience.

Collective bonus potential

Collective bonus potential comprises obligations to pay a bonus in addition to the bonus amounts added to the life insurance provisions. The amount is not allocated to individual policyholders.

Liability adequacy test

The outstanding claims provisions are calculated according to actuarial methods and with a view to avoiding run-off losses

as well as run-off gains. At the calculation date, the provisions thus represent the best estimate of future claims for the current and previous claims years. The outstanding claims provisions are calculated on a monthly basis, and the level is therefore assessed to be adequate at all times.

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

Long-term employee obligations

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

Current costs in respect of pensions etc. for the group's employees are treated as defined contribution plans. For defined contribution plans, the group pays fixed contributions and has no obligation to pay any further contributions. The obligations are fully funded.

Other financial liabilities

Other financial liabilities are measured at fair value on initial recognition. The liabilities are subsequently measured at amortised cost.

Deposits with ceding companies comprise amounts received which are kept to cover the insurance liabilities of other insurance companies towards the group's reinsurance companies.

Deposits for financial reinsurance comprise premiums received less deductions for claims paid equivalent to the company's liabilities pursuant to contracts made.

Deposits

Deposits are recognised at amortised cost and comprise all deposits, including obligations in connection with genuine sale and repurchase transactions and customers' receivable margins in connection with futures and option transactions.

Payables to credit institutions

Payables to credit institutions are measured at amortised cost and comprise obligations in connection with genuine sale and repurchase transactions and receivable margins in connection with futures and option transactions.

INCOME STATEMENT

Premium income

Gross premiums comprise premiums due relating to insurance and contracts where the risk period commenced before the end of the financial year.

Premium income, net of reinsurance, is the gross premiums for the year adjusted for movements in unearned premium provisions and less reinsurers' share. The part of the change in unearned premium provisions which can be ascribed to discounting is transferred to interest expenses, etc. The part of the change in unearned premium provisions which can be ascribed to a change in the discount rate applied after inflation is transferred to market value adjustments.

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

Interest income, etc.

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

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

Fee income, etc.

Fees, etc. are accrued over the lifetime of the transactions and recognised in the income statement at the amounts relating to the accounting period.

Other income from investment activities

The item includes the operating profit on investment property after deduction of related administrative expenses.

Other income

Income derived from activities that cannot be ascribed to the company's principal activities is recognised under other income.

Claims incurred

Claims incurred include claims paid during the insurance year adjusted for movements in claims provisions corresponding to known and anticipated claims relating to the year.

Amounts to cover expenses for surveying and assessment and other direct or indirect staff administration costs, etc. associated with claims handling are included in the item. In addition, the item includes run-off results regarding previous years.

The group's indirect costs relating to the handling of claims are distributed between claims expenses and administrative expenses using allocation keys based on estimated resource application.

The part of the change in outstanding claims provisions which can be ascribed to discounting is transferred to interest ex-

penses, etc. The part of the change in outstanding claims provisions which can be ascribed to a change in the discount rate applied after inflation is transferred to market value adjustments.

Alm. Brand has entered into swap agreements to partially hedge provisions for workers' compensation against changes in the future wage index, assuming a continued stable growth in the real value of claims paid. The value adjustment of these swaps is included in claims incurred.

Claims and benefits relating to life insurance comprise benefits due during the year, amounts paid for repurchases and bonus amounts paid in cash.

Other expenses from investment activities

The item includes amounts associated with the management of investment assets. Brokerage and commission relating to the purchase and sale of securities is recognised under market value adjustments.

Impairment of loans, advances and receivables, etc.

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

Acquisition costs and administrative expenses

The part of the insurance operation expenses that can be ascribed to acquisition and renewal of the insurance portfolio is recognised under acquisition costs. Acquisition costs are generally charged to the income statement when the insurance takes effect.

Administrative expenses comprise expenses related to managing the company's activities. Administrative expenses are accrued to match the financial year.

Operating expenses relating to owner-occupied properties are recognised in the consolidated income statement under administrative expenses. Rent concerning the company's owner-occupied properties is not recognised in the consolidated income statement, but the expense is included in the individual segment financial statements.

Other expenses

Expenses associated with activities that cannot be ascribed to the company's principal activities are recognised under other expenses.

