



ALM. BRAND BANK A/S

ANNUAL REPORT 2005

7 Midtermolen, DK-2100 Copenhagen Ø, Registration Number CVR 81753512



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OVERVIEW

Overview of the key results for 2005 for Alm. Brand Bank:

- The Alm. Brand Bank Group posted a highly satisfactory profit before tax excluding minorities of DKK 222 million, an increase of DKK 96 million or 76% over 2004
- Consolidated profit before costs amounted to DKK 703 million
- Shareholders' equity excluding minorities stood at DKK 1,089 million at 31 December 2005
- Return on equity for 2005 was 23% before tax
- The Board of Directors recommends to the annual general meeting that no dividend payments be made
- A profit in the region of DKK 140 million before tax excluding minorities is expected for 2006

FINANCIAL RESULTS

The Alm. Brand Bank Group recorded net interest and fee income of DKK 511 million in 2005, a 10% increase relative to 2004. Compared with 2004, net interest income increased by 4%, while net fee income etc. rose by 23%.

Value adjustments in the group totalled DKK 183 million in 2005 against DKK 85 million in 2004, mainly attributable to the generally appreciating market prices for securities. The bank's share of value adjustments was DKK 72 million, while the share attributable to minority interests was DKK 111 million.

The banking group's total costs rose 2% from 362 million in 2004 to DKK 369 million in 2005. This increase should be seen against the backdrop of an increase of 9% in total deposits and loans over the period.

The income/cost ratio increased to 1.88 in 2005 against 1.44 in 2004. The increase was partly attributable to growth in the bank's core business and partly to substantial capital gains generated by Alm. Brand Formue.

Impairment of loans and guarantees charged to the income statement totalled DKK 5 million in 2005 against DKK 30 million in 2004. The bank was hence favourably affected by extraordinarily moderate losses as a result of positive economic conditions in Denmark.

The banking group's impairment of loans and guarantees charged to the income statement was 0.0% of the total loans and guarantees at 31 December 2005, a fall of 0.3 percentage point relative to 2004.

The banking group's accumulated impairment charges/provisions on loans and guarantees totalled DKK 214 million at 31 December 2005, corresponding to an accumulated impairment ratio of 1.7 against 2.1 at 31 December 2004.

The pre-tax profit for the year excluding minorities was DKK 222 million as compared with DKK 126 million in 2004. The profit after tax excluding minorities was DKK 156 million in 2005.

Part of the banking group's activities is carried out by the bank's subsidiaries, Alm. Brand Formue, Alm. Brand Pantebreve, Alm. Brand Bilkredit and Alm. Brand Leasing.

Alm. Brand Formue posted a pre-tax profit of DKK 116 million in 2005, which was well ahead of expectations. The bank owns 11.5% of Alm. Brand Formue, and the bank's share of the profit was therefore DKK 13 million.

Alm. Brand Formue's good performance was attributable to substantial market value adjustments driven by favourable financial markets in 2005 and by the bank outperforming its asset management benchmark. The figure corresponds to a return on equity of 32.7% before tax.

The positive performance has attracted substantial interest in Alm. Brand Formue's shares. Therefore, two capital increases were completed in 2005. Investors showed a lot of interest in the share in connection with these capital increases. The company's share capital was increased by a total of 55%, equivalent to DKK 110 million nominal value. The capital increases generated gross proceeds totalling DKK 149 million and net proceeds of DKK 146 million.

Alm. Brand Pantebreve generated pre-tax profits of DKK 8 million in 2005, which was in line with expectations. The company's performance was affected by the very high number of prepayments on mortgage deeds, which resulted in major capital losses. The return on equity was 5.6% before tax. As Alm. Brand Bank held 40.1% of the shares at 31 December 2005, the profit attributable to the bank was DKK 3 million.

Alm. Brand Bilkredit and Alm. Brand Leasing, the bank's wholly-owned subsidiaries, saw substantial growth in new lending in 2005 as well, driven partly by generally higher car sales and partly by the companies' very competitive prices.

Alm. Brand Bilkredit posted a pre-tax profit of DKK 32 million in 2005, a significant increase relative to the 2004 figure. Alm. Brand Leasing posted a pre-tax profit of DKK 5 million in 2005 as compared with DKK 4 million in 2004.

BALANCE SHEET

The banking group's balance sheet improved thanks to the larger loan portfolio generated, among other things, by an increased volume of new car and home loans to private customers and growth in agricultural finance and investment credit facilities. In addition, the bank continued to record a general increase in business resulting from the group's *dobbeltKUNDE* concept.

Loans and advances in the banking group amounted to DKK 10.7 billion at 31 December 2005, which was DKK 1.8 billion, or 20% higher than the DKK 8.9 billion recorded at 31 December 2004. Deposits dropped by 2% from DKK 9.2 billion at 31 December 2004 to DKK 9.0 billion at 31 December 2005. The group's guarantees and other commitments increased by DKK 0.8 billion in 2005, mainly due to increased business activity as a mortgage loan intermediary.

The banking group's debt to credit institutions rose from DKK 2.8 billion at 1 January 2005 to DKK 7.4 billion at 31 December 2005. This increase was primarily attributable to a syndicated loan facility of EUR 375 million, corresponding to DKK 2.8 billion, raised by the bank at year-end 2005. The loan was raised to accommodate the bank's continued success in providing home, agricultural, investment property and car finance.

The group's equity stood at DKK 1.6 billion at 31 December 2005. The capital base totalled DKK 1.7 billion. The group had a solvency ratio of 11.5% and a tier 1 ratio of 9.5%.

Alm. Brand Bank acquired Henton Børsmæglerselskab A/S with effect from 30 December 2005. The company's financial statements were consolidated in the Alm. Brand Bank Group's accounts from the date of acquisition at year-end 2005.

Accordingly, the acquisition of Henton Børsmæglerselskab has no impact on the 2005 financial results of the banking group.

UNCERTAINTY IN RECOGNITION AND MEASUREMENT

The new accounting rules which came into effect on 1 January 2005 involve significant changes as compared with the rules the bank has previously observed in the presentation of its financial statements. The uncertainty is particularly related to valuation (measurement) of loans and advances etc., as the new rules make impairment charges subject to the banking group obtaining "objective" proof of the reduced ability to pay. As a result of challenges in implementing support systems and business procedures, statements of impairment losses on loans and advances as at 31 December 2005 are still partly based on estimates and therefore subject to some uncertainty. However, Management does not believe that the uncertainty has any material impact on the annual report.

In collaboration with the banking group's IT provider, the banking group initiated the implementation of the systems and processes required to support the preparation of the group's financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred in the period from the end of the financial year until the date of signature of the annual report which would change the evaluation of the annual report.

DIVIDEND

The Board of Directors recommends to the annual general meeting that no dividends be paid in respect of the 2005 financial year and that the company's profit after tax of DKK 156 million be transferred to equity.

OUTLOOK FOR 2006

The 2005 performance was affected by non-recurring income, including significant value adjustments. A profit in the region of DKK 140 million before tax excluding minorities is expected for 2006, assuming unchanged economic conditions and an unchanged level of interest rates.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

| | DKK million (consolidated figures) | 2005 | 2004 | 2003 | 2002 | 2001 | |
|--|---|--------------------|---------------|---------------|---------------|---------------|-------|
| INCOME STATEMENT | Interest receivable | 617 | 552 | 575 | 630 | 688 | |
| | Interest payable | 275 | 224 | 246 | 323 | 414 | |
| | Net interest income | 342 | 328 | 329 | 307 | 274 | |
| | Fees and commissions receivable (net) and dividend etc. | 169 | 137 | 144 | 115 | 124 | |
| | Net interest and fee income | 511 | 465 | 473 | 422 | 398 | |
| | Value adjustments | 183 | 85 | 22 | 27 | 7 | |
| | Other operating income | 9 | 14 | 15 | 25 | 23 | |
| | Profit before expenses | 703 | 564 | 510 | 474 | 428 | |
| | Expenses and depreciation/amortisation | 369 | 362 | 356 | 321 | 298 | |
| | Impairment on loans, advances and receivables etc. | 5 | 30 | 64 | 48 | 18 | |
| | Profit from investments in associates and group enterprises | - | 3 | 22 | - 4 | 2 | |
| | Profit before tax | 329 | 174 | 112 | 101 | 114 | |
| | Tax | 63 | 6 | 5 | - 4 | 51 | |
| | Profit for the financial year | 266 | 168 | 107 | 105 | 63 | |
| | Share attributable to minority interests | 110 | 44 | 3 | 6 | 4 | |
| | Profit after tax excluding minority interests | 156 | 124 | 104 | 99 | 59 | |
| | Profit before tax excluding minority interests | 222 | 126 | 105 | 92 | 108 | |
| | BALANCE SHEET | Loans and advances | 10,729 | 8,914 | 8,205 | 8,655 | 6,848 |
| | | Deposits | 8,989 | 9,185 | 8,734 | 9,091 | 8,244 |
| Shareholders' equity | | 1,609 | 1,166 | 735 | 677 | 749 | |
| Share attributable to minority interests | | 520 | 323 | 277 | 99 | 57 | |
| Total assets | | 19,409 | 14,737 | 11,936 | 13,195 | 12,835 | |
| KEY RATIOS ETC. | Average number of employees, full-time equivalents | 276 | 278 | 286 | 317 | 339 | |
| | Interest margin * | 2.3% | 2.6% | 2.5% | 2.6% | 2.5% | |
| | Income/cost ratio | 1.88 | 1.44 | 1.27 | 1.28 | 1.37 | |
| | Impairment ratio | 0.0% | 0.3% | 0.7% | 0.5% | 0.2% | |
| | Solvency ratio * | 11.5% | 12.4% | 14.7% | 12.6% | 9.4% | |
| | Return on equity before tax | 23.0% | 15.7% | 14.9% | 12.9% | 15.0% | |
| | Return on equity after tax | 16.1% | 15.4% | 14.7% | 13.8% | 8.3% | |
| | Return in excess of the interest rate on certificates of deposits | 20.8% | 13.5% | 12.5% | 9.4% | 10.2% | |

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 guidelines issued by the Danish Financial Supervisory Authority and recommendations from the Danish Society of Financial Analysts. Note 36 contains five-year highlights of the key ratios in respect of schedule 6 to the mentioned executive order.

The accounting policies were changed in 2005, see Accounting policies below.

Financial highlights and key ratios for 2001, 2002 and 2003 have not been restated to reflect the change in accounting policies.

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

STRATEGY 2010



Alm. Brand's new strategy is rooted in the
"We take care of our customers" vision.

| Strategic focus area: | Goals for 2010 |
|-----------------------|---|
| Return on equity | We aim to generate a return on equity of the money market rate plus 13 percentage points p.a. by 2010 |
| Growth | We aim to increase our loan portfolio by more than 50% by end-2010 |
| Customer satisfaction | We aim for 90% of our customers to be satisfied or very satisfied with our company and for at least 40% of our customers to be very satisfied |
| Image | We aim to build an image of being among the top two in the industry according to an analysis prepared by the major insurers |
| Employee satisfaction | We aim for an employee satisfaction rate of 90% |



COMPANY INFORMATION



COMPANY INFORMATION



EXECUTIVE BOARD



Chief Executive

Henrik Nordam

Joined Alm. Brand in 1986

Chief Executive of Alm. Brand Bank A/S since 1991

Member of the Executive Board of Alm. Brand A/S since 1 January 2000

Deputy Chief Executive of Alm. Brand A/S since December 2001



Managing Director

Peter Reedtz

Joined Alm. Brand in 1994

Managing Director of Alm. Brand Bank A/S since 2002

BOARD OF DIRECTORS

Christian N.B. Ulrich, Chairman

Jørgen Hesselbjerg Mikkelsen, Deputy Chairman

Christian Hjorth-Andersen

Søren Boe Mortensen

Ole Bach, elected by the employees

Mark Oswald, elected by the employees

REGISTRATION

Alm. Brand Bank A/S

Registration Number CVR 8175 3512

AUDITOR

Deloitte

Statsautoriseret Revisionsaktieselskab

INTERNAL AUDITOR

Poul-Erik Winther Nielsen, Head of Internal Audit

ADDRESS

Midtermolen 7

DK-2100 Copenhagen Ø

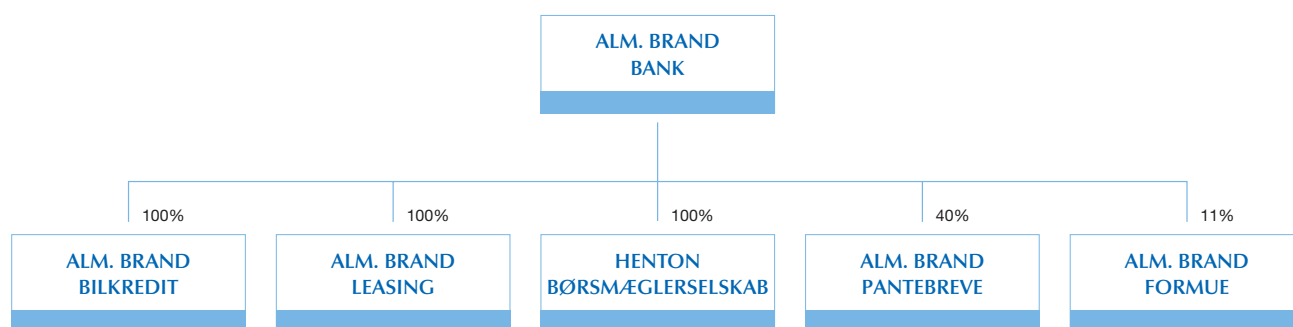
Phone: +45 35 47 48 49

Fax: +45 35 47 47 35

Internet: www.almbrand.dk

E-mail: bank@almbrand.dk

GROUP STRUCTURE



The bank has five subsidiaries:

- Alm. Brand Bilkredit A/S
- Alm. Brand Leasing A/S
- Henton Børsmæglersekskab A/S
- Alm. Brand Pantebreve A/S
- Alm. Brand Formue A/S

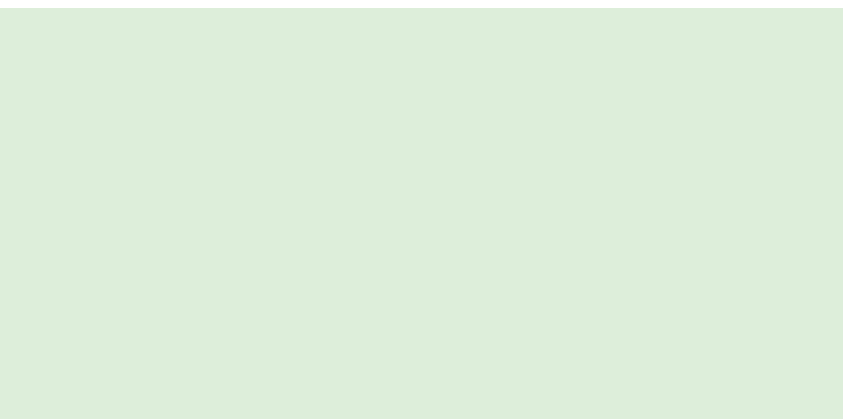
In addition, the bank acts as depositary bank for the Alm. Brand Invest unit trust.



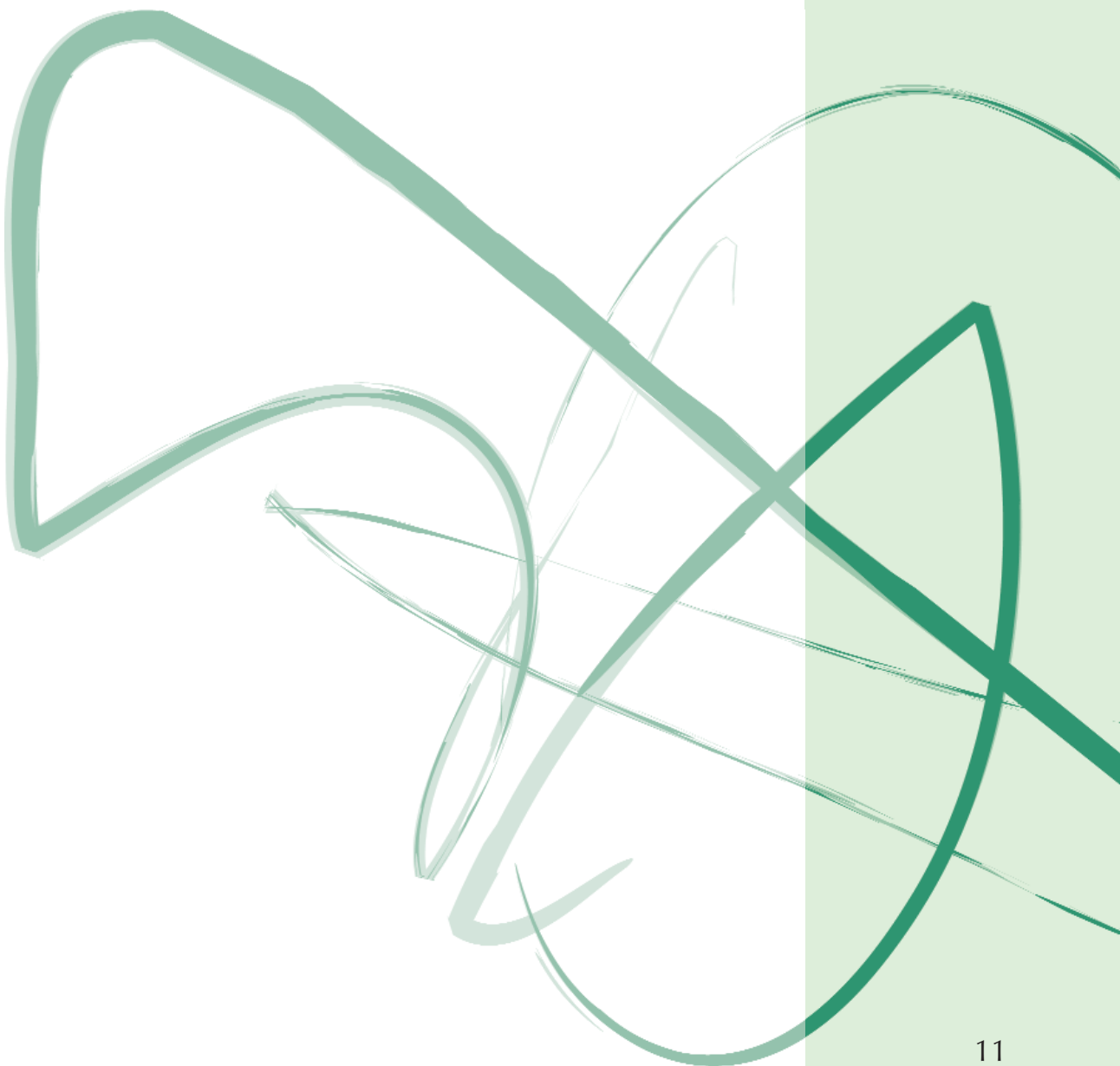
OWNERSHIP

The bank is wholly owned by the listed company Alm. Brand A/S.

The consolidated financial statements of Alm. Brand Bank A/S are a component of the consolidated financial statements of Alm. Brand A/S and Alm. Brand af 1792 fmba.



MANAGEMENT'S REVIEW



REFOCUSING ON GROWTH

by HENRIK NORDAM



STRONG PLATFORM FOR RENEWED GROWTH

We recorded our best performance ever in 2005 – a year that also saw growth in all areas of our banking operations. We generated profit before tax of DKK 222 million, providing a return on equity before tax of 23%, which was highly satisfactory.

The excellent results were attributable to good performances in all business areas in 2005. Particularly, our activities in the fixed income and equity markets performed highly satisfactory. In addition, Alm. Brand Formue performed satisfactorily and loans to homeowners and agricultural customers and lending to investment properties yielded good results in 2005 as well. Car loans/leasing also continued to contribute favourably to our overall performance.

