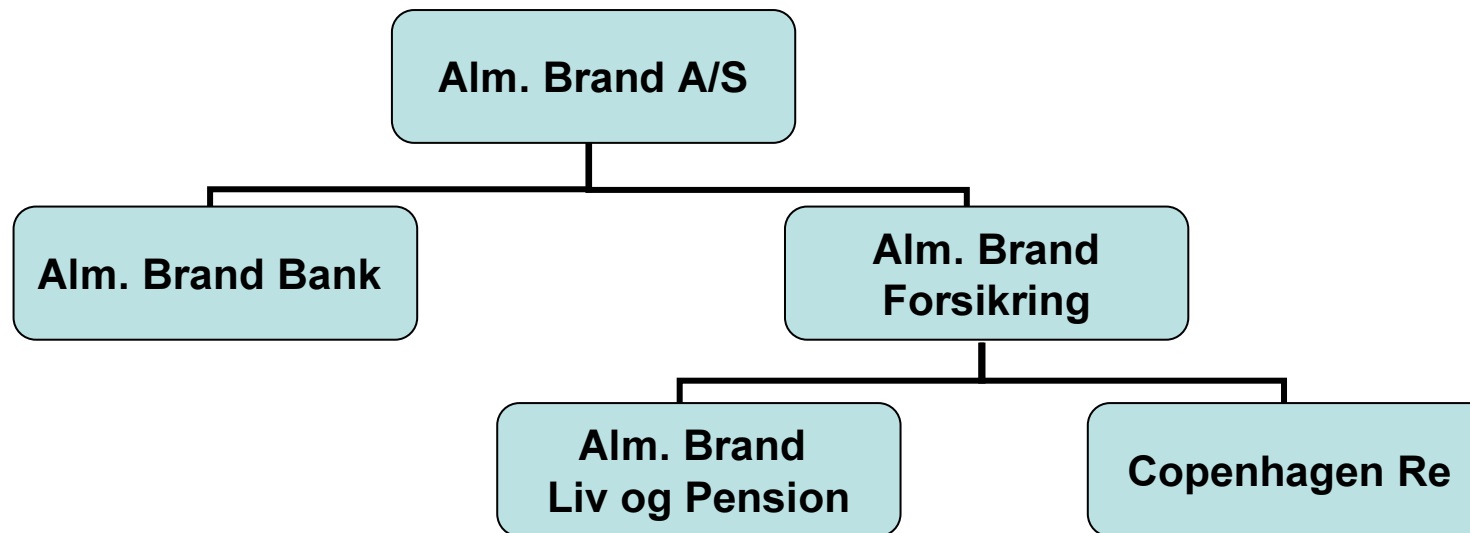


# Alm. Brand A/S

## Annual Report 2006 - Investors



# The Alm. Brand Group



# The Alm. Brand Group

## Highlights 2006

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### **Profit: DKK 1,006m**

- Highly satisfactory
- Growth in all business areas
- Non-life: Profit of DKK 724m, combined ratio 88.1
  - Highly satisfactory
  - Driven by improved portfolio, good weather conditions, few major claims and run-off gains
- Banking: Profit of DKK 167m
  - Satisfactory under the circumstances
  - Investment for growth and in rebuilding the Markets division
  - Good lending growth
- Life: Profit of DKK 81m
  - Full return
  - New transparent return principle
- Other activities: Profit of DKK 34m
  - Reinsurance, group costs