Result of ceded business

For reinsurance contracts containing a combination of financial terms and traditional terms with transfer of risk, the risk premium is recognised on an accruals basis under premium

income. The accrual is based on the value of the contracts at the end of the year. Realised losses relating to these contracts are included in claims after adjustment for movements in financial deposits.

Reinsurance premiums ceded and reinsurers' share received are accrued and recognised in the income statement according to the same principles as those applied for the corresponding items under the gross business.

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

Value adjustments

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

Tax on pension returns

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

TAX

All companies in the group are jointly taxed.

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. Changes in deferred tax resulting from changes in tax rates are also recognised in this item.

Current tax assets and liabilities are recognised in the balance sheet at the amount that can be calculated on the basis of the expected taxable income for the year adjusted for prior years' tax losses carried forward.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is measured on the basis of the tax regulations and tax rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax.

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

SEGMENT INFORMATION

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

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

More detailed segment information is provided in the management's review.

CASH FLOW STATEMENT

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

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

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

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

Cash and cash equivalents comprise cash and demand deposits.

4. Unaudited Interim Financial Statements for the nine months ended 30 September 2010

4.1. Statement by the Board of Directors and the Management Board

To the readers of this Prospectus

The interim consolidated financial statements for the nine months ended 30 September 2010 and 2009 in this Prospectus have been extracted from the official interim financial report for the nine months ended 30 September 2010. The Board of Directors and the Management Board reviewed and approved the official interim financial report on 17 November 2010.

The interim financial statements have been prepared in accordance with IAS 34 as adopted by the EU and additional Danish disclosure requirements for listed financial enterprises.

In our opinion, the interim financial statements on pages F-75-F-80 have been correctly extracted from the interim report for the nine months ended 30 September 2010.

In our opinion, the accounting policies applied are appropriate and the interim reports give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2010 and 2009 and of the results of the Group's operations for the nine months ended 30 September 2010 and 2009.

Copenhagen, 3 December 2010

Management Board:

Søren Boe Mortensen
Chief Executive

Board of Directors:

Jørgen Hesselbjerg Mikkelsen
Chairman
Farmer

Boris Nørgaard Kjeldsen
Deputy Chairman
Chief Executive

Arne Nielsen
Board member
State-authorized public accountant (with lodged licence)

Per Frandsen
Board member
Landowner

Tage Benjaminsen
Board member
Executive

Jørgen Henrik Christensen
Board member
Attorney-at-law

Jan Skytte Pedersen
Board member
Executive

Per Dahlbom
Board member
Claims Assessor

Helle Låsby Frederiksen
Employee representative
Chairman of the association of Insurance Staff

Henning Kaffka
Employee representative
Regional Manager
Commercial Customers

Susanne Larsen
Employee representative
Banking adviser

4.2. Independent auditors' report on the interim financial statements for the nine months ended 30 September 2010

To the readers of this Prospectus

We have reviewed the Group's interim consolidated financial statements for the period 1 January to 30 September 2010 as presented and published by Management of Alm. Brand A/S, from which the interim financial statements on pages F-75 to F-80 have been summarised. The comparative figures for the same period in 2009 have been subject to no audit or review. We conducted our review in accordance with Danish and International Standards on Auditing. In our auditor's review report on the interim financial statements for the period 1 January to 30 September 2010 we expressed an unmodified opinion.

The review report on the interim financial statements for the period 1 January to 30 September 10 dated 26 October 2009 is represented below:

"To the shareholders of Alm. Brand A/S

We have reviewed the interim financial statements of the Alm. Brand A/S Group and of the parent company as at 30 September 2010 and for the nine months then ended, comprising consolidated and parent company income statement; balance sheet; statement of changes in capital and notes to the financial statements, including accounting policies; consolidated cash flow statement and management's review. Our review did not comprise comparative figures for the corresponding period of 2009.

The management of the company is responsible for the preparation and presentation of the interim financial statements. The consolidated interim financial statements are presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, while the interim financial statements of the parent company are presented in accordance with the Danish Financial Business Act. In addition, the interim financial statements have been prepared in accordance with additional Danish disclosure requirements for interim financial statements of listed financial enterprises. Our responsibility is, based on our review, to express a conclusion on the interim financial statements for the group and the parent company.

We did not carry out any additional review procedures after 17 November 2010.

Management is responsible for the correct summary of the interim financial statements on pages F-75 to F-80 from the interim report for the period 1 January to 30 September 2010. Our responsibility is to express a conclusion on the interim financial statements summarised and represented from the statutory interim report based on our work.