Finally, we retained recent years' focus on costs. The income/cost ratio was 1.88, a 0.44 point increase relative to 2004. This improvement was partly attributable to efficiency improvements and partly to the excellent performance of Alm. Brand Formue.

STRATEGIC INITIATIVES IN 2005

The substantial investments we have made in our *dobbeltKUNDE* concept in recent years and also in 2005 have now really started to yield benefits and the *dobbeltKUNDE* concept is becoming a cornerstone of growth in our retail banking activities. At the same time, we will increase our focus

on banking sales in our branch offices, strengthening both skills and management focus by appointing branch managers to head our largest branch offices. The appointment of branch managers and more banking advisers will ensure that our customers receive efficient and excellent advice in the future as well.

Alm. Brand is Denmark's only financial services group offering banking products, non-life and life insurance under one roof and during the past year we have, for example, offered both financing and insurance to our car-buying customers in one unique and easy to understand package. The future will offer more combinatory products and we have a unique opportunity to stand out from the competition by combining products from our group's three business divisions.

We aim to strengthen our stockbroking and asset management operations in the coming year to ensure, going forward, that we are able to maintain and capitalise on the economies of scale and expertise that we possess today. Most recently, our acquisition of Henton Børsmæglersekskab A/S has contributed to further strengthening our position and despite 18 resignations at year-end 2005 our stockbroking and asset management operations remain intact following the acquisition, allowing us to continue to serve our customers satisfactorily.



We also aim to strengthen the remaining wholesale operations, including through ongoing development of products and services to ensure that we are able to retain our competitive strength in these markets as well.

We intend to continue the strong performance of our car loans/leasing operations in terms of new business and in the coming period we will expand our partnerships with a number of car dealers, while strengthening our fleet management division.

STRATEGY 2010

In the autumn of 2005, the Alm. Brand Group and thus also Alm. Brand Bank prepared a new strategy for the period until 2010. The general lines of the bank's strategy are closely pegged to the rest of the group, but they naturally allow us to develop independently - also within areas that are not as integrated with the rest of the group.

The strategy builds on our "We take care of our customers" vision. This vision commits us to think innovation and to take an interest in the needs of our customers. We need to ensure that our customers possess the necessary understanding and decision-making basis for choosing a financial solution.

Looking ahead to 2010, we have listed five general targets that have subsequently been filtered down into the individual business areas.

The new targets generally represent a tightening as compared with the previous targets. Our previous growth targets, which only stated that we were to generate profitable growth in the Alm. Brand Bank Group in order for the bank to better match the non-life market share longer term, have now been made more specific. Because we are not prepared to compromise on our prudent credit policy, the goal of growing our loan portfolio by more than 50% during the new five-year period is an ambitious one. As a counterweight to the accelerated lending activities, we aim to ensure a corresponding increase in deposits. Likewise, we aim for our other business areas to grow their business volumes. We need to grow the bank in order to achieve additional economies of scale and more efficient processes and to generate added value to many more customers in the Alm. Brand Group, which has a total of more than 500,000 customers.

And earnings and growth must go hand in hand. In order for us to continue the positive performance going forward, we need to generate attractive returns. A return on equity target of the money market rate plus 13 percentage points p.a. is short of the level recorded in 2005, but it represents a tightening relative to our previous target.

REFOCUSING ON GROWTH by HENRIK NORDAM



We aim to contribute to Alm. Brand's overall image by continuing to provide good customer service and offer attractive products.

We still aim for 90% of our customers to be satisfied or very satisfied. We have, however, tightened our customer satisfaction target by adding that at least 40% should be very satisfied. This addition, and tightening, is motivated by surveys showing that very satisfied customers are most prone to pooling their business with us and to making use of our service offering should the need arise. Very satisfied customers also tend to be more loyal and to recommend us to people they know.

Our employee satisfaction target remains unchanged. In our market area, high-quality advice and employee qualifications and attitudes are key to success. Despite good results over the past year, we have still not reached our goal of 90% employee satisfaction and in the upcoming period we therefore intend continue to make substantial investments in training and personal development. We firmly believe that employees

who are given a chance for personal development in addition to professional development will experience greater job satisfaction. This will benefit our employees, our customers and, ultimately, the bank.

We are well aware that our new goals are ambitious ones. But we have a strong platform for achieving the goals defined. Our loan portfolios are healthy and we continue to record very moderate losses. Our customer satisfaction surveys show that our customers feel well treated and that our products meet customer requirements. And, perhaps more importantly, our employees state that they are satisfied with working at Alm. Brand Bank, and throughout 2005 we have experienced great flexibility, commitment and innovative power.

The year 2005 was a year of improvements in all areas, including in respect of our five measuring points, and we firmly believe that we will be able to continue this trend in the years ahead. If we do succeed, we will meet our targets.



OUTLOOK FOR 2006

We expect a pre-tax profit excluding minorities in the region of DKK 140 million for 2006. We expect to generate substantial growth in lending as well as deposits, and we intend to stay focused on costs. Furthermore, we expect our stockbroking and asset management operations to keep up the good performance.

In 2006, we will continue to invest substantial amounts in shaping our future and in the *dobbeltKUNDE* concept in particular. In order to serve the new customers that come to the bank next year, we will continue to appoint more banking advisers and other employees who advise and serve our customers. At the same time, we will continue to make use of the economies of scale deriving from our close ties with the rest of the group, and we therefore expect the number of administrative personnel to remain at the current level.

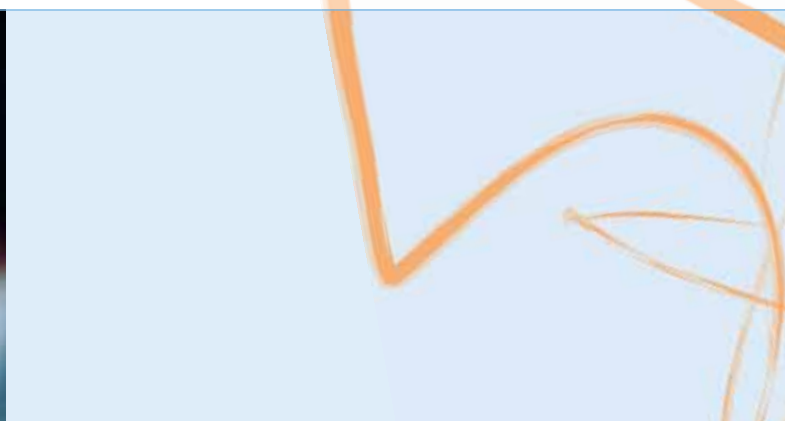
We also intend to invest in enhanced processes, thereby significantly strengthening the bank's overall selling power in the year ahead.

Overall, we expect to have more employees in 2006 than we had at 31 December 2005.

We look forward to the new year in which we will take the first major steps towards achieving our strategy 2010.

Henrik Nordam
Chief Executive

THE GROUP'S BUSINESS ACTIVITIES



Alm. Brand Bank's business activities are distributed on the following areas:

- Retail banking
- Wholesale banking
- Car loans and leasing

The group's business activities are divided into function-specific head-office units. The business areas function to a large degree as independent units sharing certain service functions, several of which are shared with the rest of the Alm. Brand Group.

RETAIL BANKING

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

The retail bank has 71,000 customers and employs 63 banking, investment and pension advisers in the bank's 25 branch offices. In addition, the retail bank's customers are served by 13 customer consultants working out of the branch offices. Finally, the bank has 91 employees based at the head office.

| Retail banking, DKKm | 2005 | 2004 |
|-----------------------|------------|------------|
| Net interest income | 123 | 101 |
| Net fee income etc. | 44 | 44 |
| Value adjustments | 0 | 0 |
| Total earnings | 167 | 145 |

The figures have been reconciled to the group's total earnings in NOTE 4.

Earnings in the retail bank rose from DKK 145 million in 2004 to DKK 167 million in 2005, reflecting the bank's continued focus on serving full-service customers, including in particular to increase its lending activities.

Goals and strategy

The retail bank has two overall strategic goals:

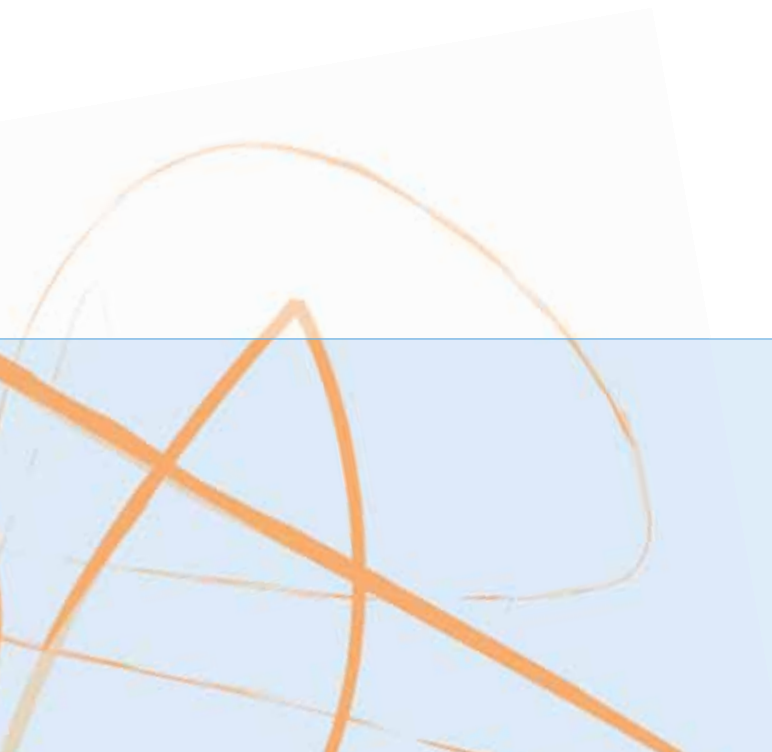
- To operate profitable retail banking activities
- To contribute to the group's objective of growth and full-service customer focus

The means of achieving these goals is the strategic focus on the *dobbeltKUNDE* concept, whereby the group's customers are offered unique product and advisory concepts. In the subsequent process, customers are retained through dedicated sales and service concepts, enabling us to achieve the necessary customer profitability.

The bank thus aims for its multi-product customers to perceive Alm. Brand as a market leader in terms of service, advice and prices.

In order for the advisers to concentrate fully on the customers, the retail bank's sales and servicing strategy continues to centre on keeping the advisers free of any administrative tasks which, in turn, will be handled from the head office.

This allows advisers to focus exclusively on their customers, who also have access to use the bank's other service facilities, including netbanking, ATMs, card solutions and the bank's customer service.



Highlights of 2005

Multi-product customers

The number of multi-product customers continued the sharp increase in 2005, growing at the rate of 15%. Accordingly, the number of multi-product customers now accounts for almost 25% of the bank's total customer portfolio.

Customers choosing the *dobbeltKUNDE* advantage are significantly more loyal than customers with more limited customer relations.

Growth in lending

The loan portfolio continued to grow at a satisfactory rate in 2005. Total growth amounted to DKK 1.8 billion, driven by continued strong demand from our full-service customers, primarily within the home ownership area.

MasterCard

In 2005, the bank launched its own MasterCard (Classic, Gold and Platinum) as a supplement to the bank's other card products. The bank offers a wide variety of benefits with the individual cards, consequently making the bank's card programme highly attractive. The MasterCard programme will be marketed further in 2006, when we expect to record decent growth rates.

Focus on local branch offices

In 2005, the bank's aim of maintaining a strong local position led to several initiatives to strengthen its presence in local markets. The group's new interior design concept was implemented in the first branch office in 2005. The concept was well received and will be rolled out to a number of other branch offices in 2006.

In addition, a decision has been made to strengthen local management by appointing 12 branch managers to head the bank's largest branch offices.

These initiatives are all intended to ensure that Alm. Brand Bank has a strong local presence.

Training and IT

We maintained our focus on training our advisers in 2005, with particular emphasis on strengthening their home ownership advisory skills. In addition, we focused on implementing new IT tools for customer service and customer advice in 2005 as part of an ongoing process to ensure improved competency and efficiency levels.

Stock market game

Over two rounds, the stock market game has contributed to emphasising another core competency of the retail bank – investments. Approximately 140,000 people participated in the two rounds of the stock market game in 2005.

Sales through business partners

The retail bank distributes a number of products via the EDC chain of estate agents. This partnership generated a decent business volume and inflow of new customers in 2005 as well. The partnership, which is primarily aimed at home owners, is interesting to Alm. Brand Bank because this customer segment is characterised by decent business volume and good credit standing. A new dimension was added to the partnership in 2005, when the bank and the EDC chain of estate agents developed a common IT platform to ensure faster and improved processing.

THE GROUP'S BUSINESS ACTIVITIES

Alm. Brand Invest

The bank collaborates with the Alm. Brand Invest unit trust, and the unit trust's products form part of the bank's investment product offering to private investors and others. Alm. Brand Invest's products are aimed at investors wanting their investments to be managed professionally and seeking to benefit from the economies of scale inherent in unit trust investments. Backed by more than 10,000 members, Alm. Brand Invest's total assets stood at DKK 2.3 billion at 31 December 2005 against DKK 2.1 billion at 31 December 2004. The unit trust has funds investing in Danish, Nordic, European and global equities and funds investing in short-term and medium-term bonds and mortgage deeds. All funds yielded satisfactory returns in 2005. The Danish equities fund was the top performer, generating a return close to 40%.

Agricultural finance

Alm. Brand Bank's agricultural department continued the line of progress recorded since its start-up in 2002. The business volume grew to stand at DKK 0.8 billion at 31 December 2005. In addition, the department had arranged mortgage loans with DLR Kredit in a similar amount. Alm. Brand Bank plays an active role in the structural changes agriculture is currently undergoing and took part in a large number of property transactions in 2005. As a result of the sustained growth in the agricultural department's business volume and strengthened customer service, the activities of the agricultural department have been consolidated at agricultural centres in Slagelse, Vejle and Viborg.

Outlook for 2006

The retail bank aims to further strengthen its position in the private customer segment in 2006 on several fronts. The *dobbeltKUNDE* concept will continue to act as a locomotive for the bank's full-service customer strategy and additional resources will be invested in strengthening the bank's local presence in the form of more advisers and improved local competencies.

At the same time, the bank will substantially increase its focus on ensuring a high professional level and make additional investments in training.

In 2006, we also expect to see further IT support of more processes aiming to ensure that we retain our focus on generating profitable growth allowing us to provide good and efficient advice and customer service.

The retail bank expects to generate total earnings in the region of DKK 165 million in 2006 as a result of agricultural finance being transferred to wholesale banking with effect from 2006.

WHOLESALE BANKING

The wholesale bank is responsible for all of the Alm. Brand Group's activities within bond, equity and currency trading and research as well as asset management. In addition, the wholesale bank manages the majority of the bank's lending, primarily relating to mortgage deed, investment property and investment credit commitments.

The wholesale bank has 70 employees. However, 18 stockbroking and asset management employees resigned at 31 December 2005 taking effect in the course of 2006. The total number of employees includes 19 employees with Henton Børsmæglerselskab.

Profits in the wholesale bank amounted to DKK 318 million against DKK 254 million in 2004. To this should be added the profits of Alm. Brand Pantebreve and Alm. Brand Formue totalling DKK 130 million in 2005 against DKK 61 million in 2004.

Goals and strategy

The strategy chosen by the wholesale bank focuses on selected business areas in which the bank has a unique know-how and in which the bank is able to stand out from the competition.

The wholesale bank aims to be among the best wholesale banks in Denmark within the business areas selected. It aims to achieve this position by providing a unique and different management and service offering.

The wholesale bank is among the larger players on the Copenhagen Stock Exchange in terms of revenue from bond and equity trading. It is also among the larger players in asset management.

Alm. Brand Bank is among Denmark's largest players within mortgage deeds and investment property financing. The wholesale bank aims to further expand these positions in 2006 through organic growth.

The strategy is to provide attractive products offering customers unique benefits in selected market segments. We aim to achieve competitive strength in the market by having competent employees, offering competitive products and avoiding unprofitable segments.

| Wholesale banking, DKKm * | 2005 | 2004 |
|---------------------------|------------|------------|
| Net interest income | 119 | 101 |
| Net fee income etc. | 170 | 114 |
| Value adjustments | 29 | 39 |
| Total earnings * | 318 | 254 |

The figures have been reconciled to the group's total earnings in NOTE 4.

** Excluding Alm. Brand Pantebreve and Alm. Brand Formue.*

Highlights of 2005

Stockbroking

Our stockbroking operations achieved very satisfactory results in equity, bond and currency trading in 2005 on the back of a substantially higher volume of business with existing customers and a significant inflow of new customers, particularly within the wholesale operations.

In our stockbroking operations we provide advisory and other services to professional investors and private customers, offering a broad range of products for active and targeted management of their financial assets.

An important part of the business area is to offer customers a number of other services as well. Additional services offered include performance reporting, development of work routines, job descriptions, reporting and tools for managing risk and providing inspiration for sales efforts and customer service.

The design and content of the MinBors.dk web portal was improved and further developed during the year.

Acquisition of Henton Børsmæglerselskab A/S

With a view to further strengthening the bank's position within asset management, the bank acquired all shares in Henton Børsmæglerselskab A/S at year-end 2005.

As a member of the Alm. Brand Bank Group, Henton Børsmæglerselskab A/S will continue its operations from its premises in Silkeborg, retaining a trend-based investment strategy based on technical analysis.

THE GROUP'S BUSINESS ACTIVITIES

Furthermore, Henton Børsmæglerselskab A/S' unique research reports and products aimed at the agricultural sector underpin and complement the bank's continuing growth in agricultural finance.

Upon takeover, Henton Børsmæglerselskab A/S had just over DKK 4 billion under management.

Asset management

In 2005, our asset management operations experienced organic growth in assets under management of DKK 4 billion. This figure does not include assets under management in Henton Børsmæglerselskab A/S which, being added, would bring assets under management to DKK 40 billion at 31 December 2005.

Customer performance was satisfactory in 2005, and the target of outperforming the benchmark by 10% was met.

At 31 December 2005, a total of 18 stockbroking and asset management employees resigned taking effect in the course of 2006. During the first weeks of 2006, Alm. Brand Bank made sure that all procedures, reports etc. could be maintained and developed, thereby ensuring that the stockbroking and asset management department can continue to provide high quality service to its customers and business partners.

Mortgage deeds

For many years, the bank has specialised in mortgage deed trading and financing and in serving investors, building considerable expertise in the area. Today, the bank is one of Denmark's largest players in this field in terms of revenue and financing and assets under management.

The bank continued to record very substantial revenue in mortgage deed portfolios in 2005. Coupled with growth in the volume of financing provided to investors, this has helped to further enhance profits.

Despite a significant increase in prepayments of mortgage deeds, we successfully continued to purchase mortgage deeds in volumes enabling us to meet investor requirements. The mortgage deeds originate primarily from the bank's partnership with the EDC chain of estate agents and purchases in the professional market.

Investment properties

The investment property department has built extensive know-how in financing prime-location properties and also provide home ownership financing and financing for residential property portfolios.

Loans for investment properties are granted on the basis of location, the financial standing of tenants, rent levels etc. and the creditworthiness of the customer purchasing the property.

In recent years, the department has extended its sphere of operations to cover cooperative housing, associations of freehold flat owners and subsidised housing organisations.

The department has signed agreements with mortgage credit institutions under which the bank guarantees the last proportion of a mortgage loan up to the statutory lending limit in return for a commission fee.

The year 2005 saw a sharp increase in loans to investment credit facilities and financing of residential properties. As a result, loans to commercial properties, loans to residential properties and investment credit facilities now account for about one third of the portfolio each.

Growth was achieved in full pursuance of the bank's restrictive credit policy.

Alm. Brand Pantebreve A/S

Alm. Brand Pantebreve is a listed company investing in mortgage deeds. Alm. Brand Bank owns 40.1% of the company and holds 77.9% of the votes. In addition, Alm. Brand Pantebreve acquired treasury shares corresponding to 10% of the share capital in 2005.