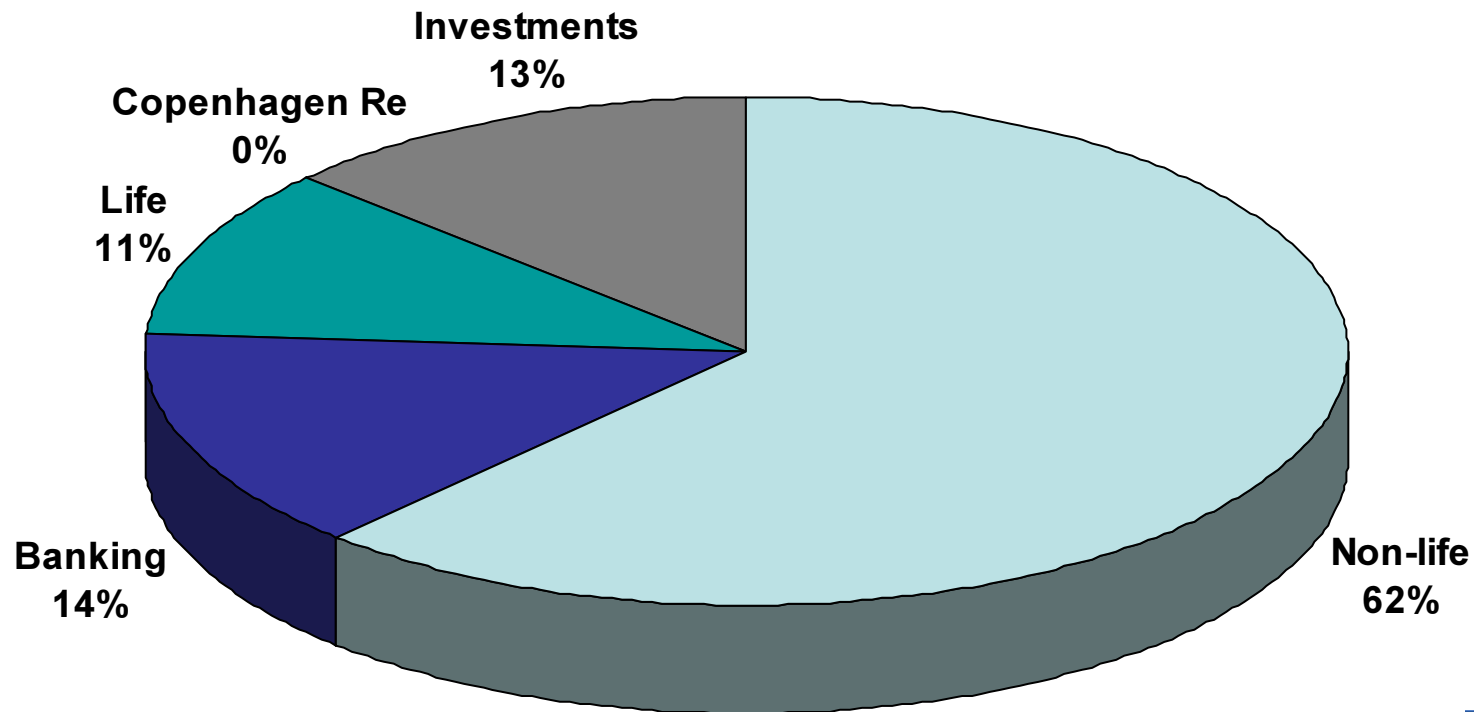
# The Alm. Brand Group Outlook for 2007

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- Profit of DKK 800m forecast
  - Non-life: DKK 540m
    - Strong price competition, good claims experience and stronger growth
  - Banking: DKK 150m
    - Investments continuing, growth in Markets and Retail operations
  - Life and Pension: DKK 90m
    - Remaining focused on growth; both market rate and guaranteed rate schemes, new profit principle
  - Other activities: DKK 20m
  - Revenue: DKK 7.4bn
    - Increased growth