Scope of review

We planned and performed our work in accordance with the Danish Auditing Standard RS 800, "The Independent Auditor's Report on Special Purpose Audit Engagements" to obtain reasonable assurance that the interim financial statements are, in all material respects, in accordance with the statutory interim report, from which they have been summarised.

Conclusion

In our opinion, the interim financial statements presented on pages F-75 to F-80 are, in all material respects, in accordance with the statutory interim report for the period 1 January to 30 September 2010, from which they have been summarised.

Copenhagen, 3 December 2010

Deloitte

Statsautoriseret Revisionsaktieselskab

Henrik Priskorn
State Authorised
Public Accountant

Jens Ringbæk
State Authorised
Public Accountant

Balance sheet

Group

DKKm	30 September 2010	30 September 2009	31 December 2009
Assets			
Intangible assets	91	228	118
Owner-occupied properties	1,032	1,033	1,035
Deferred tax assets	665	444	521
Participating interests in joint ventures	35	49	46
Reinsurers' share of insurance contracts	226	379	134
Current tax assets	14	18	14
Other assets	1,544	2,134	1,650
Loans	12,879	15,476	14,823
Investment properties	440	456	440
Investment assets	31,790	25,894	27,337
Amounts due from credit institutions and central banks	847	1,476	1,331
Cash in hand and demand deposits	106	222	49
Total assets	49,669	47,809	47,498
Liabilities and equity			
Share capital	1,388	1,388	1,388
Reserves, retained profit etc.	1,760	2,391	2,107
Minority interests	156	250	199
Consolidated shareholders' equity	3,304	4,029	3,694
Subordinated debt	1,828	1,937	1,834
Provisions for insurance contracts	19,164	18,945	17,894
Other provisions	163	362	90
Deferred tax liabilities	46	46	46
Issued bonds	6,032	26	26
Other liabilities	1,709	1,847	1,727
Deposits	9,207	11,215	10,874
Payables to credit institutions and central banks	8,216	9,402	11,313
Total liabilities and equity	49,669	47,809	47,498

- Note 1 Own shares
 Note 2 Contingent liabilities, guaranties and leasing
 Note 3 Accounting policies
 Note 4 Financial highlights and key ratios

Income statement

DKKm	Group				
	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Year 2009
Income					
Premium income	1,352	1,314	4,058	3,985	5,434
Interest income etc.	427	475	1,252	1,555	1,995
Fee income etc.	26	28	100	92	100
Other income from investment activities	0	0	2	3	23
Income associates	-1	0	5	0	0
Other income	7	5	17	15	19
Total income	1,811	1,822	5,434	5,650	7,571
Costs					
Claims incurred	-1,140	-1,085	-3,627	-3,304	-4,499
Interest expenses	-142	-172	-419	-629	-803
Other cost from investment activities	-4	-26	-23	-32	-27
Impairment of loans, advances and receivables, etc.	-375	-233	-548	-1,236	-1,451
Acquisition and administrative costs	-369	-368	-1,113	-1,148	-1,670
Other costs	1	1	2	1	0
Total costs	-2,029	-1,883	-5,728	-6,348	-8,450
Profit from business ceded	1	-35	-82	-81	-136
Change in life insurance provisions	-189	-181	-373	-313	-233
Change in collective bonus potential	-4	-120	-122	-120	-225
Exchange rate adjustments	104	217	523	337	198
Tax on pension investment returns	-57	-70	-152	-122	-141
Profit before tax	-363	-250	-500	-997	-1,416
Tax	87	52	143	246	336
Profit after tax	-276	-198	-357	-751	-1,080
The profit before tax is allocated as follows:					
Share attributable to Alm. Brand	-362	-220	-496	-967	-1,336
Share attributable to minority shareholders	-1	-30	-4	-30	-80
Profit before tax	-363	-250	-500	-997	-1,416
The profit after tax is allocated as follows:					
Share attributable to Alm. Brand	-275	-167	-353	-720	-1,000
Share attributable to minority shareholders	-1	-31	-4	-31	-80
Profit after tax	-276	-198	-357	-751	-1,080
Earnings per share, DKK	-16	-10	-21	-43	-59
Diluted earnings per share, DKK	-16	-10	-21	-43	-59
Comprehensive income					
Profit for the year	-276	-198	-357	-751	-1,080
Revaluation of owner-occupied properties	-2	0	-2	0	-4
Comprehensive income	-278	-198	-359	-751	-1,084
Proposed allocation of profit/loss:					
Share attributable to Alm. Brand	-277	-167	-355	-720	-1,004
Share attributable to minority shareholders	-1	-31	-4	-31	-80
Comprehensive income	-278	-198	-359	-751	-1,084