In 2005, the company leveraged on the continued favourable margin between the financing rate and the rates on mortgage deeds. On the other hand, prepayment rates were extremely high. The company increased its investments in corporate mortgage deeds in 2005 and expects this trend to continue into 2006.

During 2005, the company's share price converged on the net asset value per share. At 31 December 2005, the share price was DKK 138.00 against DKK 161.5 at 1 January 2005. The net asset value per share was DKK 137.86 at 31 December 2005.

The share of the profit attributable to Alm. Brand Bank before tax was DKK 3 million. Alm. Brand Pantebreve generated an overall pre-tax profit of DKK 8 million.

| Alm. Brand Pantebreve/ Alm. Brand Formue, DKKm | 2005 | 2004 |
|---|-------------|-------------|
| Net interest income | 34 | 36 |
| Dividend and fees, net | - 24 | - 11 |
| Value adjustments | 120 | 35 |
| Other operating income | - | 1 |
| Total earnings | 130 | 61 |

The figures have been reconciled to the group's total earnings in NOTE 4.

Alm. Brand Formue A/S

Together with a number of close business partners, Alm. Brand Bank launched Alm. Brand Formue, a listed investment company, in the autumn of 2003.

The company's concept is to offer customers and other business partners an investment opportunity in a listed company able to gear its equity up to four times and invest its equity as well as borrowed funds in, primarily, Danish listed bonds and shares. Annual long-term returns of 10% before tax are expected.

At 31 December 2005, Alm. Brand Formue had some 2,500 shareholders and equity of DKK 506 million.

Financing is provided partly by Alm. Brand Bank and partly by a number of financial business partners.

Alm. Brand Bank owns 11.5% of the company and has 52.3% of the votes. Alm. Brand Bank manages the company's portfolio in accordance with the guidelines defined by the company's board of directors.

The year 2005 was yet another year of substantial interest in Alm. Brand Formue and two share issues were carried out during the year, both of which were fully subscribed.

The share of the profit attributable to Alm. Brand Bank before tax was DKK 13 million. Alm. Brand Formue generated a very satisfactory overall pre-tax profit of DKK 116 million.

Outlook for 2006

The wholesale bank will be focused on ensuring growth in lending based on sound credit principles and on generating satisfactory returns to its customers in the stockbroking and asset management areas. In addition, we will focus on continuing to provide professional services to our customers. We aim to continue developing and offering comprehensive finance packages to our customers. We therefore make continued efforts to generate cross-sales in the group and to cultivate relations with other players in the market and develop comprehensive financing solutions through concerted action.

In 2006, we will focus particularly on further developing the foreign exchange business. We also expect to implement new corporate mortgage deed concepts in 2006.

The wholesale bank is expected to generate earnings, including earnings from Henton Børsmæglersekskab, in the region of DKK 280 million in 2006. To this should be added profits in Alm. Brand Pantebreve and Alm. Brand Formue, which are expected to total approximately DKK 65 million. The 2006 earnings figure includes earnings from the agricultural department which was transferred from the retail bank to the wholesale bank with effect from 1 January 2006.

THE GROUP'S BUSINESS ACTIVITIES

CAR LOANS AND LEASING

Car loans and leasing operations are handled by two wholly-owned subsidiaries, Alm. Brand Bilkredit A/S and Alm. Brand Leasing A/S. Alm. Brand Bilkredit provides car loans to private and corporate customers, primarily through business partners, while Alm. Brand Leasing provides finance leases, primarily for cars, mainly through business partners and directly to corporate customers.

Alm. Brand Bilkredit and Alm. Brand Leasing function as one unit for organisational purposes and have a total of 31 employees.

The two companies generated aggregate profits of DKK 63 million in 2005 against DKK 81 million in 2004.

Alm. Brand Bilkredit

Goals and strategy

The company aims to expand through organic growth and portfolio acquisitions, thereby increasing its current position as an important player in the Danish market for car finance.

The strategy is to offer competitive financial solutions for business partners (car importers and car dealers). Products provided through business partners are in some cases sold in the name of that partner, but Alm. Brand Bilkredit increasingly offers car loans under its own name.

Alm. Brand Bilkredit aims to be a price leader in the market. Efficient processes and low administrative expenses are key to ensuring satisfactory profitability given the chosen pricing strategy. Processes have been continuously enhanced in recent years, and we will remain greatly focused on continued efficiency enhancements.

| Alm. Brand Bilkredit/ Alm. Brand Leasing, DKKm | 2005 | 2004 |
|---|-----------|-----------|
| Net interest income | 45 | 55 |
| Net fee income etc. | 10 | 14 |
| Other operating income | 8 | 12 |
| Total earnings | 63 | 81 |

The figures have been reconciled to the group's total earnings in NOTE 4.

Highlights of 2005

The volume of new car loans is related to the sale of new cars. In 2005, the sale of new cars rose by as much as 21% relative to 2004, while the volume of new business was on a level with 2004.

This performance should be seen in the context of intensified competition among car finance companies and the termination of the company's partnership with Semler Gruppen.

In the autumn of 2005, the company signed a collaborative agreement with a major chain of independent car dealers in Denmark on the financing and leasing of new and used cars.

The company's lending totalled DKK 1.5 billion at 31 December 2005, which was unchanged from 2004.

Alm. Brand Leasing

Goals and strategy

Alm. Brand Leasing aims to cover the financing requirements of financially sound companies for leasing cars under finance leases. Furthermore, Alm. Brand Leasing intends to be an attractive leasing partner to professional leasing intermediaries.

Alm. Brand Leasing pursues a strategy of offering financial solutions through business partners or directly to end-customers. The aim is for direct sales to end-customers to account for a larger part of total new business in future.

Like Alm. Brand Bilkredit, Alm. Brand Leasing seeks to offer some of the lowest prices in the market.

Highlights of 2005

Alm. Brand Leasing extended its close partnerships with a number of car suppliers in 2005. Direct sales to major car fleet customers were also strengthened and upgraded in 2005.

Higher car sales combined with very competitive pricing triggered strong growth in new business in 2005 as compared with 2004.

In the autumn of 2005, the company signed a collaborative agreement with a major chain of independent car dealers in Denmark on financing and leasing of new and used cars.

The company's lending rose from DKK 498 million at 1 January 2005 to DKK 566 million at 31 December 2005.

Outlook for 2006

The car loan and leasing area expects sales of new cars in 2006 to be on a level with 2005. Due to the more competitive market and the termination of the partnership with Semler Gruppen, the volume of new business is expected to drop slightly in 2006.

Total lending in both Alm. Brand Bilkredit and Alm. Brand Leasing is expected to be on a level with 2005.

The car credit and leasing area is expected to generate total profits of around DKK 60 million in 2006.

SALES, SERVICE AND MARKETING

SALES AND SERVICE

Organisation

The Alm. Brand Group's sales and service organisation is structured in five regional units focusing on in-depth knowledge of local markets and extensive decision-making competence. The bank uses the regional structure to reach its private customers. The regions also coordinate insurance sales through some 250 insurance agents and a number of customer advisers, who refer customer prospects to the bank when customers so require. The regions are also supported by a network of 25 bank branch offices that provide service, advise on and sell the bank's private customer products in their local areas.

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

The head office in Copenhagen handles sales and service of specialised products and sales through partnerships and thus provides distribution services for the wholesale bank and car loans/leasing.

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

Goals

An efficient and professional sales and service organisation is key to achieving the bank's overall long-term goals.

The primary strategic goals, which distribution will help to support towards 2010, include the growth target and the customer satisfaction target.

In order to achieve these goals a number of operational interim goals have been defined. The most important interim goal is for the Alm. Brand Group to have at least 75,000 multi-product customers by 2010 of which 50% will be customers of the bank.

Strategy

The distribution strategy is comprised of several parts, including product concepts, efficient marketing, sales-oriented advisers possessing high professional skills, efficient and motivating sales systems and up-to-date sales tools. The trick is to ensure that each part functions perfectly and that all parts interact to support each other.

The growth targets towards 2010 should be achieved by focusing equally on increased cross sales and additional sales to existing customers and increased sales to new customers.

Highlights of 2005

Alm. Brand recorded a very strong sales performance in 2005, and recent years' efforts to optimise distribution are beginning to bear fruit.

The results achieved in 2005 may be divided into service/image and sales results, respectively.

Service/image results:

- Our telephone customer service was significantly enhanced
- Customer satisfaction improved substantially in 2005
- The number of multi-product customers continues to grow, and preliminary results show that multi-product customers are extremely loyal

Sales results:

- Banking sales through the group's own channels increased
- Sales through the bank's largest business partner, the EDC chain of estate agents, rose

Outlook for 2006

Distribution will take an even greater priority in 2006, and the goal is to continue to increase sales in tandem with a decline in cessation.

The marketing of 12 new branch managers and the refurbishment of the group's largest branch offices in line with the new concept which was introduced in 2005 are two of the most important initiatives scheduled for 2006.

In order to support advisory services, the branch offices are being refurbished to a more customer-friendly and exclusive standard with contemporary facilities for holding individual customer meetings. The theme of the new design concept is to create an "accommodating and friendly atmosphere" and the goal is for our customers to feel they are guests rather than conventional customers when they come to the new branch offices.

MARKETING

Goals

The marketing strategy is intended to profile Alm. Brand as a serious provider of financial products targeting customers with "ordinary common sense".

At the same time, marketing should contribute to supporting distribution in the form of specific customer prospects.

Strategy

Our strategy is focused on product and price marketing since we believe that these factors, together with integrity and image, are key parameters in the financial market.

The strategy is to consolidate marketing efforts for the group's three business areas, partly to become more visible in the market and partly to utilise the group's unique structure of offering banking products, non-life and life insurance under one roof.

The goal is that all marketing efforts should generate customer prospects by offering specific products and solutions.

The marketing strategy in relation to existing customers in the Alm. Brand Group takes a "softer" approach. Existing customers should be confirmed in the choices they make and be positively encouraged to source additional products from Alm. Brand. Our vision is that they should experience a feeling of being well taken care of when they do business with Alm. Brand.

Highlights of 2005

As was the case with distribution, 2005 was the year when it would become apparent whether recent years' marketing strategy and marketing efforts would bear fruit.

In 2005, Alm. Brand was among the three best known providers of insurance and banking products, and the unprompted recognition of the *dobbelt*KUNDE concept grew from no recognition at 1 January 2004 to an unprompted recognition of some 20% at 31 December 2005.

Outlook for 2006

External marketing efforts will continue along the line introduced in 2004.

However, we aim to increase our marketing efforts towards existing customers substantially in 2006, the primary goals being to retain customers and to generate increased cross sales and additional sales.

The sponsorship strategy will also be retained in 2006, and our sponsorships with Riis Cycling (Team CSC) and Danish football club AGF will continue in 2006. Team CSC achieved excellent results in 2005, and the team's ambitions for 2006 are extremely high. In addition, Alm. Brand will continue to support a number of local sports associations and events.

EMPLOYEES AND DEVELOPMENT



ATTITUDES AND CONDUCT

We believe that the attitude, conduct and professional and personal skills of our employees is key to our success. Satisfied employees form the basis of Alm. Brand Bank's success. Likewise, it is important that Alm. Brand Bank can continue to attract and retain the most qualified employees.

STRATEGY AND GOALS

Alm. Brand Bank aims to offer its employees to take responsibility, a say in their own situation, challenges and personal development opportunities. Developing the employees will enable Alm. Brand Bank to stand out from the competition.

In connection with defining the new strategy towards 2010, we restated our aim that 90% of the employees should be satisfied or very satisfied with working at Alm. Brand Bank.

We aim to achieve these objectives through a focused effort in the following areas:

- Developing the image of Alm. Brand Bank as a workplace
- Focusing on individual development and training of managers
- Continuing the work with the group's values
- Maintaining targeted, open and honest communication lines to all employees
- Continuing professional and personal development

EMPLOYEE SATISFACTION

Employee satisfaction is measured as a weighted average of responses to certain selected questions. The satisfaction rate in the bank's business areas was 83% in 2005, which was on a par with the 2004 satisfaction rate.

The response rate was extremely high at 90%, thereby making it possible to draw conclusions from the results with a high

degree of certainty. The response rate also reflects the great commitment demonstrated by the group's employees.

We would like to draw attention to one particular area of progress: The information flow, and especially management's importance and efforts in this connection, is considered to have been significantly improved as a result of targeted efforts in this area.

Moreover, the drop in the employees' perception of the group's reputation, which led to a fall in the 2004 result, was fully restored in 2005.

A total of 95% of employees say they are satisfied or very satisfied with working at Alm. Brand. 42 percentage points of the respondents were very satisfied as compared with 34 percentage points in 2004. A total of 92% of the employees say they are proud to work with Alm. Brand.

We need to work on several aspects in 2006. Firstly, we need to focus increasingly on the employees' understanding of the importance of providing optimum customer service, both to external customers and to in-house customers/colleagues. Secondly, we need to continue our efforts to get the Alm. Brand Group to work as one unit within the group and vis-à-vis the outside world. In addition, we will focus on developing the skills and know-how of each individual employee in 2006.

| | 2005 | 2004 |
|-----------------------------------|------|------|
| No. of employees, 31 Dec.* | 347 | 291 |
| – full-time equivalents, 31 Dec.* | 298 | 280 |
| – full-time equivalents, average | 276 | 278 |
| Average age, 31 Dec. | 38 | 40 |
| Average seniority (years) | 5 | 7 |

* The 2005 figures include 19 employees in Henton Børsmæglersekskab A/S.



MANAGEMENT QUALITY

Managers as well as employees attach great importance to good management as a means of achieving the banking group's objectives. We therefore believe management as a concept or function is an important factor on a par with products, prices, distribution channels and IT tools.

At Alm. Brand Bank, a manager's role includes creating results through the employees. To this end, it is vital for managers and employees to maintain trust, a dialogue and close working relations. Our annual management quality survey in which the employees rate managers' conduct relative to the group's values showed that 93% of employees were either very satisfied or satisfied with their manager.

This was an increase of 3 percentage points relative to the 2004 survey and is a very satisfactory result. We recorded progress in all areas, and many survey comments would indicate that our managers have worked on improving their performance during the year.

Satisfaction with the immediate superior and the group's reputation are the two most important parameters in ensuring satisfied employees.

WORKING TO INCORPORATE THE GROUP'S VALUES

The values are considered very important by the employees in relation to improving collaboration across the group and in general to achieve the banking group's objectives. Therefore, it seems only natural to make the values a core component of our efforts to achieve the 2010 strategy.

VALUES AND CONDUCT WATCHWORDS

ORDINARY COMMON SENSE

WE IDENTIFY WITH THE CUSTOMER

WE KEEP OUR PROMISES

WE MANAGE RULES WITH COMMON SENSE

MUTUAL RESPECT

WE LISTEN TO EACH OTHER

WE RESPECT EACH OTHER'S OPINIONS

WE DRAW ON EACH OTHER'S KNOWLEDGE
AND EXPERIENCE

HOLISM AND PROXIMITY

WE TAKE A HOLISTIC APPROACH

WE CARE FOR EACH OTHER

WE ARE ACCESSIBLE

WILL TO SUCCEED

WE SET AMBITIOUS AND REALISTIC GOALS

WE STRIVE FOR PROFESSIONAL
AND PERSONAL DEVELOPMENT

WE CREATE RESULTS TOGETHER

CONTINUING PROFESSIONAL AND PERSONAL DEVELOPMENT

Our customers' knowledge about financial products has increased substantially in recent years and this requires the bank to become even better in order to provide optimum advice to our customers.

In the years ahead, Alm. Brand Bank therefore intends to invest considerable resources in in-house training of new and existing employees. In order to build a visible platform for the group's training initiatives in this area, we plan to set up the Alm. Brand Academy in 2006. The academy is intended to consolidate the opportunities for training in the group and to act as a "showcase" for principles of and opportunities for developing the professional and personal skills of each individual employee.

RISK MANAGEMENT



RISK MANAGEMENT

Being a financial services group, the Alm. Brand Bank Group is exposed to different types of credit, market and operational risk. Exposure to such risk is a core element of the banking group's business concept.

The banking group considers risk management a vital focus area. A core element of the overall strategy is to continuously enhance risk management and risk reporting.

The banking group has several levels of risk management and controls. The Board of Directors defines and approves overall risk policies and the related limits for acceptable risk exposure. The Executive Board defines the operational policies governing risk management and delegates part of the approved limits to the rest of the organisation.

The managements of the respective business and staff areas are responsible for managing business risk and related in-house controls. Each business and staff area is responsible for identifying, quantifying and monitoring risk within their own area and for setting up relevant risk-handling controls and strategies.

The credit department and the risk department are responsible for risk management at the group level and for drafting policies and procedures concerning the banking group's exposure. These two departments operate independently of the operational units to ensure unbiased risk monitoring and reporting. The two departments are responsible for verifying that the risk exposure complies with the policies and guidelines defined, and for ensuring that the return on individual products and segments reflects the risk exposure.

The internal audit department independently checks compliance with the banking group's control procedures, including risk management guidelines.

Basel II

The bank has carried out a review of the new capital adequacy rules (Basel II) and has decided to apply the IRB Foundation method. On this basis, the bank implemented development activities in 2005 in collaboration with Bankdata which are intended to ensure that the bank can implement the method over a period of a few years. Following this, the bank will achieve the capital and risk management benefits that will result from the new Basel registrations.

GOALS AND STRATEGY

In our efforts to achieve the banking group's goals, we take calculated risk. The risks encountered in the various business areas differ considerably, but generally risk parameters can be divided into three types of risk: business, financial and operational.

BUSINESS RISK

It is important for the Alm. Brand Bank Group to identify, measure and manage business risk. For this purpose, we have prepared a set of lending guidelines that have been consolidated in a credit policy which is easily accessible for all customers in the banking group.

Credit policy

The credit policy has been approved by the bank's management and describes the position on and guidelines applicable to the banking group's granting of loans, guarantees and other types of credit risk.



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

The credit policy is evaluated on an ongoing basis in order that it may be adapted and updated to reflect developments in the product area, in the industry or in society in general.

FINANCIAL RISK

Market risk

Market risk is the risk of a loss due to changes in the market value of assets and liabilities, which will change in line with changes in market conditions such as in market rates, equity prices or exchange rates.

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

The purpose of financial risk management is to offset the overall financial risk exposure against assets and liabilities, thereby achieving a satisfactory balance between return and risk. We aim to achieve our risk management objectives through risk management policies which define the guidelines for exposure against different types of financial risk. The investment and risk management policy of each individual company of the banking group reflects the market conditions it operates under. The investment guidelines provide risk limits for both individual investments and groups of assets.

The banking group's assets and liabilities are subject to market risk in the form of interest rate risk, currency risk and price risk.

Fair value interest rate risk

Fair value interest rate risk is the risk of fluctuations in the value of interest-bearing financial instruments as a result of changes in interest rates. This type of risk arises on fixed-rate financial instruments, while floating-rate instruments are subject to cash flow interest rate risk.

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

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

Cash flow interest rate risk

Cash flow interest rate risk is the risk of a loss due to changes in future cash flows which may affect the income statement at some point in the future.

Alm. Brand Bank seeks to limit its interest rate risk primarily by accepting and providing deposits and loans at floating rates. However, the subsidiaries Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S have a greater exposure to fixed-rate financial instruments due to their investment strategies.

RISK MANAGEMENT

Assessment of interest rate risk

Interest rate risk expresses the risk of a loss in case of a general one percentage point increase in market rates. The banking group calculates interest rate risk on fixed rate claims and liabilities using a duration model. For the purpose of day-to-day risk management, interest rate risk is calculated according to guidelines issued by the Danish Financial Supervisory Authority and according to an in-house method.

Much of the interest rate exposure relates to the group's portfolio of mortgage deeds, and the in-house method takes into account expected prepayments of mortgage deeds.