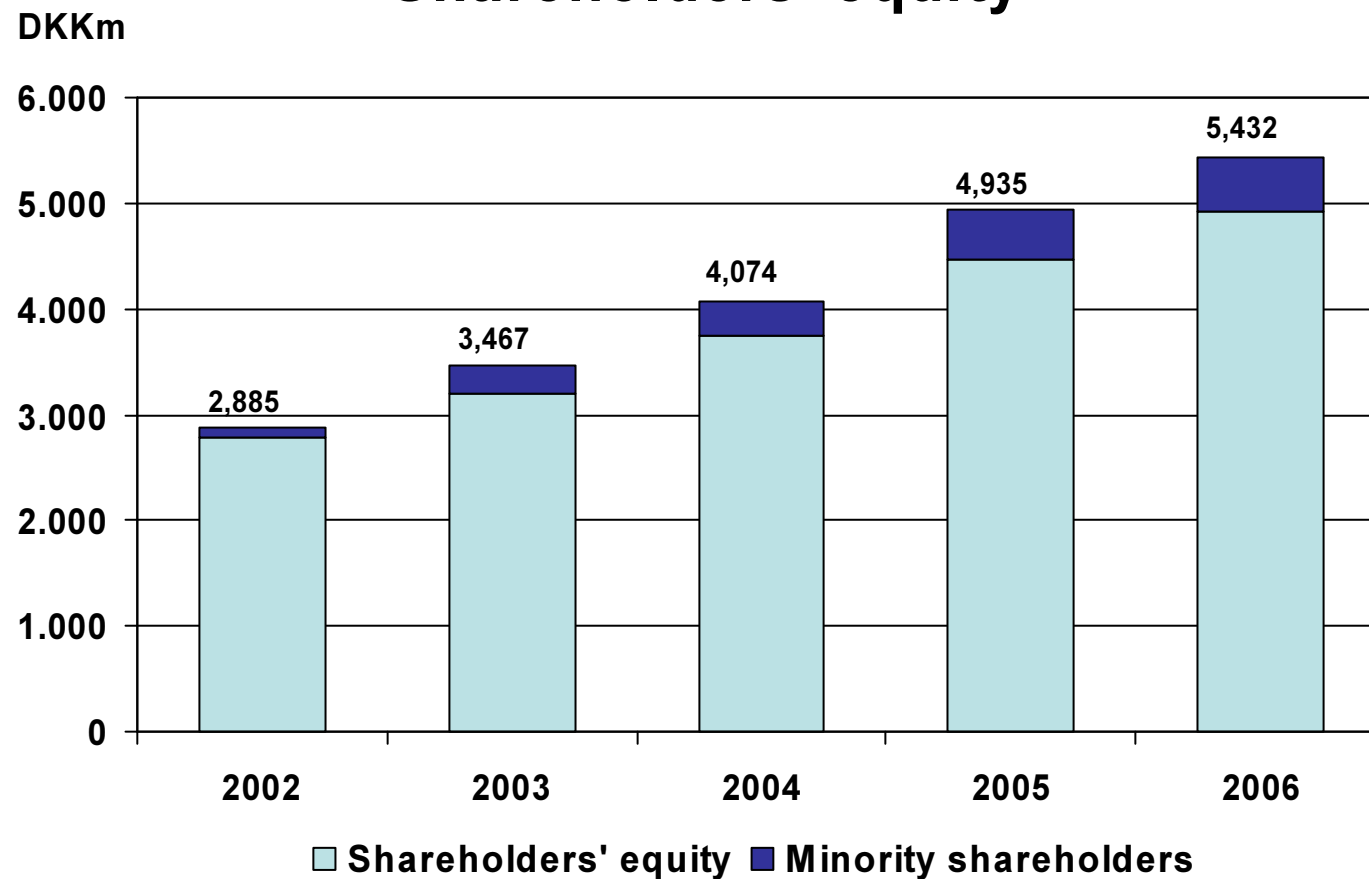
# The Alm. Brand Group

Total income 2006  
DKK 6,855m



# The Alm. Brand Group

## Shareholders' equity



# The Alm. Brand Group

## Financial highlights

<b>DKKm</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Total income</b>	<b>6,800</b>	<b>6,465</b>	<b>6,439</b>	<b>6,489</b>	<b>6,855</b>
<b>Premium income</b>	<b>5,089</b>	<b>4,777</b>	<b>4,895</b>	<b>4,863</b>	<b>5,026</b>
<b>Income from banking activities</b>	<b>730</b>	<b>719</b>	<b>689</b>	<b>786</b>	<b>980</b>
<b>Profit/loss before tax ex minority interests</b>	<b>136</b>	<b>387</b>	<b>492</b>	<b>747</b>	<b>1,006</b>
<b>Profit/loss after tax ex minority interests</b>	<b>136</b>	<b>372</b>	<b>397</b>	<b>688</b>	<b>811</b>
<b>Shareholders' equity at year-end</b>	<b>2,885</b>	<b>3,467</b>	<b>4,074</b>	<b>4,935</b>	<b>5,432</b>
<b>Of which minority interests</b>	<b>99</b>	<b>277</b>	<b>323</b>	<b>474</b>	<b>520</b>
<b>Return on equity before tax ex minority interests p.a.</b>	<b>5%</b>	<b>13%</b>	<b>14%</b>	<b>18%</b>	<b>22%</b>
<b>Return on equity after tax ex minority interests p.a.</b>	<b>5%</b>	<b>13%</b>	<b>11%</b>	<b>17%</b>	<b>17%</b>
<b>Earnings per share (DKK)</b>	<b>6</b>	<b>17</b>	<b>18</b>	<b>31</b>	<b>37</b>
<b>NAV per share (DKK)</b>	<b>125</b>	<b>143</b>	<b>168</b>	<b>199</b>	<b>234</b>
<b>Price/NAV</b>	<b>0.56</b>	<b>0.93</b>	<b>1.24</b>	<b>1.34</b>	<b>1.71</b>