Statement of changes in equity

DKKm	Share capital	Contin- gency funds	Reva- luation reserve	Retained profit	Share- holders' equity	Minority interests	Consoli- dated equity
Shareholders equity, 01.01.2009	1,476	182	8	2,852	4,518	282	4,800
Changes in equity Q1-Q3 2009							
Profit/loss for the year				-720	-720	-31	-751
Total income	0	0	0	-720	-720	-31	-751
Cancellation of shares	-88			88	0		0
Sale of treasury shares				11	11		11
Repurchased shares				-30	-30		-30
Change in share attributable to minority interest						-1	-1
Changes in equity	-88	0	0	-651	-739	-32	-771
Shareholders equity, 30.09.2009	1,388	182	8	2,201	3,779	250	4,029
Shareholders equity, 01.01.2009	1,476	182	8	2,852	4,518	282	4,800
Changes in equity 2009							
Profit/loss for the year				-1,000	-1,000	-80	-1,080
Revaluation of owner-occupied properties			-6	2	-4		-4
Transferred to collective bonus potential							0
Total income	0	0	-6	-998	-1,004	-80	-1,084
Cancellation of shares	-88			88	0		0
Sale of treasury shares				11	11		11
Repurchased shares				-30	-30		-30
Change in share attributable to minority interest						-3	-3
Changes in equity	-88	0	-6	-929	-1,023	-83	-1,106
Shareholders equity, 31.12.2009	1,388	182	2	1,923	3,495	199	3,694
Shareholders equity, 01.01.2010	1,388	182	2	1,923	3,495	199	3,694
Changes in equity Q1-Q3 2010							
Profit/loss for the year				-353	-353	-4	-357
Revaluation of owner-occupied properties			-2		-2		-2
Total income	0	0	-2	-353	-355	-4	-359
Sale of treasury shares				8	8		8
Change in share attributable to minority interest						-39	-39
Changes in equity	0	0	-2	-345	-347	-43	-390
Shareholders equity, 30.09.2010	1,388	182	0	1,578	3,148	156	3,304
					30 September 2010		31 December 2009
Shareholders' equity exclusive minority interests					3,148		3,495
Consolidation of Pensionskassen under Alm. Brand A/S					-7		-9
Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests					3,141		3,486
Share of profit attributable to Alm. Brand A/S					-353		-1,000
Consolidation of Pensionskassen under Alm. Brand A/S					2		-1
Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial Supervisory Authority					-351		-1,001

Cash flow statement

DKKm	Group		
	Q1-Q3 2010	Q1-Q3 2009	Year 2009
Cash flows from operating activities			
Premiums received	4,316	4,367	5,454
Claims paid	-3,472	-3,098	-4,320
Interest receivable, dividends, etc.	1,099	1,634	2,152
Interest payable	-276	-503	-628
Payments concerning reinsurance	-173	-101	-112
Fee income received	118	120	144
Fee income paid	-29	-35	-45
Expences paid	-1,048	-1,143	-1,562
Tax on pension investment returns paid	11	-19	-171
Acquisition of intangible assets, furniture, equipments etc.	3	-49	-6
Other ordinary income received	17	15	17
Taxes paid/received	-1	-11	-4
Cash flows from operating activities	565	1,177	919
Change in investment placement (net)			
Properties acquired or converted	4	-1	9
Sale/aquisition of equity investments	-32	82	42
Sale/repayment of mortgage deeds and loans	1,169	340	376
Divestment Kjøbenhavnske Reassurance	0	0	150
Sale/aquisition of bonds	-3,328	-4,232	-5,957
Change in receivables from credit institutions over 3 months	0	311	311
Change in investment placement (net)	-2,187	-3,500	-5,069
Change in financing (net)			
Other Provisions	2	0	0
Sale/purchase of treasury shares	8	-19	-19
Sale/acquisition of subsidiaries (change in minority interests)	-39	-1	-3
Subordinated debt	0	1,106	1,003
Issued bonds	6,006	-1,367	-1,367
Change in deposits	-1,667	244	-45
Change in payables to credit institutions	-3,115	827	2,749
Change in other payables	0	110	300
Change in financing (net)	1,195	900	2,618
Gross change in cash and cash equivalents	-427	-1,423	-1,532
Exchange rate adjustments of cash equivalents, beginning of period	0	4	4
Disposals relating to divestments	0	0	-209
Net change in cash and cash equivalents	-427	-1,419	-1,737
Cash and cash equivalents, beginning of period	1,380	3,117	3,117
Cash and cash equivalents, end of period	953	1,698	1,380