The partly owned subsidiaries Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S account for much of the interest rate exposure. The in-house method calculates interest rate risk at group level including the proportionate share of interest rate risk in the partly owned subsidiaries.

Made up according to the in-house method, the interest rate risk amounted to DKK 33 million at 31 December 2005. This was DKK 15 million higher than at 31 December 2004.

Made up according to the guidelines issued by the Danish Financial Supervisory Authority, the interest rate risk amounted to DKK 210 million at 31 December 2005 against DKK 109 million at 31 December 2004.

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

Interest rate risk on a one percentage point increase in interest rates made up according to the in-house method

| | Group | | | | Parent company | | | |
|--------------------------------------|-----------|--------------|------------|--------------|----------------|--------------|-----------|--------------|
| | 2005 | | 2004 | | 2005 | | 2004 | |
| | DKKm | % of equity | DKKm | % of equity | DKKm | % of equity | DKKm | % of equity |
| Mortgage deeds | 13 | 1.6% | 13 | 1.7% | 9 | 1.2% | 11 | 1.4% |
| Bonds | 52 | 6.5% | 57 | 7.6% | 44 | 5.8% | 55 | 7.4% |
| Other interest-bearing assets | 29 | 3.6% | 31 | 4.1% | 29 | 3.8% | 31 | 4.1% |
| Total interest-bearing claims | 94 | 11.7% | 101 | 13.4% | 82 | 10.8% | 97 | 12.8% |
| Interest-bearing liabilities | - 61 | 7.6% | - 83 | 11.0% | - 61 | 8.0% | - 83 | 11.0% |
| Total interest rate risk | 33 | 4.1% | 18 | 2.4% | 21 | 2.8% | 14 | 1.8% |

Figures for the group include the subsidiaries' interest rate risk in proportion to the ownership interest.

Currency risk

Currency risk reflects the risk of a loss due to changes in exchange rates.

The banking group's currency risk is managed by widely placing the financial assets in alignment with the currency composition of the liabilities.

In addition, currency risk is hedged using derivative financial instruments.

The banking group's currency exposure is to a wide extent affected by the fact that the investment strategy adopted permits the two listed subsidiaries Alm. Brand Formue and Alm. Brand Pantebreve to hold unhedged foreign currency positions. Particularly Alm. Brand Formue has the opportunity to hold considerable unhedged positions, while Alm. Brand Pantebreve has a limit for investments in foreign mortgage deeds. The bank's investment strategy is to have only limited net positions in foreign currency.

As in previous years, the currency exposure to unhedged currency positions was very limited. In terms of indicator 2, the

banking group's currency exposure amounted to DKK 3 million at 31 December 2005 against DKK 2 million at 31 December 2004. For 2005, the currency exposure equalled 0.2% of the tier 1 capital after deductions.

Equity risk

Equity risk reflects the risk of a loss due to a fall in equity prices.

The banking group accepts a limited exposure to equities which is determined on the basis of investment strategy and capital base. The equity exposure is composed of listed and unlisted equity investments and derivative financial instruments.

The banking group primarily makes equity investments through its partly owned subsidiary, Alm. Brand Formue. In addition, the bank has a trading portfolio of listed shares, a trading portfolio of shares in unit trusts and a small portfolio of unlisted financial fixed assets.

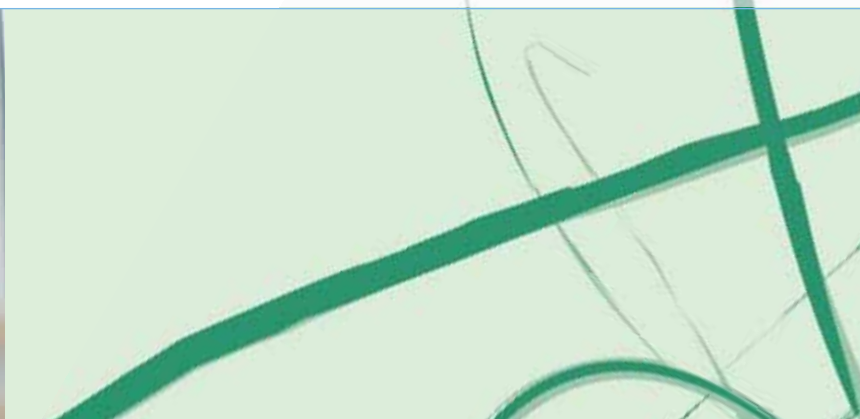
Alm. Brand Bank's equity risk is reduced by way of derivative financial instruments. Alm. Brand Formue's equity risk is unhedged in accordance with the investment strategy.

Currency risk

| DKKm | Group | | Parent company | |
|--|-------|-------|----------------|-------|
| | 2005 | 2004 | 2005 | 2004 |
| Total assets denominated in foreign currency | 3,315 | 1,622 | 2,117 | 1,526 |
| Total liabilities denominated in foreign currency | 4,924 | 1,074 | 4,924 | 1,074 |
| Exchange rate indicator 1 | 264 | 102 | 89 | 13 |
| Exchange rate indicator 1 as a percentage of tier 1 capital after deductions | 19.1% | 9.5% | 8.6% | 1.7% |
| Exchange rate indicator 2 | 3 | 2 | 0 | 0 |
| Exchange rate indicator 2 as a percentage of tier 2 capital after deductions | 0.2% | 0.2% | 0.0% | 0.0% |

Figures for the group include the full effect of subsidiaries.

RISK MANAGEMENT



At 31 December 2005, the banking group's equity portfolio amounted to DKK 740 million against DKK 307 million at 31 December 2004, while the bank's equity portfolio amounted to DKK 102 million at 31 December 2005 against DKK 55 million at 31 December 2004.

In addition, the bank has a small holding of DKK 2 million in its parent company, Alm. Brand A/S. The holding is carried as participating interests in group undertakings and is part of the trading portfolio due to the bank's role as a market maker in the share. The bank is also a market maker in Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S shares.

Credit risk

Credit risk is a natural and important part of carrying on banking operations and granting loans. Credit risk is the risk of a loss to the bank caused by customers defaulting on their repayment obligations and due to any securities provided not being sufficient to cover the obligations. The bank's credit department has the overall responsibility for assessing and following up on the bank's credit exposure, both in terms of individual customers, and in terms of loan portfolios.

The credit policy has been worked out on the basis of the bank's individual products and the customer segments buying the bank's lending products.

Equity risk assuming a 10% price decline

| | Group | | | | Parent company | | | |
|--|-----------|-------------|----------|-------------|----------------|-------------|----------|-------------|
| | 2005 | | 2004 | | 2005 | | 2004 | |
| | DKKm | % of equity | DKKm | % of equity | DKKm | % of equity | DKKm | % of equity |
| Shares listed on the Copenhagen Stock Exchange | 15 | 1.9% | 5 | 0.7% | 8 | 1.1% | 3 | 0.4% |
| Shares listed on foreign exchanges | 1 | 0.1% | 1 | 0.1% | 0 | 0.0% | - | 0.0% |
| Total listed shares | 16 | 2.0% | 6 | 0.8% | 8 | 1.1% | 3 | 0.4% |
| Unlisted shares | 3 | 0.4% | 3 | 0.4% | 3 | 0.4% | 3 | 0.4% |
| Total shares | 19 | 2.4% | 9 | 1.2% | 11 | 1.5% | 6 | 0.8% |

Figures for the group include the subsidiaries' equity portfolios in proportion to ownership interest.



The bank strives to ensure that the return on individual products and customer segments is satisfactory relative to the risk involved. The bank further aims to always keep its overall credit exposure at an acceptable level relative to the industry.

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

The bank's loans to private customers are to a wide extent based on the use of credit scoring models which have been developed over a number of years and which are constantly being developed and improved on the basis of empirical data

and cyclical changes. Credit scoring models are used on secured as well as unsecured loans.

As a result of the bank's focused strategy, loans granted to corporate customers concentrate on specific asset classes and specific industries. The main criterion for accepting commitments is a satisfactory credit rating of the company combined with a thorough and conservative assessment of the value of the assets provided as collateral and any supplementary collateral provided.

The bank has set up business procedures to ensure an ongoing assessment of the performance of individual commitments and lending portfolios and the risk inherent therein.

Types of commitment/risk spread

| Loans and guarantees, DKKm | Group | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Real property | 4,542 | 3,556 | 4,542 | 3,556 |
| Mortgage deeds/Financing of mortgage deeds | 3,594 | 2,786 | 2,866 | 2,161 |
| Cars | 2,172 | 2,054 | 76 | 87 |
| Agriculture | 751 | 636 | 748 | 635 |
| Investment commitments | 694 | 467 | 694 | 467 |
| Other commitments | 988 | 582 | 971 | 522 |
| Subsidiary funding | - | - | 3,474 | 2,713 |
| Total | 12,741 | 10,081 | 13,371 | 10,141 |

Figures for the group include the full effect of subsidiaries.

RISK MANAGEMENT

If the changes in individual commitments or objective indicators are considered to warrant impairment of the value of the commitments, the necessary impairment charges will be effected in accordance with the rules in force and based on a conservative assessment of the realisable value of any collateral provided and the expected date of realisation.

In terms of loans and guarantees, the banking group's total credit risk before impairment charges amounted to DKK 12.7 billion at 31 December 2005, corresponding to an increase of DKK 2.7 billion relative to 31 December 2004.

Losses and impairment charges charged to the banking group's income statement totalled DKK 5 million in 2005, a fall of DKK 25 million relative to 2004.

The banking group's total provisions for bad and doubtful debts amounted to DKK 214 million at 31 December 2005, which was on a level with 1 January 2005. Impairment charges/provisions relative to total loans and guarantees stood at 1.7% at 31 December 2005 against 2.1% at 1 January 2005. The fall was attributable to growth in total loans and guarantees and the fact that performance of credit commitments in 2005 did not call for additional impairment charges. The bank's loans on which interest is not calculated totalled DKK 20 million at 31 December 2005, corresponding to 0.0% of total loans and guarantees.

The bank hedged part of the credit risk by purchasing two interest rate options intended to hedge against any credit losses if interest rates were to increase sharply after the time of acquisition. The options were purchased in 2004 and 2005, respectively.

Liquidity risk

Liquidity risk is the risk of having insufficient liquidity to meet financial liabilities. The bank's efforts to manage liquidity risk include day-to-day management of its liquidity and continuous assessments of its short-term and long-term requirements relative to its cash resources.

The bank's liquidity management policies have been determined from a prudent risk profile, including expectations for developments in deposits and lending. Moreover, the bank's policy is to always have sufficient liquidity to enter into new and attractive business.

In order to strengthen its cash resources and to ensure continued growth, the bank has raised a EUR 375 million syndicated loan facility via 30 international banks. The loan is a so-called multi-tranche credit facility with maturity of three, six and seven years. In an effort to avoid heavy exposure in EUR, the loans have been converted into DKK using derivative financial instruments.

OPERATIONAL RISK

Operational risk may occur as a result of human or technical errors, or because of external events that may entail substantial unforeseen costs or business interruption.

The Alm. Brand Bank Group may incur direct or indirect financial losses due to operational risk, and therefore commits a good deal of resources to limiting such risk.

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. Combined with the separation of controlling and operational functions in the organisation, these procedures help minimise operational risk.

The Alm. Brand Group continuously seeks to improve operational security, including to ensure the continued operation and restoration of the business areas in the event of a protracted breakdown. The Board of Directors has thus approved a set of contingency targets for the group.

The targets have been implemented as a central emergency organisation, evacuation plans and contingency manuals in each business area, fundamental technical changes to IT aiming to decrease vulnerability, and increased attention to standardising processes and IT products.

The group continuously seeks to improve its IT security. IT security in Alm. Brand is based on an IT security policy adopted by the Board of Directors. The policy defines general IT security requirements in order to ensure that the Alm. Brand Group's overall use of IT is secure and controlled. The IT policy is implemented in IT security guidelines, IT security checklists, user guidance as well as other measures and business procedures.

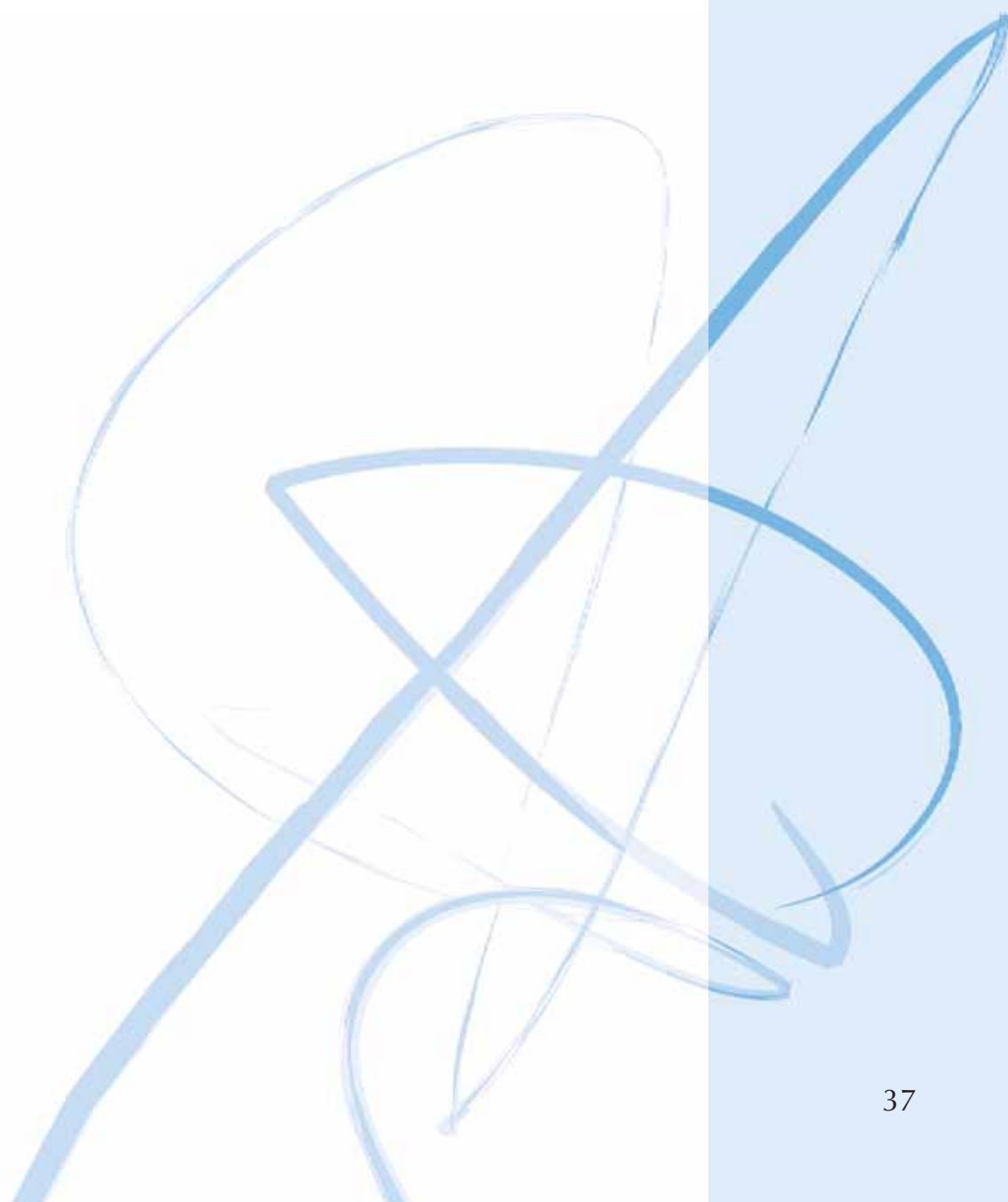
The central banking systems are operated by Foreningen Bankdata, and the group's other central IT systems are placed with IT outsourcing provider IBM SDC DK A/S, which further enhances physical IT security and operational reliability in the bank.

Ongoing training of employees and investments in new technology are intended to limit operational risk and ensure that the banking group meets customers' and business partners' requirements and expectations.

The internal auditors carry out regular, in-depth, independent reviews to verify that work routines and business procedures are adequate, and that the employees comply with them.



FINANCIAL STATEMENTS



ACCOUNTING POLICIES

The annual report, comprising the consolidated financial statements and separate financial statements for 2005 of Alm. Brand Bank A/S, has been prepared in accordance with the Danish Financial Business Act, the executive order on the preparation of financial reports presented by credit institutions and investment companies, etc., and the guidelines issued by the Danish Financial Supervisory Authority.

The consolidated financial statements have not been prepared in conformity with IFRS.

ACCOUNTING POLICY CHANGES

As a result of the new executive order on the preparation of financial reports presented by credit institutions and investment companies, etc., the accounting policies have been changed, affecting recognition, measurement, etc. The comparative figures for 2004 have been restated accordingly. In aggregate, the change in accounting policies reduced shareholders' equity at 1 January 2005 by DKK 12 million. In addition, minority interests and allocated dividends for 2004 have been reclassified.

The financial impact from the changed accounting policies is specified in NOTE 38.

ACCOUNTING ESTIMATES

The calculation of the accounting value of certain assets and liabilities is based on an estimate of how future events will affect the value of such assets and liabilities. The most significant estimates relate to impairment of loans, the calculation of fair values of unlisted financial instruments and provisions.

The estimates are based on assumptions considered appropriate by management. In addition, the banking group is subject to risks and uncertainties that may cause actual results to deviate from the estimates.

CONSOLIDATION

The Alm. Brand Bank Group has decided to prepare and publish consolidated financial statements, notwithstanding that the banking group is included in the consolidated financial statements of a higher-ranking parent company.

The annual report comprises the parent company, Alm. Brand Bank A/S, and group enterprises in which the parent company directly or indirectly exercises a controlling influence.

The consolidated financial statements are prepared on the basis of the financial statements of Alm. Brand Bank and its subsidiaries by consolidating items of a similar nature and eliminating intra-group income and expenses, intra-group accounts and gains and losses on transactions between the consolidated companies. The financial statements used in the consolidation are prepared or revised in accordance with the group's accounting policies.

Parent company investments in consolidated subsidiaries are offset by the parent company's proportionate share of the net assets of the subsidiaries.

The proportionate shares of the results and equity of subsidiaries attributable to minority interests are measured and recognised as an integral part of the income statement and the balance sheet. The share of the results attributable to minority interests is shown as profit allocation.

Acquisitions

Newly acquired companies are recognised in the consolidated financial statements from the date of acquisition. The comparative figures are not adjusted to reflect acquisitions.

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

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

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

GENERAL

Income is recognised in the income statement as earned and includes value adjustments of financial assets and liabilities measured at fair value or amortised cost. Costs incurred to generate the year's income are also recognised in the income statement.

Market value adjustments of financial instruments result from measurement between the carrying amounts and the corresponding fair values. Market value adjustments are recognised in the income statement.

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 they are probable and can be reliably measured.

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

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

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

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

The accounting policies applied for main financial items are described below.

FOREIGN CURRENCY TRANSLATION

Income and expenses denominated in foreign currency are translated into Danish kroner using the exchange rates prevailing at time of transaction. Assets and liabilities denominated in foreign currency are measured at the rates of exchange published by Danmarks Nationalbank at the balance sheet date. Realised and unrealised exchange rate adjustments are recognised in the income statement.

REPO/REVERSE TRANSACTIONS

Securities sold under agreements to repurchase at a later date (repo transactions) remain in the balance sheet. Amounts received are included as liabilities payable to the purchaser and are subject to interest at the agreed rate. The securities are measured as if they were still recognised 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.

ACCOUNTING POLICIES

DERIVATIVES

Forward transactions, futures, swaps, options and unsettled spot transactions are initially recognised at cost and subsequently measured at the fair values prevailing at the balance sheet date. Positive and negative fair values of derivatives are classified as *Other assets* and *Other liabilities*, respectively. Changes in the fair value of derivatives are recognised in the income statement.

HEDGE ACCOUNTING

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

Changes in the fair value of derivatives that are designated and qualify 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.

TAX

Alm. Brand Bank A/S and the company's subsidiaries are taxed jointly with Alm. Brand A/S. Current and deferred tax is provided in each individual company.

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 tax on prior years' taxable income. Current tax assets and liabilities are shown as net amounts to the extent that the amounts can legally be offset against each other and the items are expected to be settled net or simultaneously.

Deferred tax is recognised according to the balance sheet liability method on all timing differences between the accounting and tax value of assets and liabilities. Deferred tax is measured on the basis of the tax rules and at the tax rates provided by legislation at the balance sheet date when the deferred tax asset is expected to crystallise as current tax.

Deferred tax assets, including the tax value of tax losses carried forward, are measured at the amount at which they are expected to be realised, either by setting off tax on future earnings or by setting off deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax unit.

INCOME STATEMENT

Interest receivable comprises interest and interest-like income, while *Interest payable* comprises interest and interest-like expenses. Interest-like income and expenses comprise fees and commissions that are an integral part of the effective rate of interest.

Dividend on shares, etc. includes dividends and similar income from equity investments.

Fees and commissions income include income relating to services at the expense of the customers, while *Fees and commissions payable* include expenses concerning management fees, etc.

Value adjustments comprise value adjustments of assets and liabilities measured at fair value. The item also includes exchange rate adjustments.

Staff costs and administrative expenses include salaries to and remuneration of the Executive Board and Board of Directors and staff costs. The item also includes administrative expenses.

Impairment of loans, advances and receivables, etc. comprise impairment of items that involve a credit risk and provisions for guarantees. The item also includes value adjustment of assets temporarily acquired in connection with closing commitments.

Profit from investments in associates and group enterprises represents the share of the profit or loss after tax in associates and group enterprises. The profit or loss before tax of subsidiaries is recognised in *Profit from investments in associates and group enterprises*, while tax in subsidiaries is recognised in the item *Tax*.

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. The items also includes the indirect tax in respect of "Interest benefit from tax deductions in respect of impairment of loans and advances". Changes in deferred tax resulting from changes in tax rates are also recognised in this item.

BALANCE SHEET

Cash in hand and balances at call with central banks and Balances due from credit institutions and central banks are measured at fair value on initial and subsequent recognition. The item *Balances due from credit institutions and central banks* includes all receivables from credit institutions and central banks, including receivables in connection with genuine purchase and resale transactions.

Loans, advances and other receivables at fair value comprise loans, advances and receivables for which the price is fixed in active markets. The loans, advances and other receivables involved must be measured at fair value on initial and subsequent recognition.

Loans, advances and other receivables at amortised cost comprise all types of loans and advances, including leasing, measured at amortised cost. *Loans, advances and other receivables at amortised cost* are measured on initial recognition 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 must be adjusted to amortised cost on a current basis. Loans, advances and other receivables will be adjusted to amortised cost on a current basis. An evaluation takes place to detect any objective indication of impairment of the company's loans, advances and other receivables. In case of any objective indication of impairment, the loan, advance or receivable is written down by the difference between the carrying amount before the write-down and the present value of the expected future payments from the loan, advance or receivable.

Bonds at fair value comprise listed bonds and other claims for which the price is fixed in active markets. The fair value of listed bonds is determined 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. However, the fair value of drawn listed bonds is calculated as the present value of the bonds. Other claims are measured at fair value using a valuation technique which is in accordance with generally recognised methods for pricing financial instruments.

Shares, etc. comprise listed equity investments and other unlisted equity investments. The fair value of listed equity investments is determined 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. The fair value of unlisted equity investments is determined as the transaction price that would result from a transaction between independent parties. If the fair value cannot be measured reliably, unlisted equity investments will be measured at cost less any impairment.

Investments in associates and Investments in group enterprises are recognised and measured at the companies' net asset value.

Intangible assets are recognised at cost. In the banking group, intangible assets exclusively comprise goodwill. At least once a year, goodwill is tested for impairment, and any writedown is recognised in the income statement under *Depreciation, amortisation and impairment of intangible assets and property, plant and equipment*.

Other property, plant and equipment include operating equipment and fixtures, which are measured at cost less depreciation and impairment and the expected residual value. The assets are depreciated over their expected useful lives, expected to be up to five years.

Other assets include other assets not belonging to the other asset items. The item comprises the positive fair value of spot transactions and derivatives and income that does not fall due for payment until after the end of the financial year, including interest receivable and dividend receivable.

ACCOUNTING POLICIES

The asset item *Prepayments* comprise expenses incurred prior to the balance sheet date but which relate to a subsequent accounting period, including prepaid commission and prepaid interest.

Payables to credit institutions comprise obligations in connection with genuine sale and repurchase transactions and receivable margins in connection with futures and option transactions.

Deposits and other payables comprise all deposits, including obligations in connection with genuine sale and repurchase transactions and customers' receivable margins in connection with futures and option transactions.

Other liabilities include other liabilities not belonging to the other liability items. The item comprises the negative fair value of spot transactions and derivatives and expenses that do not fall due for payment until after the end of the financial year, including interest payable and commission.

The liability item *Deferred income* comprises income received prior to the balance sheet date but which relates to a subsequent accounting period, including interest and commission received in advance.

Provisions include liabilities which are uncertain in respect of size or time of settlement when it is likely that the obligation will require an outflow of the company's financial resources, and the obligation can be measured reliably.

Provisions for pensions and similar obligations comprise holiday allowances and 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.

Provisions for losses on guarantees are measured at the best estimate of the costs necessary to meet the relevant obligation at the balance sheet date. However, as a minimum, the provision will be recognised at the premium or commission received, amortised systematically over the risk period received to undertake the guarantee.

Subordinated debt comprises debt obligations which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be met until any other creditor claims have been honoured.

INTRA-GROUP TRANSACTIONS

Intra-group transactions provided as part of the company's normal operating activities are settled on market terms. Trading in assets is transacted at market prices. Other intra-group transactions are settled on the basis of the actual costs incurred.

CASH FLOW STATEMENT

The cash flow statement shows the group's cash flows for the year divided into cash flows from operating activities, working capital, investing activities and financing activities. The cash flow statement is presented using the indirect method and based on the profit for the 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 are included in 'Cash flow from investing activities'.

Cash flows from working capital include assets and liabilities related to operating activities, including loans, deposits, etc.

Cash flows from investing activities include acquisitions and divestments of subsidiaries, and net investments in assets not related to operating activities, including realised gains and losses on the sale of the assets.

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

Cash and cash equivalents comprise cash at bank and in hand and balances with credit institutions and central banks with a remaining term of up to three months.

SIGNATURES

The Board of Directors and the Executive Board have today reviewed and adopted the annual report for 2005 of Alm. Brand Bank A/S.

The annual report has been prepared in accordance with the Danish Financial Business Act. In our opinion, the accounting policies applied are appropriate, and the annual report gives a true and fair view of the group's and the parent company's

assets, liabilities, and financial position at 31 December 2005 and of the results of the group's and the parent company's operations and the group's cash flow for the financial year ended 31 December 2005.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

EXECUTIVE BOARD

Copenhagen, 9 February 2006

Henrik Nordam
Chief Executive

Peter Reedtz
Managing Director

BOARD OF DIRECTORS

Copenhagen, 9 February 2006

Christian N.B. Ulrich
Chairman

Jørgen Hesselbjerg Mikkelsen
Deputy Chairman

Christian Hjorth-Andersen

Søren Boe Mortensen

Ole Bach

Mark Oswald

AUDITORS' REPORT

INTERNAL AUDIT

We have audited the annual report of Alm. Brand Bank A/S for the financial year ended 31 December 2005, which is presented in accordance with Danish Financial Business Act.

The annual report is the responsibility of the Company's Board of Directors and Executive Board. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. Based on an evaluation of materiality and risk, we reviewed the business procedures, the

accounting policies applied and the estimates made and verified the basis for the amounts and other disclosures in the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2005, and of the results of the group's and the parent company's operations and of the group's cash flow for the financial year ended 31 December 2005 in accordance with the Danish Financial Business Act.

Copenhagen, 9 February 2006

Poul-Erik Winther Nielsen

Chief auditor

AUDITOR APPOINTED BY THE GENERAL MEETING

To the shareholders of Alm. Brand Bank A/S

We have audited the annual report of Alm. Brand Bank A/S for the financial 2005, prepared in accordance with the Danish Financial Business Act.

The annual report is the responsibility of the Company's Executive and Supervisory Boards. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclo-

tures in the annual report. An audit also includes assessing the accounting policies applied and significant estimates made by the Executive and Supervisory Boards, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent's position at 31 December 2005, and of the results of their operations (and the consolidated cash flows), for the financial year 2005 in accordance with the Danish Financial Business Act.

Copenhagen, 9 February 2006

Deloitte

Statsautoriseret Revisionsaktieselskab

Jørgen Jørgensen

State-Authorised
Public Accountant

Henrik Priskorn

State-Authorised
Public Accountant

INCOME STATEMENT AND PROFIT ALLOCATION

| DKK '000 | Note | Group | | Parent company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2005 | 2004 | 2005 | 2004 |
| INCOME STATEMENT | | | | | |
| Interest receivable | 1 | 616,536 | 552,394 | 525,495 | 453,374 |
| Interest payable | 2 | 274,505 | 224,058 | 262,661 | 216,043 |
| Net interest income | | 342,031 | 328,336 | 262,834 | 237,331 |
| Dividend on shares, etc. | | 9,831 | 6,674 | 2,020 | 2,721 |
| Fees and commissions receivable | | 183,502 | 157,552 | 200,672 | 151,153 |
| Fees and commissions payable | | 24,492 | 27,381 | 19,334 | 21,051 |
| Net interest and fee income | | 510,872 | 465,181 | 446,192 | 370,154 |
| Value adjustments | 3 | 183,480 | 85,116 | 63,199 | 50,336 |
| Other operating income | | 8,830 | 13,550 | 373 | 1,000 |
| Profit before expenses | 4 | 703,182 | 563,847 | 509,764 | 421,490 |
| Staff costs and administrative expenses | 5 | 368,621 | 360,800 | 321,954 | 310,845 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | 561 | 1,221 | 561 | 1,159 |
| Other operating expenses | | - | 57 | - | 46 |
| Impairment of loans, advances and receivables, etc. | 6 | 4,661 | 30,378 | 17,988 | 13,081 |
| Profit from investments in associates and group enterprises | 7 | - 188 | 3,020 | 53,148 | 29,976 |
| Profit before tax | | 329,151 | 174,411 | 222,409 | 126,335 |
| Tax | 8 | 62,661 | 6,528 | 66,772 | 2,228 |
| Profit for the financial year | | 266,490 | 167,883 | 155,637 | 124,107 |

PROFIT ALLOCATION

The profit for the year will be allocated as follows:

| | | |
|--|----------------|----------------|
| Share attributable to Alm. Brand Bank | 155,637 | 124,107 |
| Share attributable to minority interests | 110,853 | 43,776 |
| Total | 266,490 | 167,883 |

Proposed allocation of profit

| | | | |
|------------------------------------|--|----------------|----------------|
| Proposed dividend | | 0 | 100,000 |
| Transferred to retained earnings | | 155,637 | 24,107 |
| Total transferred to equity | | 155,637 | 124,107 |

BALANCE SHEET

| DKK '000 | Note | Group | | Parent company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 2005 | 2004 | 2005 | 2004 |
| ASSETS | | | | | |
| Cash in hand and balances at call with central banks | | 20,372 | 12,501 | 14,819 | 12,501 |
| Balances due from credit institutions and central banks | 9 | 1,907,036 | 1,690,458 | 1,863,338 | 1,689,197 |
| Loans, advances and other receivables at fair value | 10 | 1,446,554 | 1,226,442 | 712,817 | 603,409 |
| Loans, advances and other receivables at amortised cost | 11 | 9,282,015 | 7,687,568 | 10,646,895 | 8,375,698 |
| Bonds at fair value | 12 | 4,999,723 | 3,224,666 | 3,827,537 | 2,665,110 |
| Shares, etc. | 13 | 739,606 | 307,410 | 101,651 | 54,567 |
| Investments in associates | 14 | 385 | 295 | - | - |
| Investments in group enterprises | 15 | 2,246 | 1,878 | 449,995 | 223,393 |
| Intangible assets | 16 | 49,147 | - | 49,147 | - |
| Other property, plant and equipment | 17 | 5,719 | 3,325 | 3,792 | 3,273 |
| Current tax assets | 18 | - | 4,301 | - | - |
| Deferred tax assets | 19 | 178,964 | - | 7,808 | - |
| Assets temporarily acquired | | 9,102 | 1,075 | - | 75 |
| Other assets | 20 | 761,267 | 572,260 | 709,750 | 528,192 |
| Prepayments | | 6,746 | 4,969 | 5,200 | 4,207 |
| Total assets | | 19,408,882 | 14,737,148 | 18,392,749 | 14,159,622 |
| LIABILITIES AND EQUITY | | | | | |
| Payables | | | | | |
| Payables to credit institutions and central banks | 21 | 7,415,207 | 2,826,211 | 6,978,456 | 2,597,210 |
| Deposits and other payables | 22 | 8,989,493 | 9,184,706 | 8,963,026 | 9,184,383 |
| Current tax liabilities | 18 | 49,292 | - | 41,827 | - |
| Other liabilities | 23 | 1,027,681 | 1,249,942 | 1,002,542 | 1,224,597 |
| Deferred income | | 5,878 | 160 | 5,587 | 160 |
| Total payables | | 17,487,551 | 13,261,019 | 16,991,438 | 13,006,350 |
| Provisions | | | | | |
| Provisions for pensions and similar commitments | | 10,165 | 10,165 | 10,165 | 10,165 |
| Provisions for losses on guarantees | | 2,008 | 38 | 2,008 | 38 |
| Other provisions | | 30 | - | - | - |
| Total provisions | | 12,203 | 10,203 | 12,173 | 10,203 |
| Subordinated debt | | | | | |
| Total subordinated debt | 24 | 300,000 | 300,000 | 300,000 | 300,000 |
| Shareholders' equity | | | | | |
| Share capital | 25 | 351,000 | 351,000 | 351,000 | 351,000 |
| Other reserves | | - | - | 290,042 | 128,095 |
| Retained earnings | | 738,138 | 492,069 | 448,096 | 363,974 |
| Minority interests | | 519,990 | 322,857 | - | - |
| Total shareholders' equity | | 1,609,128 | 1,165,926 | 1,089,138 | 843,069 |
| <i>Of which proposed dividend</i> | | <i>0</i> | <i>100,000</i> | <i>0</i> | <i>100,000</i> |
| Total liabilities and equity | | 19,408,882 | 14,737,148 | 18,392,749 | 14,159,622 |

STATEMENT OF CHANGES IN EQUITY

| DKK '000 | Parent company | | | | Group | |
|---|----------------|----------------|-------------------|-----------|--------------------|-----------|
| | Share capital | Other reserves | Retained earnings | Total | Minority interests | Total |
| Shareholders' equity at 1 January 2004 | 351,000 | 100,958 | 282,588 | 734,546 | | 734,546 |
| Change in accounting policies as a result of transition to new executive order on financial reporting | | 101,938 | - 67,522 | 34,416 | 276,839 | 311,255 |
| Adjusted shareholders' equity at 1 January 2004 | 351,000 | 202,896 | 215,066 | 768,962 | 276,839 | 1,045,801 |
| Equity movements in 2004 | | | | | | |
| Dividend subsidiaries | | - 100,000 | 100,000 | | | |
| Other change in respect of subsidiaries | | - 907 | 907 | | 2,242 | 2,242 |
| Profit for the year | | 26,106 | 98,001 | 124,107 | 43,776 | 167,883 |
| Comprehensive income in 2004 | | - 74,801 | 198,908 | 124,107 | 46,018 | 170,125 |
| Dividend paid | | | - 50,000 | - 50,000 | | - 50,000 |
| Total equity movements in 2004 | | - 74,801 | 148,908 | 74,107 | 46,018 | 120,125 |
| Shareholders' equity at 31 December 2004 | 351,000 | 128,095 | 363,974 | 843,069 | 322,857 | 1,165,926 |
| <i>Of which proposed dividends</i> | | | 100,000 | 100,000 | | 100,000 |
| Shareholders' equity at 1 January 2005 | 351,000 | 128,095 | 363,974 | 843,069 | 322,857 | 1,165,926 |
| Change in accounting policies as a result of new rules on joint taxation | | 181,367 | 9,065 | 190,432 | | 190,432 |
| Adjusted equity at 1 January 2005 | 351,000 | 309,462 | 373,039 | 1,033,501 | 322,857 | 1,356,358 |
| Equity movements in 2005 | | | | | | |
| Dividend subsidiaries | | - 50,000 | 50,000 | | | |
| Other change in respect of subsidiaries | | | | | 86,280 | 86,280 |
| Profit for the year | | 30,580 | 125,057 | 155,637 | 110,853 | 266,490 |
| Comprehensive income in 2005 | | - 19,420 | 175,057 | 155,637 | 197,133 | 352,770 |
| Dividend paid | | | - 100,000 | - 100,000 | | - 100,000 |
| Total equity movements in 2005 | | - 19,420 | 75,057 | 55,637 | 197,133 | 252,770 |
| Shareholders' equity at 31 December 2005 | 351,000 | 290,042 | 448,096 | 1,089,138 | 519,990 | 1,609,128 |
| <i>Of which proposed dividends</i> | | | 0 | 0 | | 0 |

CASH FLOW STATEMENT

| DKK '000 | Group | |
|---|-------------|-----------|
| | 2005 | 2004 |
| Operating activities | | |
| Profit for the year after tax | 266,490 | 167,883 |
| Adjustment for amounts with no cash flow impact: | | |
| Other adjustments to cash flows from operating activities | - 166,406 | - 7,362 |
| Total, operating activities | 100,084 | 160,521 |
| Working capital | | |
| Balances due from credit institutions over 3 months | 9,334 | - 49,098 |
| Loans and advances, etc. | - 1,827,594 | - 720,876 |
| Deposits | - 195,212 | 450,377 |
| Bonds | - 2,151,553 | - 557,336 |
| Shares | - 285,697 | 3,657 |
| Total, working capital | - 4,450,722 | - 873,276 |
| Investing activities | | |
| Investments in group enterprises | - 646 | 10,155 |
| Acquisition and divestment of subsidiaries | - 49,147 | 2,243 |
| Property, plant and equipment | - 2,955 | - 378 |
| Total, investing activities | - 52,748 | 12,020 |
| Financing activities | | |
| Net proceeds from capital increase | 145,860 | - |
| Distribution of dividends | - 100,000 | - 50,000 |
| Payables to credit institutions | 4,591,310 | 1,444,482 |
| Issued bonds | - | - 97,242 |
| Total, financing activities | 4,637,170 | 1,297,240 |
| Change in cash and cash equivalents | 233,784 | 596,505 |
| Cash and cash equivalents, beginning of year | 1,652,959 | 1,056,454 |
| Change in cash and cash equivalents | 233,784 | 596,505 |
| Cash and cash equivalents, year end | 1,886,743 | 1,652,959 |
| Cash and cash equivalents, year end | | |
| Cash and balances due from central banks | 20,372 | 12,501 |
| Balances due from credit institutions less than 3 months | 1,866,371 | 1,640,458 |
| Cash and cash equivalents, year end | 1,886,743 | 1,652,959 |