Income statement

Q1-Q3 2010

DKKm	Non-life	Bank	Life	Other	Elimi- nation	Group
Premium income	3,559	0	499	0		4,058
Interest income etc.	216	720	323	0	-7	1,252
Fee income etc.	0	126	0	0	-26	100
Other investment income	1	0	64	0	-63	2
Income associates	0	5	6	0	-6	5
Other income	0	17	0	0		17
Total income	3,776	868	892	0	-102	5,434
Claims incurred	-2,839	0	-788	0		-3,627
Interest expenses	-98	-301	-4	-23	7	-419
Other investment expenses	-15	0	-21	-13	26	-23
Provisions for bad and doubtful debts	0	-548	0	0		-548
Acquisition and administrative expenses	-652	-470	-54	0	63	-1,113
Other expenses	2	0	0	0		2
Total expenses	-3,602	-1,319	-867	-36	96	-5,728
Result of business ceded	-87	0	5	0		-82
Change in life insurance provisions	0	0	-373	0		-373
Change in collective bonus potential	0	0	-122	0		-122
Exchange rate adjustments	-46	-207	776	0		523
Tax on pension investment returns	0	0	-152	0		-152
Profit before tax	41	-658	159	-36	-6	-500
Tax	-10	184	-40	9		143
Profit after tax	31	-474	119	-27	-6	-357

Q1-Q3 2009

Premium income	3,509	0	466	10		3,985
Interest income etc.	297	870	359	43	-14	1,555
Fee income etc.	0	115	0	0	-23	92
Other investment income	1	0	63	0	-61	3
Income associates	0	0	8	0	-8	0
Other income	0	15	0	0		15
Total income	3,807	1,000	896	53	-106	5,650
Claims incurred	-2,678	0	-617	-9		-3,304
Interest expenses	-121	-514	-4	-4	14	-629
Other investment expenses	-15	0	-19	-21	23	-32
Provisions for bad and doubtful debts	0	-1,236	0	0		-1,236
Acquisition and administrative expenses	-672	-462	-49	-26	61	-1,148
Other expenses	1	0	0	0	0	1
Total expenses	-3,485	-2,212	-689	-60	98	-6,348
Result of business ceded	-101	0	15	5		-81
Change in life insurance provisions	0	0	-313	0		-313
Change in collective bonus potential	0	0	-120	0		-120
Exchange rate adjustments	10	-119	440	6		337
Tax on pension investment returns	0	0	-122	0		-122
Profit before tax	231	-1,331	107	4	-8	-997
Tax	-58	330	-27	1		246
Profit after tax	173	-1,001	80	5	-8	-751

Notes

	Group		
	Q1-Q3 2010	Q1-Q3 2009	Year 2009
DKK m			
Note 1 Own Shares - Group			
Carrying amount, beginning of year	0	0	0
Value adjustments	8	69	69
Buying during the period	0	30	30
Sold during the period	-8	-11	-11
Cancellation of shares	0	-88	-88
Carrying amount, end of period	0	0	0
Nominal value, beginning of year	41	110	110
Buying during the period	0	31	31
Sold during the period	-7	-12	-12
Cancellation of shares	0	-88	-88
Nominal value, end of period	34	41	41
Holding (number of shares), beginning of year	514	1,377	1,376
Additions, number of shares	0	391	391
Disposals, number of shares	-93	-153	-153
Cancellation of shares	0	-1,100	-1,100
Holding (number of shares), end of period	421	515	514
Percentage of share capital, end of period	2,4%	3,0%	3,0%
Note 2 Contingent liabilities, guaranties and leasing Guarantee commitments	2.300	2.739	2.386
Note 3 Accounting policies - Group			
The consolidated interim report has been prepared in compliance with IAS 34 "Interim Financial Reporting" and the requirements of the Danish Financial Business Act and NASDAQ OMX Copenhagen A/S 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.			
The accounting policies applied for the consolidated financial statements are unchanged from the policies applied for the Annual Report 2009. The interim report for the nine month			
Note 4 Financial highlights and key ratios			
Referring to management's report.			