OVERVIEW OF NOTES



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- 2 Interest payable
- 3 Value adjustments
- 4 Profit before expenses
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NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Group | | Parent company | |
|--|----------|----------|----------------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 1 Interest receivable | | | | |
| Balances due from credit institutions and central banks | 41,770 | 29,432 | 41,722 | 29,425 |
| Loans, advances and other receivables | 453,878 | 415,530 | 407,098 | 346,069 |
| Bonds | 109,576 | 108,326 | 65,499 | 79,249 |
| Total derivatives | 11,063 | - 1,181 | 11,068 | - 1,490 |
| Of which: | | | | |
| Foreign exchange contracts | 21,963 | 16,277 | 21,968 | 15,968 |
| Interest rate contracts | - 10,900 | - 17,458 | - 10,900 | - 17,458 |
| Other interest income | 249 | 287 | 108 | 121 |
| Total interest receivable | 616,536 | 552,394 | 525,495 | 453,374 |
| Interest receivable from genuine purchase and resale transactions: | | | | |
| Balances due from credit institutions and central banks | 22,635 | 12,698 | 22,635 | 12,698 |
| Loans, advances and other receivables | 1,317 | 26 | 1,317 | 26 |
| NOTE 2 Interest payable | | | | |
| Credit institutions and central banks | 92,458 | 42,948 | 80,658 | 34,948 |
| Deposits and other payables | 167,032 | 165,856 | 167,035 | 165,857 |
| Issued bonds | - | 564 | - | 564 |
| Subordinated debt | 14,352 | 14,332 | 14,352 | 14,332 |
| Other interest expenses | 663 | 358 | 616 | 342 |
| Total interest payable | 274,505 | 224,058 | 262,661 | 216,043 |
| Interest payable on genuine sale and repurchase transactions: | | | | |
| Payables to credit institutions and central banks | 16,966 | 8,719 | 16,966 | 8,719 |
| Deposits and other payables | 1,366 | - | 1,366 | - |
| NOTE 3 Value adjustments | | | | |
| Loans, advances and other receivables at fair value | 5,910 | 28,753 | 21,459 | 40,396 |
| Bonds | 17,287 | - 919 | 24,037 | - 6,343 |
| Shares, etc. | 196,485 | 61,687 | 63,363 | 19,111 |
| Foreign currency | 16,356 | 2,887 | 9,496 | 5,246 |
| Total derivatives | - 52,558 | - 7,292 | - 55,156 | - 8,074 |
| Of which: | | | | |
| Foreign exchange contracts | 1,299 | 664 | 1,292 | 684 |
| Interest rate contracts | - 50,878 | - 8,733 | - 47,760 | - 9,091 |
| Share contracts | - 2,979 | 777 | - 8,688 | 333 |
| Total value adjustments | 183,480 | 85,116 | 63,199 | 50,336 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 | | | | |
|--|-------------------------------|-----------------------------|---------------------------|-----------------------------|-------------------|
| DKK '000 | Net interest receivable | Net dividend and fees | Value adjust- ments | Other ordinary income | Total earnings |
| NOTE 4 Profit before expenses | | | | | |
| Specification of earnings by segment: | | | | | |
| Retail banking | 122,169 | 44,129 | 377 | - | 166,675 |
| Wholesale banking | 119,221 | 170,429 | 28,480 | - | 318,130 |
| Alm. Brand Bilkredit/Alm. Brand Leasing | 45,293 | 9,469 | - | 8,457 | 63,219 |
| Alm. Brand Pantebreve/Alm. Brand Formue | 33,873 | - 23,955 | 120,281 | - | 130,199 |
| Eliminations, un-allocated, etc. | 21,475 | - 31,231 | 34,342 | 373 | 24,959 |
| Total group earnings, including minorities | 342,031 | 168,841 | 183,480 | 8,830 | 703,182 |

| | 2004 | | | | |
|--|-------------------------------|-----------------------------|---------------------------|-----------------------------|-------------------|
| DKK '000 | Net interest receivable | Net dividend and fees | Value adjust- ments | Other ordinary income | Total earnings |
| Specification of earnings by segment | | | | | |
| Retail banking | 100,632 | 44,126 | 325 | - | 145,083 |
| Wholesale banking | 100,633 | 114,431 | 38,812 | - | 253,876 |
| Alm. Brand Bilkredit/Alm. Brand Leasing | 54,804 | 14,484 | - | 12,082 | 81,370 |
| Alm. Brand Pantebreve/Alm. Brand Formue | 36,200 | - 10,462 | 34,780 | 678 | 61,196 |
| Eliminations, un-allocated, etc. | 36,067 | - 25,734 | 11,199 | 790 | 22,322 |
| Total group earnings, including minorities | 328,336 | 136,845 | 85,116 | 13,550 | 563,847 |

| DKK '000 | Group | | Parent company | |
|--|-------|-------|----------------|-------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 5 Staff costs and administrative expenses | | | | |
| Salaries and remuneration of Executive Board and Board of Directors: | | | | |
| Executive Board | 7,718 | 7,528 | 7,718 | 7,528 |
| Board of Directors | 450 | 375 | 450 | 375 |
| Total | 8,168 | 7,903 | 8,168 | 7,903 |

In 2004 and 2005, the bank's Executive Board consisted of Henrik Nordam, Chief Executive, Peter Reedtz, Managing Director and Brian Kudsk, Managing Director. At the end of 2005 Brian Kudsk, Managing Director, retired from the Executive Board. The above specification includes salaries and remuneration paid to members of the Executive Board and Board of Directors for each of the financial years. As Henrik Nordam, the bank's Chief Executive, is also the Deputy Chief Executive of Alm. Brand A/S, only the salary and remuneration that correspond to the time he spends on the banking business are included.

Staff costs:

| | | | | |
|-----------------------|---------|---------|---------|---------|
| Salaries and wages | 129,195 | 122,144 | 113,941 | 103,014 |
| Pensions | 12,092 | 11,511 | 10,445 | 9,628 |
| Social security costs | 12,566 | 11,637 | 11,700 | 10,568 |
| Total | 153,853 | 145,292 | 136,086 | 123,210 |

| | | | | |
|-------------------------------|---------|---------|---------|---------|
| Other administrative expenses | 206,600 | 207,605 | 177,700 | 179,732 |
|-------------------------------|---------|---------|---------|---------|

| | | | | |
|---|---------|---------|---------|---------|
| Total staff costs and administrative expenses | 368,621 | 360,800 | 321,954 | 310,845 |
|---|---------|---------|---------|---------|

Number of employees

| | | | | |
|--|-----|-----|-----|-----|
| Average number of employees during the financial year, full-time equivalents | 276 | 278 | 242 | 235 |
|--|-----|-----|-----|-----|

Audit fees

| | | | | |
|--|-------|-------|-------|-------|
| Total fees for statutory audit to auditors appointed by the annual general meeting | 1,926 | 2,763 | 1,369 | 2,047 |
| Of which non-audit fees | 550 | 1,011 | 494 | 721 |

Performance pay

A bonus scheme has been introduced for the Alm. Brand Group's senior management, including the bank's Executive Board and senior management employees.

The bonus scheme is primarily based on the return on equity recorded for each financial year and promotes long-term behaviour.

In addition, there are bonus schemes for a number of other employee groups.

The bonus scheme will have no material effect on the group's cost level and does not comprise stock options.

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Group | | Parent company | |
|---|---------|---------|----------------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 6 Impairment of loans, advances and receivables, etc. | | | | |
| Individual assessment: | | | | |
| Impairment and value adjustments, respectively, during the year | 67,218 | 80,169 | 50,266 | 54,750 |
| Reversal of impairment in previous years | 52,404 | 69,112 | 36,785 | 47,619 |
| Total individual assessment | 14,814 | 11,057 | 13,481 | 7,131 |
| Group assessment: | | | | |
| Impairment and value adjustments, respectively, during the year | 27,035 | 18,751 | 5,097 | - |
| Reversal of impairment in previous years | 34,591 | 9,155 | - | - |
| Total group assessment | - 7,556 | 9,596 | 5,097 | - |
| Losses not previously provided for | 13,133 | 26,230 | 5,890 | 14,162 |
| Bad debts recovered | 15,730 | 16,505 | 6,480 | 8,212 |
| Total impairment of loans, advances and receivables, etc. | 4,661 | 30,378 | 17,988 | 13,081 |
| NOTE 7 Profit from investments in associates and group enterprises | | | | |
| Profit from investments in associates | 90 | 29 | - | - |
| Profit from investments in group enterprises | - 278 | 2,991 | 53,148 | 29,976 |
| Total profit from investments in associates and group enterprises | - 188 | 3,020 | 53,148 | 29,976 |
| NOTE 8 Tax | | | | |
| Current tax on income for the year | 50,355 | 5,146 | 41,827 | - |
| Changes in deferred tax | 11,464 | - | 1,257 | - |
| Withholding tax on foreign shares | 178 | 393 | 178 | 393 |
| Adjustment of previous years' current tax | - | 33 | - | - |
| Duty on interest benefit from tax deductions in respect of impairment of loans and advances | 664 | 956 | 664 | 956 |
| | 62,661 | 6,528 | 43,926 | 1,349 |
| Tax in respect of investments in associates: | | | | |
| Current tax on income for the year | | | 12,639 | 875 |
| Change in deferred tax | | | 10,207 | - |
| Adjustment of previous years' current tax | | | - | 4 |
| Total tax | 62,661 | 6,528 | 66,772 | 2,228 |
| Effective tax rate | | | | |
| Current tax rate | 28.0% | 30.0% | 28.0% | 30.0% |
| Adjustment for non-tax items and joint taxation | - 12.8% | - 27.0% | - 3.6% | - 29.3% |
| Changes in deferred tax | 3.5% | 0.0% | 5.2% | 0.0% |
| Withholding tax on foreign shares | 0.1% | 0.2% | 0.1% | 0.3% |
| Adjustment of previous years' current tax | 0.0% | 0.0% | 0.0% | 0.0% |
| Duty on interest benefit from tax deductions in respect of impairment of loans and advances | 0.2% | 0.5% | 0.3% | 0.8% |
| Total effective tax rate | 19.0% | 3.7% | 30.0% | 1.8% |

As from 2005, the tax rules have been changed so that the parent company model, which was applied in 2004, has been replaced with the joint taxation model with full allocation.

| DKK '000 | Group | | Parent company | |
|---|-----------|-----------|----------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 9 Balances due from credit institutions and central banks | | | | |
| Balances at notice with central banks | 977,199 | 202,818 | 977,199 | 202,818 |
| Balances due from credit institutions | 929,837 | 1,487,640 | 886,139 | 1,486,379 |
| Total balances due from credit institutions and central banks | 1,907,036 | 1,690,458 | 1,863,338 | 1,689,197 |

NOTE 10 Loans, advances and other receivables at fair value

| | | | | |
|---|-----------|-----------|---------|---------|
| Mortgage deeds | 1,446,554 | 1,226,442 | 712,817 | 603,409 |
| Total loans, advances and receivables at fair value | 1,446,554 | 1,226,442 | 712,817 | 603,409 |

Mortgage deeds are measured at fair value using a valuation model that estimates the present value of the expected future cash flows. The valuation is based partly on observable market data (interest rates), partly on expectations of future redemption and loss percentages.

NOTE 11 Loans, advances and other receivables at amortised cost

| | | | | |
|---|-----------|-----------|------------|-----------|
| Loans and advances | 8,900,483 | 7,376,300 | 10,785,684 | 8,501,542 |
| Leases | 593,633 | 527,806 | - | - |
| Total before impairment, etc. | 9,494,116 | 7,904,106 | 10,785,684 | 8,501,542 |
| Impairment, etc. | 212,101 | 216,538 | 138,789 | 125,844 |
| Total loans, advances and other receivables at amortised cost | 9,282,015 | 7,687,568 | 10,646,895 | 8,375,698 |

Value of loans, advances and other receivables for which there is an objective indication of impairment:

| | | | | |
|---|-----------|-----------|---------|---------|
| Loans, advances and other receivables before impairment | 2,578,724 | 2,363,440 | 473,090 | 288,138 |
| Impairment, etc. | 212,101 | 216,538 | 138,789 | 125,844 |
| Loans, advances and other receivables after impairment | 2,366,623 | 2,146,902 | 334,301 | 162,294 |

For some of the fixed-rate loans, the fair value is hedged using derivatives as part of the risk management process. See NOTE 33.

NOTE 12 Bonds at fair value

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Listed on the Copenhagen Stock Exchange | 4,904,094 | 3,154,391 | 3,809,176 | 2,665,106 |
| Listed on other stock exchanges | 95,629 | 70,275 | 18,361 | 4 |
| Total bonds at fair value | 4,999,723 | 3,224,666 | 3,827,537 | 2,665,110 |

NOTE 13 Shares, etc.

| | | | | |
|---|---------|---------|---------|--------|
| Listed on the Copenhagen Stock Exchange | 573,731 | 260,208 | 32,497 | 28,227 |
| Listed on other stock exchanges | 92,929 | 22,241 | 298 | 1,379 |
| Other shares | 72,946 | 24,961 | 68,856 | 24,961 |
| Total shares, etc. | 739,606 | 307,410 | 101,651 | 54,567 |

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Group | | Parent company | |
|--|-------|------|----------------|------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 14 Investments in associates | | | | |
| Cost, beginning of year | 177 | 177 | | |
| Cost, year end | 177 | 177 | - | - |
| Adjustments, beginning of year | 118 | 90 | | |
| Share of profit for the year | 90 | 28 | | |
| Adjustments, year end | 208 | 118 | - | - |
| Carrying amount, year end | 385 | 295 | - | - |

Associates are specified in NOTE 37.

NOTE 15 Investments in group enterprises

| | | | | |
|--------------------------------|-------|-------|---------|---------|
| Cost, beginning of year | | | 93,420 | 94,756 |
| Additions during the year | | | 268,967 | 48,045 |
| Disposals during the year | | | 204,680 | 49,381 |
| Cost, year end | - | - | 157,707 | 93,420 |
| Adjustments, beginning of year | | | 128,095 | 202,896 |
| Share of profit for the year | | | 30,580 | 26,106 |
| Dividends | | | 50,000 | 100,000 |
| Other movements in capital | | | 181,367 | - 907 |
| Adjustments, year end | - | - | 290,042 | 128,095 |
| Investments in parent company | 2,246 | 1,878 | 2,246 | 1,878 |
| Carrying amount, year end | 2,246 | 1,878 | 449,995 | 223,393 |

Group enterprises are specified in NOTE 37.

NOTE 16 Intangible assets

| | | | | |
|---------------------------------------|--------|---|--------|---|
| Goodwill: | | | | |
| Cost, beginning of year | - | | - | |
| Additions during the year | 49,147 | | 49,147 | |
| Cost, year end | 49,147 | - | 49,147 | - |
| Amortisation and impairment, year end | - | - | - | - |
| Carrying amount, year end | 49,147 | - | 49,147 | - |

| DKK '000 | Group | | Parent company | |
|--|--------|--------|----------------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 17 Other property, plant and equipment | | | | |
| Operating equipment: | | | | |
| Cost, beginning of year | 14,970 | 22,001 | 11,430 | 21,725 |
| Additions during the year, including improvements | 2,155 | 1,907 | 1,544 | 1,732 |
| Disposals during the year | 6,851 | 12,216 | 6,590 | 12,027 |
| Cost, year end | 10,274 | 11,692 | 6,384 | 11,430 |
| Depreciation and impairment, beginning of year | 9,450 | 17,857 | 8,157 | 17,695 |
| Depreciation for the year | 1,440 | 1,221 | 561 | 1,159 |
| Reversed depreciation and impairment | 6,335 | 10,711 | 6,126 | 10,697 |
| Depreciation and impairment, year end | 4,555 | 8,367 | 2,592 | 8,157 |
| Carrying amount, year end | 5,719 | 3,325 | 3,792 | 3,273 |

Alm. Brand Bank acquired Henton Børsmæglerselskab A/S on 30 December 2005. The company's property, plant and equipment in the amount of DKK 1,927 thousand is recognised in the group's other property, plant and equipment, but the depreciation for the year of DKK 879 thousand is not included in depreciation and impairment for the year of the group's property, plant and equipment.

NOTE 18 Current tax assets/liabilities

| | | | | |
|--|---------|---------|--------|---|
| Tax receivable, beginning of year | - 4,301 | - 5,208 | - | - |
| Tax received in respect of prior years | 4,248 | 159 | - | - |
| Current tax for the year | 51,467 | 5,145 | 41,827 | - |
| Tax paid for the year | - 2,122 | - 4,397 | - | - |
| Tax receivable/payable, year end | 49,292 | - 4,301 | 41,827 | - |

Alm. Brand Bank acquired Henton Børsmæglerselskab A/S on 30 December 2005. The company's current tax liabilities in the amount of DKK 1,112 thousand are recognised in the group's aggregate current tax assets but are not included in the tax for the year recognised for the group.

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Group | | Parent company | |
|--|-----------|-----------|----------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 19 Deferred tax assets | | | | |
| Deferred tax, beginning of year, net | - | | - | |
| Change in deferred tax taken to equity | 190,432 | | 9,065 | |
| Adjustment due to change in tax rate recognised in the income statement | - 12,695 | | - 604 | |
| Change in deferred tax recognised in the income statement | 1,227 | | - 653 | |
| Deferred tax, year end, net | 178,964 | - | 7,808 | - |
| Deferred tax relates to the following items: | | | | |
| Operating equipment | 2,529 | | 2,533 | |
| Lease assets | 155,494 | | - | |
| Net fees included in effective interest rate | 2,159 | | - 371 | |
| Provisions for jubilees, severance payment, etc. | 5,646 | | 5,646 | |
| Provisions for bad debts, etc. | 8,553 | | - | |
| Loss to be carried forward | 4,583 | | - | |
| Deferred tax, year end, net | 178,964 | - | 7,808 | - |
| As from 2005, the tax rules have been changed so that the parent company model, which was applied in 2004, has been replaced with the joint taxation model with full allocation. | | | | |
| Alm. Brand Bank acquired Henton Børsmæglerselskab A/S on 30 December 2005. The company's provisions for deferred tax in the amount of DKK 4 thousand are recognised in the group's aggregate deferred tax but are not included in the tax for the year recognised for the group. | | | | |
| NOTE 20 Other assets | | | | |
| Positive market value of derivatives | 570,679 | 442,142 | 567,730 | 442,366 |
| Other assets | 190,588 | 130,118 | 142,020 | 85,826 |
| Total other assets | 761,267 | 572,260 | 709,750 | 528,192 |
| NOTE 21 Payables to credit institutions and central banks | | | | |
| Central banks | - | 450,000 | - | 450,000 |
| Credit institutions | 7,415,207 | 2,376,211 | 6,978,456 | 2,147,210 |
| Total payables to credit institutions and central banks | 7,415,207 | 2,826,211 | 6,978,456 | 2,597,210 |
| NOTE 22 Deposits and other payables | | | | |
| Deposits at call | 6,136,332 | 6,098,707 | 6,136,514 | 6,098,989 |
| At notice | 1,134,274 | 1,277,944 | 1,134,274 | 1,277,944 |
| Time deposits | 1,146,336 | 1,227,814 | 1,119,687 | 1,227,209 |
| Special categories of deposits | 572,551 | 580,241 | 572,551 | 580,241 |
| Total deposits and other payables | 8,989,493 | 9,184,706 | 8,963,026 | 9,184,383 |

| DKK '000 | Group | | Parent company | |
|--|-----------|-----------|----------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 23 Other liabilities | | | | |
| Interest and commissions payable | 35,679 | 32,829 | 34,036 | 31,751 |
| Miscellaneous creditors | 231,512 | 201,491 | 215,719 | 172,888 |
| Other liabilities | 48,033 | 40,520 | 43,360 | 39,198 |
| Repo/reverse transactions, negative values | 149,003 | 505,796 | 149,003 | 505,796 |
| Negative market value of derivatives | 563,454 | 469,306 | 560,424 | 474,964 |
| Total other liabilities | 1,027,681 | 1,249,942 | 1,002,542 | 1,224,597 |

NOTE 24 Subordinated debt

| | | | | |
|---|---------|---------|---------|---------|
| Supplementary capital | | | | |
| Variable rate bullet loans in DKK maturing 3 May 2009 | 100,000 | 200,000 | 100,000 | 200,000 |
| Variable rate bullet loans in DKK maturing 9 May 2012 | 100,000 | 100,000 | 100,000 | 100,000 |
| Variable rate bullet loans in DKK maturing 9 May 2013 | 100,000 | - | 100,000 | - |
| Total supplementary capital | 300,000 | 300,000 | 300,000 | 300,000 |
| Interest on subordinated debt | 14,352 | 14,332 | 14,352 | 14,332 |
| Extraordinary instalments | 100,000 | 100,000 | 100,000 | 100,000 |
| Costs incurred in raising subordinated debt | 200 | 250 | 200 | 250 |

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

NOTE 25 Shareholders' equity

| | | | | |
|----------------------------------|---------|---------|---------|---------|
| Share capital | | | | |
| Nominal value, beginning of year | 351,000 | 351,000 | 351,000 | 351,000 |
| Nominal value, year end | 351,000 | 351,000 | 351,000 | 351,000 |

The share capital consists of 351,000 shares of DKK 1,000 nominal value.