IV. Appendix

1. Articles of association

Alm. Brand A/S

Company reg. (CVR) no. 77 33 35 17

1 Name

1.1 The name of the Company is Alm. Brand A/S.

2 Objects

2.1 The Company's objects are to hold – directly or indirectly – participating interests in insurance companies and financial companies and other companies.

3 Share capital

- 3.1 The Company's share capital, which has been fully paid up, amounts to DKK 173,500,000.
- 3.2 The share capital is divided into shares of DKK 10 each.
- 3.3 No share shall confer any special rights upon its holder.
- 3.4 The shares are negotiable instruments.
- 3.5 The shares shall be issued to named holders.
- 3.6 No restrictions apply to the transferability of the shares.
- 3.7 No shareholder shall be under an obligation to let his shares be redeemed in full or in part.
- 3.8 The list of the Company's shareholders (the register of shareholders) is kept on behalf of the Company by Computershare A/S, company reg. (CVR) no. 27 08 88 99.

3a Authorisation to effect a capital increase

- 3a.1 The Board of Directors is authorised for the period until 1 May 2011 to increase the Company's share capital in one or more issues by a total nominal amount of up to DKK 1,735,000,000. The increase may be effected as resolved by the Board of Directors by cash payment, by conversion of debt or by contribution of non-cash assets.
- 3a.2 At the discretion of the Board of Directors, the capital increase may be effected with or without pre-emptive rights to the Company's existing shareholders. If the capital increase is effected without pre-emptive rights to the existing shareholders, the shares must be subscribed at market price.
- 3a.3 The shares shall be issued to named holders. No restrictions will apply to the transferability of the new shares. The shares are negotiable instruments, and shareholders shall not be under any obligation to let their shares be redeemed.
- 3a.4 The Board of Directors is authorised to make any such amendments to the articles of association as are required for the capital increase.

4 Dividends

- 4.1 The annual dividends are paid out through VP Securities A/S in accordance with the relevant rules.
- 4.2 Claims for dividends are statute-barred under the Danish Act on Statute-Barring in force from time to time.

5 General meetings

- 5.1 The Company's general meetings of shareholders shall be held in the Municipality of Copenhagen or elsewhere in the Capital Region of Copenhagen.
- 5.2 The Company's annual general meeting shall be held each year before the end of April.
- 5.3 Extraordinary general meetings shall be held when deemed appropriate by the Board of Directors, one of the auditors or by the shareholders in general meeting. Extraordinary general meetings shall be convened not later than two weeks after a written request from shareholders holding at least 5% of the share capital for the purpose of transacting specific business.
- 5.4 General meetings shall be convened by the Board of Directors by announcement on the Company's website and by written notice to all shareholders recorded in the Company's register of shareholders who have so requested, giving not more than five weeks' and not less than three weeks' notice. The notice convening the meeting shall specify the business to be transacted by the shareholders in general meeting, and where resolutions are to be proposed at the general meeting on amendments of the Company's articles of association, their general contents shall be set out in the notice.
- 5.5 Not later than three weeks before the general meeting (including the day when the general meeting is held), the Company shall make the following information available to the shareholders on the Company's website: the notice of the general meeting, information about the total number of shares and voting rights as at the date of the notice, any documents to be presented at the general meeting, the agenda and the complete proposals as well as proxy forms and forms to be used when voting by correspondence.
- 5.6 Where the Company's or the subsidiaries' employees, as the case may be, have notified the Board of Directors in pursuance of section 142(1), second sentence, of the Danish Companies Act, the notice convening the meeting shall be submitted to the Company's or the Group's employees.
- 5.7 Any shareholder shall be entitled to have specific business transacted at the general meeting, provided the shareholder has submitted a written request to the Board of Directors in due time for such business to be included on the agenda of the general meeting.

6 Agenda

- 6.1 The annual report shall be presented at the annual general meeting, and the following business shall be transacted:
- (a) Presentation of the annual report for approval and a resolution for ratification of the acts of the Board of Directors and the Management Board.
 - (b) Resolution on the distribution of profit or the treatment of loss according to the approved annual report.
 - (c) Authorisation to acquire own shares.
 - (d) Election of members to the Board of Directors.
 - (e) Appointment of auditors.
 - (f) Any proposals received from the Board of Directors or the shareholders.
 - (g) Any other business.