Other reserves

Other reserves comprise net revaluation reserve according to the equity method for the bank's share in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Group | | Parent company | |
|--|------------|------------|----------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 26 Capital base | | | | |
| Shareholders' equity | 1,609,128 | 1,165,926 | 1,089,138 | 843,069 |
| Proposed dividends | 0 | - 100,000 | 0 | - 100,000 |
| Intangible assets | - 49,147 | - | - 49,147 | - |
| Deferred tax assets | - 178,964 | - | - 7,808 | - |
| Tier 1 capital after deductions | 1,381,017 | 1,065,926 | 1,032,183 | 743,069 |
| Supplementary capital | 300,000 | 300,000 | 300,000 | 300,000 |
| Capital base | 1,681,017 | 1,365,926 | 1,332,183 | 1,043,069 |
| Weighted assets outside trading portfolio | 10,194,905 | 8,191,473 | 10,380,255 | 8,211,646 |
| Weighted assets off the balance sheet | 1,599,509 | 973,548 | 1,599,509 | 967,857 |
| Weighted assets with a counterparty risk outside the trading portfolio | 193 | 827 | 193 | 826 |
| Weighted assets subject to market risks, etc. | 2,801,647 | 1,969,761 | 980,379 | 1,214,767 |
| Total weighted assets | 14,596,254 | 11,135,609 | 12,960,336 | 10,395,096 |
| The solvency requirement for the parent company is 8% of the weighted assets | | | 1,036,827 | 831,608 |
| NOTE 27 Off-balance sheet items | | | | |
| Guarantees, etc. | | | | |
| Financial guarantees | 1,108,063 | 817,734 | 1,108,063 | 817,734 |
| Loss guarantees for mortgage loans | 225,566 | - | 225,566 | - |
| Other guarantees | 678,801 | 371,604 | 677,898 | 371,604 |
| Total guarantees, etc. | 2,012,430 | 1,189,338 | 2,011,527 | 1,189,338 |
| Other commitments | | | | |
| Irrevocable standby letters of credit | - | 100,000 | - | 100,000 |
| Other commitments | 105,624 | 56,526 | 102,451 | 50,838 |
| Total other commitments | 105,624 | 156,526 | 102,451 | 150,838 |
| Total off-balance sheet items | 2,118,054 | 1,345,864 | 2,113,978 | 1,340,176 |

Contingent liabilities

In the bank's wholly owned subsidiary Henton Børsmæglersekskab A/S a lease has been signed in respect of the headquarters at Silkeborg. The lease is non-terminable for eight years and three months from 1 January 2006. In addition to rent, the lease also covers joint expenses and canteen. The capitalised value of the lease has been calculated at DKK 7 million.

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.

Collateral security

At year end 2005, bonds used as collateral vis-à-vis central banks represented a market value of DKK 528 million (2004: DKK 980 million).

| DKK '000 | Group | | Parent company | |
|--|------------|-----------|----------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 28 By term to maturity | | | | |
| Balances due from credit institutions and central banks | | | | |
| Balances at call | 218,715 | 207,804 | 175,018 | 206,543 |
| Up to and including 3 months | 1,647,655 | 1,432,654 | 1,647,654 | 1,432,654 |
| Over 3 months and up to and including 1 year | 40,666 | 50,000 | 40,666 | 50,000 |
| Total | 1,907,036 | 1,690,458 | 1,863,338 | 1,689,197 |
| Loans and advances | | | | |
| Loans and advances at call | 588,198 | 419,494 | 4,041,904 | 3,029,645 |
| Up to and including 3 months | 379,048 | 385,485 | 259,784 | 302,729 |
| Over 3 months and up to and including 1 year | 2,284,824 | 1,697,986 | 1,945,440 | 1,353,130 |
| Over 1 year and up to and including 5 years | 3,758,571 | 3,383,871 | 2,197,160 | 1,934,570 |
| Over 5 years | 3,717,928 | 3,027,174 | 2,915,424 | 2,359,033 |
| Total | 10,728,569 | 8,914,010 | 11,359,712 | 8,979,107 |
| Payables to credit institutions and central banks | | | | |
| Payables at call | 379,577 | 896,983 | 358,126 | 896,873 |
| Up to and including 3 months | 2,299,104 | 1,473,996 | 2,299,104 | 1,473,816 |
| Over 3 months and up to and including 1 year | 362,600 | 254,153 | - | 59,416 |
| Over 1 year and up to and including 5 years | 2,134,949 | 201,079 | 2,082,249 | 167,105 |
| Over 5 years | 2,238,977 | - | 2,238,977 | - |
| Total | 7,415,207 | 2,826,211 | 6,978,456 | 2,597,210 |
| Deposits and other payables | | | | |
| Deposits at call | 6,136,352 | 6,098,707 | 6,136,513 | 6,098,989 |
| Up to and including 3 months | 2,282,793 | 2,584,153 | 2,256,278 | 2,584,035 |
| Over 3 months and up to and including 1 year | 182,470 | 129,712 | 182,424 | 129,325 |
| Over 1 year and up to and including 5 years | 97,520 | 103,533 | 97,453 | 103,433 |
| Over 5 years | 290,358 | 268,601 | 290,358 | 268,601 |
| Total | 8,989,493 | 9,184,706 | 8,963,026 | 9,184,383 |

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Group | | Parent company | |
|---|---------|---------|----------------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 29 Credit risk | | | | |
| Loans and advances and guarantee debtors by sector and industry: | | | | |
| Public authorities | 0.6% | 0.5% | 0.5% | 0.3% |
| Corporate sector: | | | | |
| Agriculture, hunting and forestry | 6.2% | 6.5% | 5.6% | 5.9% |
| Fisheries | 0.0% | 0.0% | 0.0% | 0.0% |
| Production, raw materials extraction, electricity, gas, water and heating utilities | 0.2% | 0.5% | 0.0% | 0.1% |
| Building and construction | 0.6% | 1.5% | 0.0% | 0.5% |
| Retail trade, restaurants and hotels | 1.3% | 2.6% | 0.0% | 0.7% |
| Transport, post and telephone | 0.3% | 0.4% | 0.1% | 0.1% |
| Credit, finance and insurance | 21.2% | 5.9% | 46.2% | 32.6% |
| Property administration and trading, business service | 25.0% | 23.7% | 23.1% | 22.5% |
| Other industries | 6.1% | 10.6% | 1.2% | 6.9% |
| Total corporate sector | 60.9% | 51.7% | 76.2% | 69.3% |
| Private customers | 38.5% | 47.8% | 23.3% | 30.4% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |
| Credit risk on derivatives | | | | |
| Positive market value after netting (after counterparty risk) | | | | |
| Counterparty with a risk weighting of 20% | 523,504 | 410,949 | 523,504 | 410,949 |
| Counterparty with a risk weighting of 100% | 40,619 | 25,836 | 40,619 | 25,836 |

| DKK '000 | Group | | Parent company | |
|--|-----------|-----------|----------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 30 Market risk | | | | |
| Foreign exchange exposure | | | | |
| Total assets denominated in foreign currency | 3,314,911 | 1,621,925 | 2,116,726 | 1,526,153 |
| Total liabilities denominated in foreign currency | 4,923,837 | 1,074,474 | 4,923,837 | 1,074,474 |
| Exchange rate indicator 1 | 264,460 | 102,261 | 88,842 | 12,563 |
| Exchange rate indicator 1 as a percentage of tier 1 capital after deductions | 19.1% | 9.5% | 8.6% | 1.7% |
| Exchange rate indicator 2 | 2,790 | 2,099 | 399 | 128 |
| Exchange rate indicator 2 as a percentage of tier 1 capital after deductions | 0.2% | 0.2% | 0.0% | 0.0% |
| Interest rate exposure | | | | |
| The Danish Financial Supervisory Authority's method: | | | | |
| Total interest rate exposure on debt instruments, etc. | 210,149 | 108,593 | 71,975 | 44,576 |
| Interest rate exposure by currency subject to the greatest risk | | | | |
| Currency: | | | | |
| DKK | 195,091 | 106,660 | 60,719 | 44,498 |
| EUR | 14,908 | 2,057 | 11,240 | 36 |
| NOK | - 26 | 2 | - 26 | 2 |
| CHF | 24 | - 1 | 24 | 38 |
| USD | - 8 | 189 | 8 | - |
| SEK | 6 | - | 6 | 3 |
| Other | 154 | - 314 | 4 | - 1 |
| Total | 210,149 | 108,593 | 71,975 | 44,576 |

Interest rate exposure

| | | |
|--------------------------------|--------|--------|
| The banking group's own method | 32,880 | 18,200 |
|--------------------------------|--------|--------|

In the in-house calculation of the banking group's overall interest rate risk, the scheduled payments on the banking group's mortgage deed portfolio are adjusted for anticipated prepayments, and the share of interest rate risk attributable to the minority interests is deducted.

NOTE 31 Genuine purchase and resale transactions

Of the assets below, genuine purchase and resale transactions amount to:

| | | | | |
|---|---------|-----------|---------|-----------|
| Balances due from credit institutions and central banks | 635,335 | 1,207,017 | 635,335 | 1,207,017 |
| | 635,335 | 1,207,017 | 635,335 | 1,207,017 |

NOTE 32 Genuine sale and repurchase transactions

Of the liabilities below, genuine sale and repurchase transactions amount to:

| | | | | |
|---|-----------|---------|-----------|---------|
| Payables to credit institutions and central banks | 1,882,033 | 826,035 | 1,882,033 | 826,035 |
| | 1,882,033 | 826,035 | 1,882,033 | 826,035 |

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Group | | Parent company | |
|--|----------|----------|----------------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| NOTE 33 Hedge accounting | | | | |
| For some of the fixed-rate loans, the fair value is hedged using derivatives as part of the risk management process. | | | | |
| Type of hedged item: | | | | |
| Fixed-rate loans in DKK | | | | |
| – At amortised cost | 159,095 | 271,095 | 159,095 | 271,095 |
| – At adjusted amortised cost (carrying amount) | 168,824 | 286,120 | 168,824 | 286,120 |
| Type of hedge instruments: | | | | |
| Interest rate swaps in DKK | | | | |
| – Fair value | – 10,681 | – 13,912 | – 10,681 | – 13,912 |
| – Synthetic principal | 168,824 | 287,396 | 168,824 | 287,396 |

The fair value hedge was very effective throughout the year. "Very effective" means that the value changes for the hedge instruments correspond to the value changes for the hedged item within a band of 80-125%.

NOTE 34 Related parties

Related parties comprise:

- members of the company's Executive Board and Board of Directors and their related family members
- companies controlled by members of the Executive Board or Board of Directors
- the parent company's Executive Board or Board of Directors, and
- the Alm. Brand Group, Midtermolen 7, DK-2100 Copenhagen Ø, which exercises a controlling influence on the company.

Amount of loans granted, mortgages received from and guarantees with related security issued by the Alm. Brand Bank Group for the below-mentioned officers, their related family members and any companies controlled by them:

| DKK '000 | 2005 | | 2004 | |
|---|-------------|------------|-------------|------------|
| | Loans, etc. | Guarantees | Loans, etc. | Guarantees |
| Executive Board, Alm. Brand Bank A/S | 1,045 | - | 1,232 | - |
| Board of Directors, Alm. Brand Bank A/S | 28,602 | 7,236 | 18,306 | 4,190 |
| Executive Board, Alm. Brand A/S | 1,195 | - | 895 | - |
| Board of Directors, Alm. Brand A/S | 26,692 | 6,980 | 17,629 | 4,140 |

These financial relations are conducted on an arm's length basis.

Salaries and remuneration to members of the bank's Executive Board and Board of Directors are disclosed in the note relating to staff costs and administrative expenses.

No other financial relations have been identified to members of the Executive Board, Board of Directors, etc.

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. The bank reinvoices part of the administration fee to its subsidiaries.

Alm. Brand Bank is the Alm. Brand Group's primary banker. This involves the conclusion of a number of agreements between the company and the group's other enterprises, and a number of transactions are regularly made between the company and the rest of the group. All agreements and transactions between the company and the bank are made on an arm's length or cost-recovery basis in accordance with applicable legislation for intra-group transactions.

An agreement has been made on interest accruing on accounts between the bank and the other group companies on an arm's length basis.

The company has also signed an agreement with Alm. Brand Formue concerning the management of Alm. Brand Formue's portfolio. All specific investment decisions are made by Alm. Brand Bank pursuant to this asset management agreement. Accordingly, Alm. Brand Formue buys and sells securities through the bank.

The company has also signed an agreement with Alm. Brand Pantebreve concerning the management of Alm. Brand Pantebreve's mortgage deed portfolio, etc. including the collection of payments, keeping of mortgage deeds, etc. Alm. Brand Pantebreve buys and sells mortgage deeds, securities, guarantees, etc. through the bank.

To ensure ongoing pricing, an agreement has been signed with Alm. Brand Formue and Alm. Brand Pantebreve to the effect that buy and sell prices for the companies' B shares are regularly listed on the Copenhagen Stock Exchange.

In addition, the bank has made an asset management agreement with the other companies of the Alm. Brand Group, according to which a substantial proportion of the group's assets are under management with the bank.

In 2004, the company sold a small portfolio for collection on an arm's length basis to Alm. Brand Bilkredit.

In 2005, the company sold shares in Alm. Brand Pantebreve, corresponding to 10% of Alm. Brand Pantebreve's share capital, to Alm. Brand Pantebreve. The shares were sold at the quoted price.

In 2005, the company sold shares in Alm. Brand Formue to Alm. Brand Liv at the quoted price.

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

Group enterprises and associates in which the bank holds ownership interests appear from the group overview in note 37.

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Parent company | |
|---|----------------|-----------|
| | 2005 | 2004 |
| Financial relations, Alm. Brand Pantebreve | | |
| Receivables | 627,640 | 503,254 |
| Payables | 182 | 315 |
| Guarantees | - | - |
| Interest and fee income | 19,827 | 23,746 |
| Interest and fee expenses | 3 | 2 |
| Administration fee | 2,065 | 1,650 |
| Purchase of mortgage deeds | 525,335 | 479,202 |
| Sale of mortgage deeds | 631,533 | 421,595 |
| Purchase of securities, etc. | - | - |
| Sale of securities, etc. | 18,797 | 14,969 |
| Financial relations, Alm. Brand Formue | | |
| Receivables | 871,084 | 348,298 |
| Payables | - | - |
| Guarantees | - | - |
| Interest and fee income | 54,444 | 24,058 |
| Interest and fee expenses | - | - |
| Administration fee | 1,786 | 1,383 |
| Purchase of securities, etc. | 4,365,800 | 1,060,222 |
| Sale of securities, etc. | 5,200,601 | 1,018,042 |
| Financial relations, Alm. Brand af 1792 fmba | | |
| Receivables | - | - |
| Payables | 194,035 | 196,707 |
| Guarantees | - | - |
| Interest and fee income | - | - |
| Interest and fee expenses | 5,589 | 5,719 |
| Administration fee | - | - |

| DKK '000 | Group | | | | | | | |
|--------------------------------------|-------------------|----------|-------------------|----------|---------------------------|----------|---------------------------|----------|
| | Market value 2005 | | Market value 2004 | | Average market value 2005 | | Average market value 2004 | |
| | Positive | Negative | Positive | Negative | Positive | Negative | Positive | Negative |
| NOTE 35 Derivatives | | | | | | | | |
| Foreign exchange contracts | | | | | | | | |
| Forward transactions/futures, bought | 35,811 | 19,961 | 4,973 | 28,199 | 27,817 | 14,044 | 11,612 | 13,641 |
| Forward transactions/futures, sold | 28,101 | 19,524 | 39,512 | 4,627 | 22,533 | 18,117 | 21,903 | 12,054 |
| Swaps | 8,511 | | 99 | 264 | 3,164 | | 233 | 416 |
| Options, bought | 277 | | 208 | | 260 | | 1,479 | |
| Options, written | | 522 | | 208 | | 258 | | 1,480 |
| Interest rate contracts | | | | | | | | |
| Forward transactions/futures, bought | 1,045 | 1,157 | 890 | 8,064 | 4,229 | 21,453 | 1,995 | 5,613 |
| Forward transactions/futures, sold | 1,222 | 695 | 8,468 | 33 | 88,081 | 2,497 | 5,170 | 1,440 |
| Swaps | | 27,926 | | 38,078 | | 36,011 | 19 | 43,992 |
| Options, bought | 303,916 | | 312,366 | | 336,831 | | 124,330 | |
| Options, written | | 301,847 | | 317,730 | | 328,567 | | 121,638 |
| Share contracts | | | | | | | | |
| Forward transactions/futures, bought | 40 | | 20 | 142 | 334 | 593 | 302 | 71 |
| Forward transactions/futures, sold | 23 | 40 | 142 | 20 | 614 | 280 | 70 | 330 |
| Options, bought | 188,065 | | 70,339 | | 150,927 | | 55,861 | |
| Options, written | | 188,065 | | 66,797 | | 146,870 | | 52,263 |
| Commodity contracts | | | | | | | | |
| Forward transactions/futures, bought | | | 239 | | | | 20 | |
| Forward transactions/futures, sold | | | | 239 | | | | 20 |
| Total | 567,011 | 559,737 | 437,256 | 464,401 | 634,790 | 568,690 | 222,994 | 252,958 |
| Unsettled spot transactions | | | | | | | | |
| Foreign exchange contracts, bought | 54 | 19 | 7 | 5 | | | | |
| Foreign exchange contracts, sold | 26 | 45 | 4 | 6 | | | | |
| Interest rate contracts, bought | 943 | 126 | 354 | 3,891 | | | | |
| Interest rate contracts, sold | 396 | 1,409 | 3,526 | 215 | | | | |
| Share contracts, bought | 1,407 | 720 | 551 | 316 | | | | |
| Share contracts, sold | 842 | 1,398 | 444 | 472 | | | | |
| Total unsettled spot transactions | 3,668 | 3,717 | 4,886 | 4,905 | | | | |
| Total | 570,679 | 563,454 | 442,142 | 469,306 | | | | |

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Parent company | | | | | | | |
|--------------------------------------|-------------------|----------|-------------------|----------|---------------------------|----------|---------------------------|----------|
| | Market value 2005 | | Market value 2004 | | Average market value 2005 | | Average market value 2004 | |
| | Positive | Negative | Positive | Negative | Positive | Negative | Positive | Negative |
| Foreign exchange contracts | | | | | | | | |
| Forward transactions/futures, bought | 32,766 | 16,916 | 4,973 | 28,923 | 27,817 | 13,840 | 11,818 | 14,657 |
| Forward transactions/futures, sold | 28,197 | 19,524 | 39,736 | 4,627 | 22,075 | 17,891 | 22,701 | 12,075 |
| Swaps | 8,511 | | 99 | 264 | 3,164 | | 233 | 416 |
| Options, bought | 277 | | 208 | | 260 | | 1,479 | |
| Options, written | | 521 | | 208 | | 258 | | 1,480 |
| Interest rate contracts | | | | | | | | |
| Forward transactions/futures, bought | 1,045 | 1,157 | 890 | 8,064 | 4,229 | 21,453 | 1,995 | 5,613 |
| Forward transactions/futures, sold | 1,222 | 695 | 8,468 | 33 | 88,081 | 2,497 | 5,170 | 1,440 |
| Swaps | | 27,926 | | 38,078 | | 36,011 | 19 | 43,992 |
| Options, bought | 303,916 | | 312,366 | | 335,886 | | 124,330 | |
| Options, written | | 301,863 | | 319,122 | | 328,567 | | 121,754 |
| Share contracts | | | | | | | | |
| Forward transactions/futures, bought | 40 | | 20 | 142 | 334 | 593 | 302 | 71 |
| Forward transactions/futures, sold | 23 | 40 | 142 | 20 | 614 | 280 | 70 | 330 |
| Options, bought | 188,065 | | 70,339 | | 146,837 | | 55,861 | |
| Options, written | | 188,065 | | 70,339 | | 146,870 | | 55,861 |
| Commodity contracts | | | | | | | | |
| Forward transactions/futures, bought | | | 239 | | | | 20 | |
| Forward transactions/futures, sold | | | | 239 | | | | 20 |
| Total | 564,062 | 556,707 | 437,480 | 470,059 | 629,297 | 568,260 | 223,998 | 257,709 |
| Unsettled spot transactions | | | | | | | | |
| Foreign exchange contracts, bought | 54 | 19 | 7 | 5 | | | | |
| Foreign exchange contracts, sold | 26 | 45 | 4 | 6 | | | | |
| Interest rate contracts, bought | 943 | 126 | 354 | 3,891 | | | | |
| Interest rate contracts, sold | 396 | 1,409 | 3,526 | 215 | | | | |
| Share contracts, bought | 1,407 | 720 | 551 | 316 | | | | |
| Share contracts, sold | 842 | 1,398 | 444 | 472 | | | | |
| Total unsettled spot transactions | 3,668 | 3,717 | 4,886 | 4,905 | | | | |
| Total | 567,730 | 560,424 | 442,366 | 474,964 | | | | |

| DKK '000 | Group | | | | |
|---|--------|--------|--------|--------|--------|
| | 2005 | 2004 | 2003 | 2002 | 2001 |
| NOTE 36 Key ratios | | | | | |
| Solvency ratio* | 11.5% | 12.4% | 14.7% | 12.6% | 9.4% |
| Tier 1 ratio* | 9.5% | 9.7% | 11.3% | 9.1% | 9.4% |
| Return on equity before tax | 23.0% | 15.7% | 14.9% | 12.9% | 15.0% |
| Return on equity after tax | 16.1% | 15.4% | 14.7% | 13.8% | 8.3% |
| Income/cost ratio | 1.88 | 1.44 | 1.27 | 1.28 | 1.37 |
| Interest rate risk** | 15.2% | 10.1% | 12.9% | 9.7% | 6.1% |
| Foreign exchange position* | 19.1% | 9.5% | 3.0% | 2.5% | 4.6% |
| Foreign exchange risk* | 0.2% | 0.2% | 0.1% | 0.0% | 0.0% |
| Loans and advances as a percentage of deposits | 121.7 | 99.4 | 97.0 | 97.8 | 85.3 |
| Gearing of loans and advances | 6.7 | 7.6 | 11.2 | 12.8 | 9.1 |
| Annual growth in lending | 20.4% | 8.2% | - 5.2% | 26.4% | 18.3% |
| Excess cover relative to statutory liquidity requirement* | 82.0% | 71.2% | 90.7% | 87.4% | 81.3% |
| Total amount of large exposures* | 275.3% | 218.4% | 101.8% | 149.5% | 275.3% |
| Impairment ratio for the year | 0.0% | 0.3% | 0.7% | 0.5% | 0.2% |

The key ratios for 2001, 2002 and 2003 have not been restated to the new accounting policies.

* Key ratios concerning 2004 have not been restated to the new accounting policies.

** The interest rate risk has been calculated at 4.1% for 2005 according to the in-house method. In the in-house calculation of the banking group's overall interest rate risk, the scheduled payments on the banking group's mortgage deed portfolio are adjusted for anticipated prepayments, and the share of the interest rate risk attributable to minority interests is deducted.

| DKK '000 | Parent company | | | | |
|---|----------------|--------|--------|--------|--------|
| | 2005 | 2004 | 2003 | 2002 | 2001 |
| Solvency ratio* | 10.3% | 10.2% | 12.0% | 11.5% | 9.6% |
| Tier 1 ratio* | 8.0% | 7.3% | 8.5% | 8.0% | 9.6% |
| Return on equity before tax | 23.0% | 15.7% | 14.9% | 12.9% | 15.0% |
| Return on equity after tax | 16.1% | 15.4% | 14.7% | 13.8% | 8.3% |
| Income/cost ratio | 1.65 | 1.39 | 1.32 | 1.33 | 1.42 |
| Interest rate risk* | 7.0% | 5.9% | 6.8% | 4.7% | 1.8% |
| Foreign exchange position* | 8.6% | 1.7% | 4.5% | 2.9% | 4.6% |
| Foreign exchange risk* | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Loans and advances as a percentage of deposits | 128.3% | 99.1% | 95.8% | 92.8% | 83.8% |
| Gearing of loans and advances | 10.4 | 10.7 | 11.2 | 12.3 | 9.0 |
| Annual growth in lending | 26.5% | 8.8% | - 1.1% | 22.7% | 17.5% |
| Excess cover relative to statutory liquidity requirement* | 74.4% | 43.6% | 99.7% | 89.2% | 83.8% |
| Total amount of large exposures* | 329.9% | 306.2% | 183.0% | 162.7% | 275.3% |
| Impairment ratio for the year | 0.1% | 0.1% | - 0.4% | - 0.2% | 0.1% |

The key ratios for 2001, 2002 and 2003 have not been restated to the new accounting policies.

* Key ratios concerning 2004 have not been restated to the new accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

| DKK '000 | Share capital | Shareholders' equity | Profit for the year | Ownership interest in % | | Voting share in % | |
|---------------------------------------|---------------|----------------------|---------------------|-------------------------|-------|-------------------|-------|
| | 2005 | 2005 | 2005 | 2005 | 2004 | 2005 | 2004 |
| NOTE 37 Group overview | | | | | | | |
| Consolidated subsidiaries: | | | | | | | |
| Alm. Brand Bilkredit A/S | 1,000 | 96,971 | 22,655 | 100.0 | 100.0 | 100.0 | 100.0 |
| Alm. Brand Leasing A/S | 2,000 | 215,519 | - 8,531 | 100.0 | 100.0 | 100.0 | 100.0 |
| Henton Børsmæglerelskab A/S * | 9,502 | 19,129 | 2,633 | 100.0 | - | 100.0 | - |
| Alm. Brand Pantebreve A/S ** | 105,000 | 130,279 | 5,545 | 40.1 | 19.6 | 77.9 | 70.4 |
| Alm. Brand Formue A/S | 310,000 | 505,841 | 121,765 | 11.5 | 11.5 | 52.3 | 52.3 |
| Associates (not consolidated): | | | | | | | |
| Investeringselskabet af 6/10 1998 A/S | 750 | 1,927 | 450 | 20.0 | 20.0 | | |

* The company was acquired on 30 December 2005. Accordingly, the company did not contribute to the consolidated profit for the year.

** The company acquired treasury shares in 2005, corresponding to 10% of the share capital.

Directorships

Name and municipality of registered office of group enterprises in which employees of the bank hold offices:

Company (registered office)

Alm. Brand Bilkredit A/S (Kgs. Lyngby)

Alm. Brand Leasing A/S (Kgs. Lyngby)

Henton Børsmæglerelskab A/S (Silkeborg)

Alm. Brand Pantebreve A/S (Copenhagen)

Alm. Brand Formue A/S (Copenhagen)

Investeringselskabet af 6/10 1998 A/S (Silkeborg)

Employees in Alm. Brand Bank, who are Board members

Henrik Nordam, Chief Executive

Henrik Nordam, Chief Executive

Henrik Nordam, Chief Executive
Peter Reedtz, Managing Director

Henrik Nordam, Chief Executive
Peter Reedtz, Managing Director, will be recommended for election at the annual general meeting due to be held on 6 April 2006

Henrik Nordam, Chief Executive
Peter Reedtz, Managing Director, will be recommended for election at the annual general meeting due to be held on 4 April 2006

Torsten Aagaard Juel, Director

| | Group | | |
|--|-------------------------|----------------|------------------------------|
| | Shareholders' equity | Profit | Share- holders' equity |
| | 1 Jan. 2004 | 2004 | 31 Dec. 2004 |
| DKK '000 | | | |
| Note 38 Accounting effect of transition to new Executive Order on financial reporting | | | |
| Reconciliation of shareholders' equity and profit for 2004 | | | |
| Previous accounting policies | 734,546 | 164,304 | 755,075 |
| Recognition of loans and advances, etc. | 25,993 | - 4,608 | 21,385 |
| Amortisation of fees | - 6,329 | 1,289 | - 5,040 |
| Interest rate swaps | - 37,307 | 8,731 | - 28,576 |
| Fair value hedging of fixed-rate loans | 13,617 | 295 | 13,912 |
| Long-term employee benefits | - 8,089 | - 2,076 | - 10,165 |
| Unlisted shares | - 3,469 | - 52 | - 3,522 |
| Total adjustments | <u>- 15,584</u> | <u>3,579</u> | <u>- 12,006</u> |
| Share attributable to minority interests | 276,839 | - | 322,857 |
| Dividend allocated | 50,000 | - | 100,000 |
| Total reclassifications | <u>326,839</u> | <u>-</u> | <u>422,857</u> |
| New accounting policies | <u>1,045,801</u> | <u>167,883</u> | <u>1,165,926</u> |

Transition to new accounting rules

With effect from the 2005 financial year, all listed companies are required to present their financial reporting in accordance with the international accounting standards (IAS/IFRS). As a result of this transition, a new Executive Order on the Presentation of Financial Statements by Banks has been drafted, which came into force as from the financial year ended 31 December 2005.

Alm. Brand Bank presents its financial statements in accordance with this new Executive Order. In addition, the banking group forms part of the listed Alm. Brand A/S Group, thereby making it indirectly subject to IAS/IFRS. The new accounting rules comprise changes in respect of measurement and recognition of assets and liabilities. The result of the changed measurements has been taken directly to shareholders' equity at 1 January 2005. This was done by restating the comparative figures for 2004. Comments on the changes are provided below.

Relative to the previously announced equity changes, in connection with the preparation of the annual report for 2005 figures for the recognition of loans and advances, etc. were changed as at 1 January 2004. The change was caused by a re-assessment of the previously made estimates in connection with the initiatives to implement supportive systems and business procedures. As a result of the changed measurement of loans and advances, etc., equity at 1 January 2005 was increased by DKK 7 million from DKK 1,159 million to DKK 1,166 million.

Recognition of loans and advances etc.

The banking group's loans and advances are generally measured at amortised cost including fees etc. less impairment. The banking group's portfolio of mortgage deeds, which was previously measured at amortised cost, is now measured at fair value. This causes greater volatility in results as all changes in fair value are reflected in value adjustments. Impairment of loans and advances are determined based on an assessment of whether there is any objective indication of impairment of the individual loan or loan portfolio. The new policy increases equity at 1 January 2005 by DKK 21 million.

Amortisation of fees etc.

Fees etc. forming part of the effective interest rate are amortised as an integral part of the related loans and liabilities. This change reduces equity at 1 January 2005 by DKK 5 million.

Interest rate swaps

Interest rate swaps are recognised at fair value, and changes in their fair value will affect profits. Up till now, fair value adjustments of interest rate swaps were not recognised in the financial statements but used to hedge interest rate risk on fixed-rate loans and mortgage deeds. The new policy reduces equity at 1 January 2005 by DKK 29 million. Fair value adjustment of interest rate swaps on an ongoing basis results in greater volatility in the bank's profit.

Fair value hedging of fixed-rate loans

Hedge accounting will still be used to account for part of the fixed-rate loans where interest rate swaps hedge the interest rate risk. The hedge accounting rules have been changed to the effect that value adjustments of the instrument employed for hedging as well as of the hedged loans are recognised. The hedging instruments are the above interest rate swaps, while value adjustments of the risk part of the hedged loans increase shareholders' equity at 1 January 2005 by DKK 14 million.

Long-term employee benefits

In addition to their contractual pay, employees with the Alm. Brand Group earn a number of additional benefits over a period of years, such as jubilee benefits and retirement bonus etc. Provisions are made for such long-term employee benefits, which were previously expensed at the time of payment. The new policy reduces equity at 1 January 2005 by DKK 10 million.

Unlisted shares

Unlisted shares are recognised at cost. They were previously recognised at an estimated market value or cost. The new policy reduces equity at 1 January 2005 by DKK 4 million.

Reclassifications

The new accounting rules require a number of liabilities etc. which were previously presented outside equity to be recognised in equity, including the share of consolidated equity attributable to minority interests and proposed dividends.

Tax effect

No tax effect of the above adjustments has been recognised as Alm. Brand Bank A/S until 31 December 2004 was jointly taxed with Alm. Brand A/S under the parent company model. Any tax effect will therefore be recognised in the parent company Alm. Brand A/S.

DEFINITIONS OF RATIOS

| | | |
|--|---|---|
| Interest margin | = | $\frac{\text{Interest receivable}}{\text{Average interest-bearing assets}} - \frac{\text{Interest payable}}{\text{Average interest-bearing liabilities}}$ |
| Solvency ratio | = | $\frac{\text{Capital base} \times 100}{\text{Risk-weighted assets}}$ |
| Tier 1 ratio | = | $\frac{\text{Tier 1 capital after deductions} \times 100}{\text{Risk-weighted assets}}$ |
| Average equity | = | $\frac{\text{Shareholders' equity, start of year} + \text{shareholders' equity, year-end}}{2}$ |
| Return on equity before tax | = | $\frac{(\text{Profit before tax} - \text{minority interests before tax}) \times 100}{\text{Average shareholders' equity}}$ |
| Return on equity after tax | = | $\frac{(\text{Profit after tax} - \text{minority interests after tax}) \times 100}{\text{Average shareholders' equity}}$ |
| Income/cost ratio | = | $\frac{\text{Income}}{\text{Costs}}$ |
| Interest rate risk | = | $\frac{\text{Interest rate risk} \times 100}{\text{Tier 1 capital less deduction}}$ |
| Foreign exchange position | = | $\frac{\text{Exchange rate indicator 1} \times 100}{\text{Tier 1 capital less deduction}}$ |
| Foreign exchange risk | = | $\frac{\text{Exchange rate indicator 2} \times 100}{\text{Tier 1 capital less deduction}}$ |
| Loans and advances as a percentage of deposits | = | $\frac{\text{Loans and advances, etc.}}{\text{Deposits and other payables}}$ |

| | | |
|---|---|--|
| Gearing of loans and advances | = | $\frac{\text{Loans and advances, etc.}}{\text{Shareholders' equity}}$ |
| Annual growth in lending | = | $\frac{(\text{Loans and advances, year end} - \text{Loans and advances, beginning of year}) \times 100}{\text{Loans and advances, beginning of year}}$ |
| Excess cover relative to statutory liquidity requirement | = | $\frac{\text{Excess liquidity upon compliance with s. 152(2) of the Danish Financial Business Act}}{10\% - \text{statutory requirement}}$ |
| Total amount of large exposures | = | $\frac{\text{Total amount of large exposures}}{\text{Capital base}}$ |
| Share of receivables at reduced interest rate | = | $\frac{\text{Receivables at reduced interest rate}}{\text{Loans and advances, etc.} + \text{Guarantees} + \text{Impairment}}$ |
| Impairment ratio for the year | = | $\frac{\text{Impairment for the year}}{\text{Loans and advances, etc.} + \text{Guarantees} + \text{Impairment}}$ |
| Average CD rate | = | $\frac{\text{Aggregate of daily CD rates during period}}{\text{Number of days during period}}$ |
| Return in excess of the interest rate on certificates of deposits | = | Return on equity before tax – Average CD rate |

Shares held by minority interests are not included in the calculation of average equity.

DIRECTORSHIPS

BOARD OF DIRECTORS

CHRISTIAN N.B. ULRICH, Chairman

Chairman of the Board of Directors of:

Alm. Brand A/S

Alm. Brand Bank A/S

Alm. Brand Fond

Chairman of the Supervisory Committee of:

Alm. Brand af 1792 fmba

CHRISTIAN HJORTH-ANDERSEN

Member of the Board of Directors of:

Alm. Brand Bank A/S

Directorships outside the Alm. Brand Group

Member of the Board of Directors of:

Agroinvest A/S

JØRGEN HESSELBJERG MIKKELSEN, Deputy Chairman

Deputy Chairman of the Board of Directors of:

Alm. Brand A/S

Alm. Brand Bank A/S

Alm. Brand Fond

Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chairman of the Board of Directors of:

DPL Invest A/S (Investeringsselskabet for Dansk Primær Landbrug)

Ø.A. Byggecenter A/S

Agro Discount A/S

ØA Fyn A/S

Østsjælland's Andel amba

Member of the Board of Directors of:

Hesselbjerg Agro A/S

KRAM Madservice A/S

Slovakian Farm Invest A/S

Den Lokale Andel amba

CHIEF EXECUTIVE
SØREN BOE MORTENSEN

Chief Executive Officer of:

Alm. Brand A/S
Alm. Brand af 1792 fmba

General Manager of:

Alm. Brand Invest II A/S
Alm. Brand Holding II A/S
Alm. Brand Rejseforsikring A/S

Chairman of the Board of Directors of:

Alm. Brand Forsikring A/S
A/S Det Københavnske Reassurance-Compagni
Finansieringsselskabet Balder A/S
Asgaard Finans A/S
Finansieringsselskabet af 9/10 1992 A/S
Alm. Brand Service ApS

Deputy Chairman of the Board of Directors of:

Alm. Brand Pantebreve A/S
Alm. Brand Formue A/S

Member of the Board of Directors of:

Alm. Brand Invest II A/S
Alm. Brand Holding II A/S
Alm. Brand Rejseforsikring A/S
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Board member appointed by the Executive Management:

Pensionskassen under Alm. Brand A/S

Directorships outside the Alm. Brand Group

Deputy Chairman of the Board of Directors of:

Forsikringsakademiet A/S

Member of the Board of Directors of:

Forsikring og Pension

OLE BACH, elected by the employees

Member of the Board of Directors of:

Alm. Brand Bank A/S

MARK OSWALD, elected by the employees

Member of the Board of Directors of:

Alm. Brand Bank A/S

DIRECTORSHIPS

EXECUTIVE BOARD

CHIEF EXECUTIVE
HENRIK NORDAM

Chief Executive Officer of:

Alm. Brand Bank A/S

Deputy Chief Executive of:

Alm. Brand A/S

General Manager of:

Asgaard Finans A/S

Chairman of the Board of Directors of:

Alm. Brand Bilkredit A/S

Alm. Brand Ejendomsinvest A/S

Alm. Brand Formue A/S

Alm. Brand Holding II A/S

Alm. Brand Invest II A/S

Alm. Brand Leasing A/S

Alm. Brand Pantebreve A/S

Alm. Brand Præmieservice A/S

Alm. Brand Rejseforsikring A/S

Forsikringsselskabet Alm. Brand Liv og Pension A/S

Henton Børsmæglerselskab A/S

Member of the Board of Directors of:

Alm. Brand Forsikring A/S

A/S Det Københavnske Reassurance-Compagni

Alm. Brand Service ApS

Asgaard Finans A/S

Finansieringsselskabet af 9/10 1992 A/S

Finansieringsselskabet Balder A/S

Directorships outside the Alm. Brand Group

None

MANAGING DIRECTOR

PETER REEDTZ

Managing Director of:

Alm. Brand Bank A/S

Member of the Board of Directors of:

Forsikringsselskabet Alm. Brand Liv og Pension A/S

Henton Børsmæglerselskab A/S

Directorships outside the Alm. Brand Group

None

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