7 Chairman of the meeting

- 7.1 The Company's general meetings shall be presided over by a chairman elected by the Board of Directors. The chairman shall decide all matters concerning the transaction of business, the voting and the result of the voting.

8 Majority requirements, right to attend and right to vote

- 8.1 Any shareholder shall be entitled to attend general meetings, either in person or by proxy, and to take the floor at such meetings provided the shareholder, not later than three days prior to the general meeting and on due proof of identity, has given notice of his attendance and has obtained an admission card at the Company's office or at another place in the Capital Region of Copenhagen specified in the notice convening the meeting.
- 8.2 Written questions as described in section 102(4) of the Danish Companies Act may be answered on the Company's website.
- 8.3 Each share amount of DKK 10 carries one vote.
- 8.4 A shareholder's right to attend and vote at a general meeting is determined on the basis of the shares held by the shareholder on the record date. The record date is one week before the date of the general meeting. The shares held by each individual shareholder are made up at the record date on the basis of registration of the shareholder's ownership in the register of shareholders and any notifications about ownership received by the Company for entry in the register of shareholders.

- 8.5 The Company's general meetings may pass resolutions only in respect of proposals specified in the agenda of the meeting.
- 8.6 Resolutions at general meetings shall be passed by a simple majority of votes unless otherwise stipulated by legislation or by these articles of association.
- 8.7 Resolutions to amend the articles of association, including resolutions in respect of a merger with another company or the voluntary liquidation of the Company are subject to adoption by a majority of not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting. Furthermore, where resolutions to amend the articles of association, including resolutions in respect of a merger with another company or the voluntary liquidation of the Company, have not been proposed or endorsed by the Board of Directors, at least four fifths of the share capital must be represented at the general meeting.

9 Board of Directors

- 9.1 The general meeting shall elect not less than three and not more than 12 members to the Board of Directors. The general meeting may elect up to 12 alternates for some or all members of the Board of Directors. If elected, each alternate shall be elected to act as such for a specific member of the Board of Directors.
- 9.2 Members of the Board of Directors are elected by the general meeting for terms of one year. Retiring board members are eligible for re-election.
- 9.3 The Board of Directors shall from its number elect a chairman and a deputy chairman of the board, who shall act in the absence of the chairman in every respect.
- 9.4 The Board of Directors forms a quorum when more than half of the board members, including the chairman or deputy chairman, are present. Matters considered by the Board of Directors are decided by a simple majority of votes. In the event of an equality of votes, the chairman has a casting vote. The Board of Directors shall lay down its own rules of procedure for the performance of its duties.
- 9.5 Minutes of the proceedings of board meetings shall be entered into a minute book, which shall be signed by all members of the Board of Directors.
- 9.6 The Board of Directors receive an annual remuneration as determined by the shareholders in general meeting.

10 Management Board

- 10.1 The Board of Directors shall appoint a Management Board consisting of from one to five members.
- 10.2 The Board of Directors may grant individual or joint powers of procuration.

11 Powers to bind the Company

- 11.1 The Company shall be bound by the joint signatures of the chairman or deputy chairman of the Board of Directors and another member of the Board of Directors or by the joint signatures of one member of the Management Board and one member of the Board of Directors or another member of the Management Board.

12 Audit

- 12.1 The audit of the Company's financial statements shall be performed by a state-authorized public accountant.
- 12.2 The auditors shall be appointed by the shareholders in general meeting for terms of one year.

13 Financial year

- 13.1 The Company's financial year is the calendar year.

14 Annual report

- 14.1 The annual report shall give a true and fair view of the Company's or the Group's assets and liabilities, financial position and results of operations for the year.

15 Allocation of profit

- 15.1 Before any other allocation, provisions shall be made pursuant to the legislation in force from time to time on the basis of the profit for the year according to the approved annual report less any accumulated losses from prior years.
- 15.2 Any retained profit shall be allocated as resolved by the general meeting.

16 Authorisation to amend the articles of association

- 16.1 The Board of Directors shall be authorised to make such amendments to the articles of association of the Company as may be required by the Danish Commerce and Companies Agency.

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