# The Alm. Brand Group

## Capital model

(DKKm)	Times the solvency requirement	2005	2006
Non-life insurance	2.4	1,565	1,565
Banking ex partly-owned, listed subsidiaries	1.3	1,232	1,410
Banking, investments in partly-owned, listed subsidiaries	1.0	636	699
Life insurance	2.0	1,068	1,036
Reinsurance, shareholders' equity	1.0	140	212
<b>Capital target</b>		<b>4,641</b>	<b>4,922</b>
<b>Consolidated shareholders' equity*)</b>		<b>4,935</b>	<b>5,432</b>
<b>Net tax asset</b>		<b>-502</b>	<b>-449</b>
<b>Intangible assets</b>		<b>-130</b>	<b>-187</b>
<b>Adjusted consolidated shareholders' equity ex subordinate capital</b>		<b>4,303</b>	<b>4,796</b>
<b>Excess of capital target ex subordinate capital</b>		<b>-338</b>	<b>-126</b>
<b>Subordinate capital</b>		<b>300</b>	<b>475</b>
<b>Excess of capital target incl subordinate capital</b>		<b>-38</b>	<b>349</b>



# Share buyback programme

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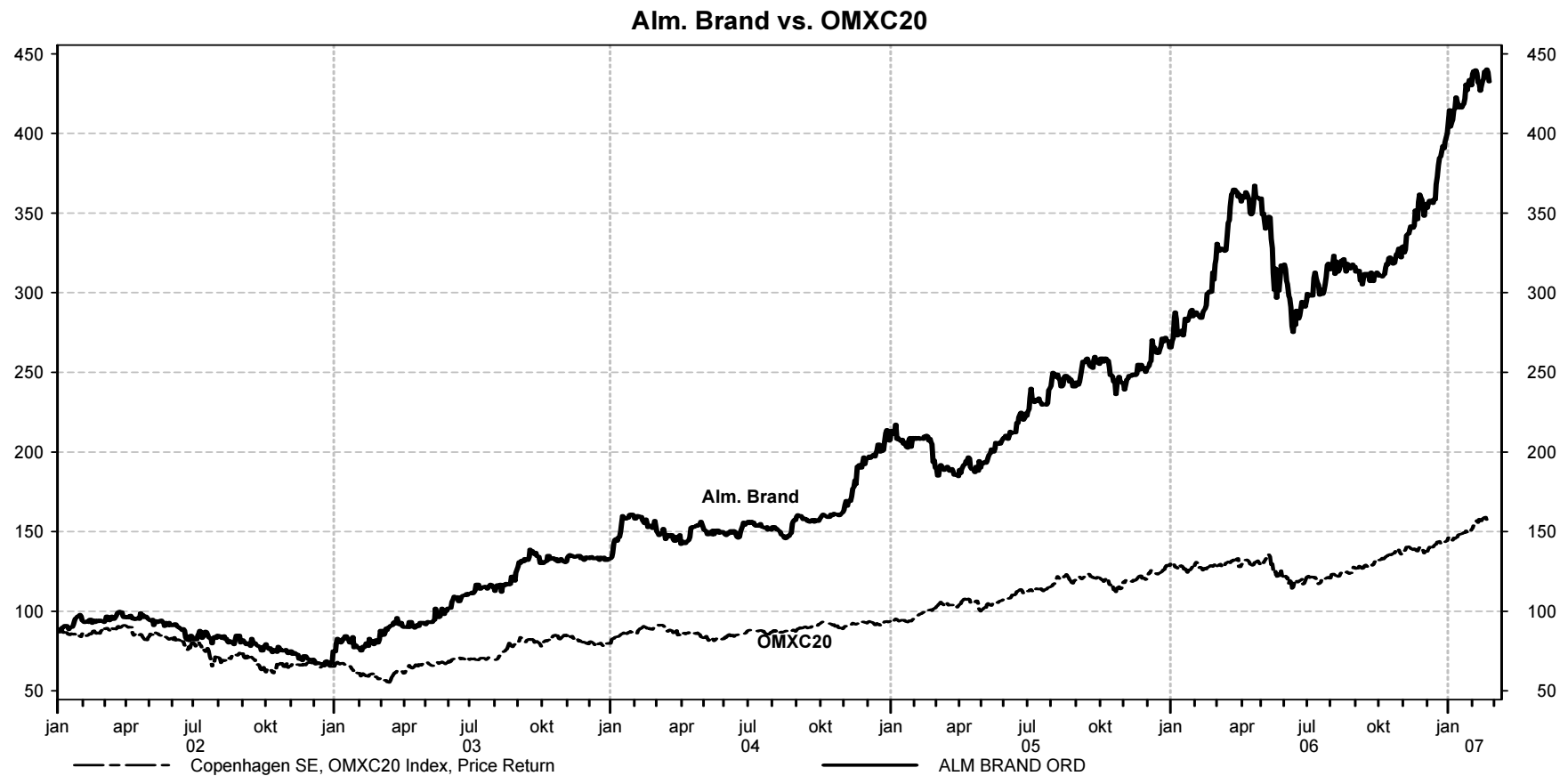
## 2006:

- Shares for about DKK 500m bought back
  - Equal to pay-out ratio of 6%

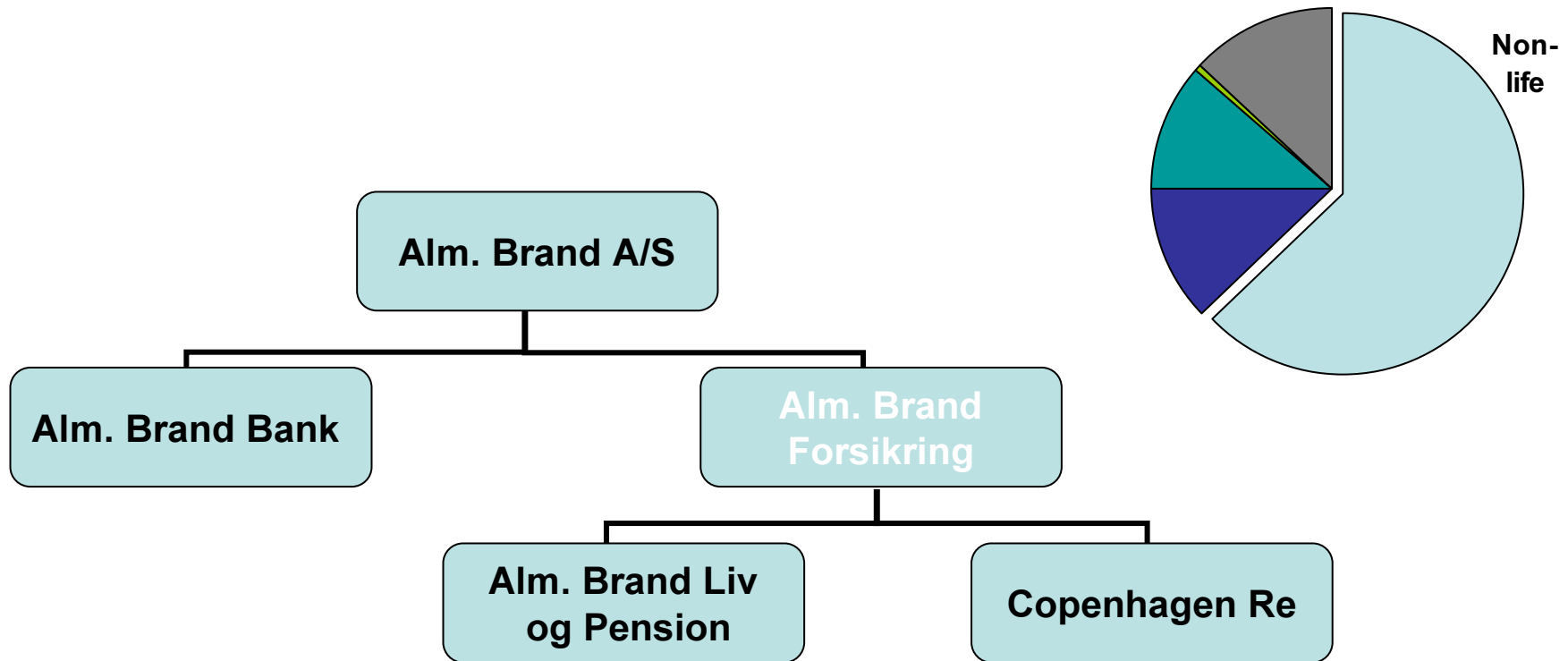
## 2007:

- New buy-back programme of DKK 600m
  - Equal to pay-out ratio of 7%
  - Proposal to cancel 1.5 million shares

# Relative performance Alm. Brand vs OMXC20



# Alm. Brand, non-life operations



# Alm. Brand, non-life operations

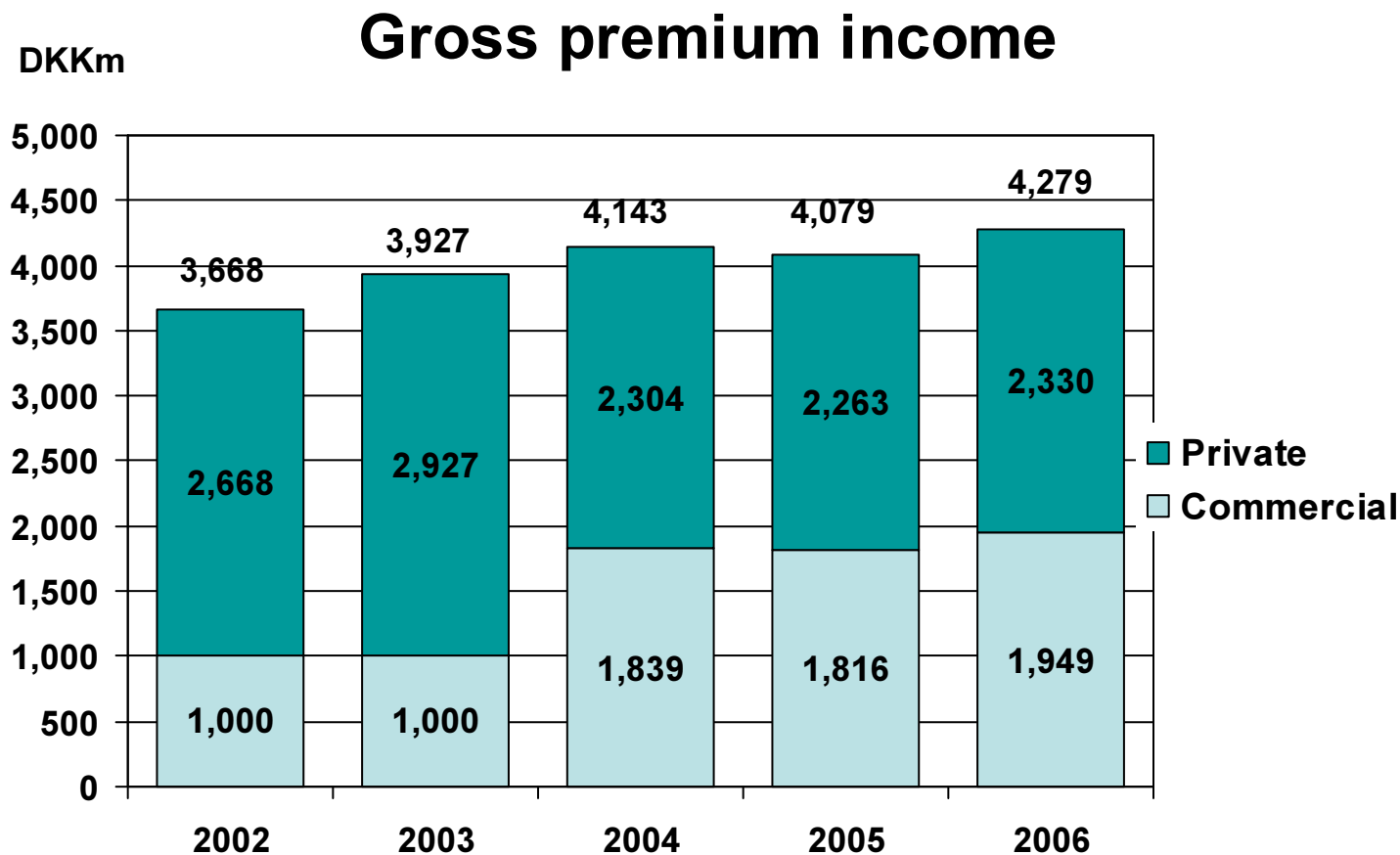
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- Good performance: DKK 724m profit

Driven by:

- + A generally good portfolio
- + Good weather conditions
- + Few major claims
- + Run-off gains
- + Good investment return
- Ruling, workers' compensation
- Expenses for employee shares
- Costs of growth

# Alm. Brand, non-life operations



# Alm. Brand, non-life operations

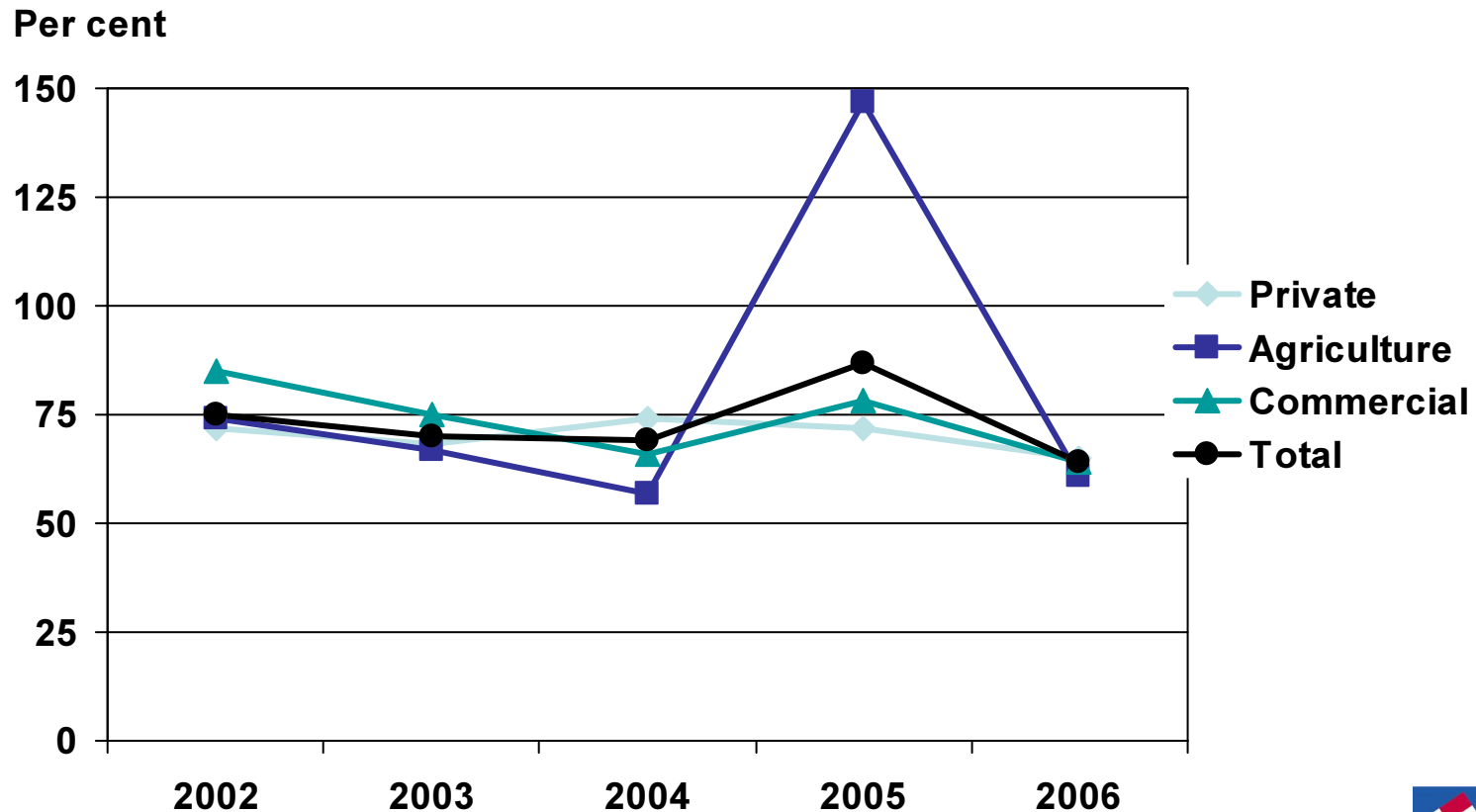
## Premium trends

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- Good premium performance
  - 4.9% growth
  - In line with expectations
  - Satisfactory
  - Good sales performance continues
- Focusing on profitable growth
  - Only want profitable volume
- Projected growth for 2007:
  - More than 5%

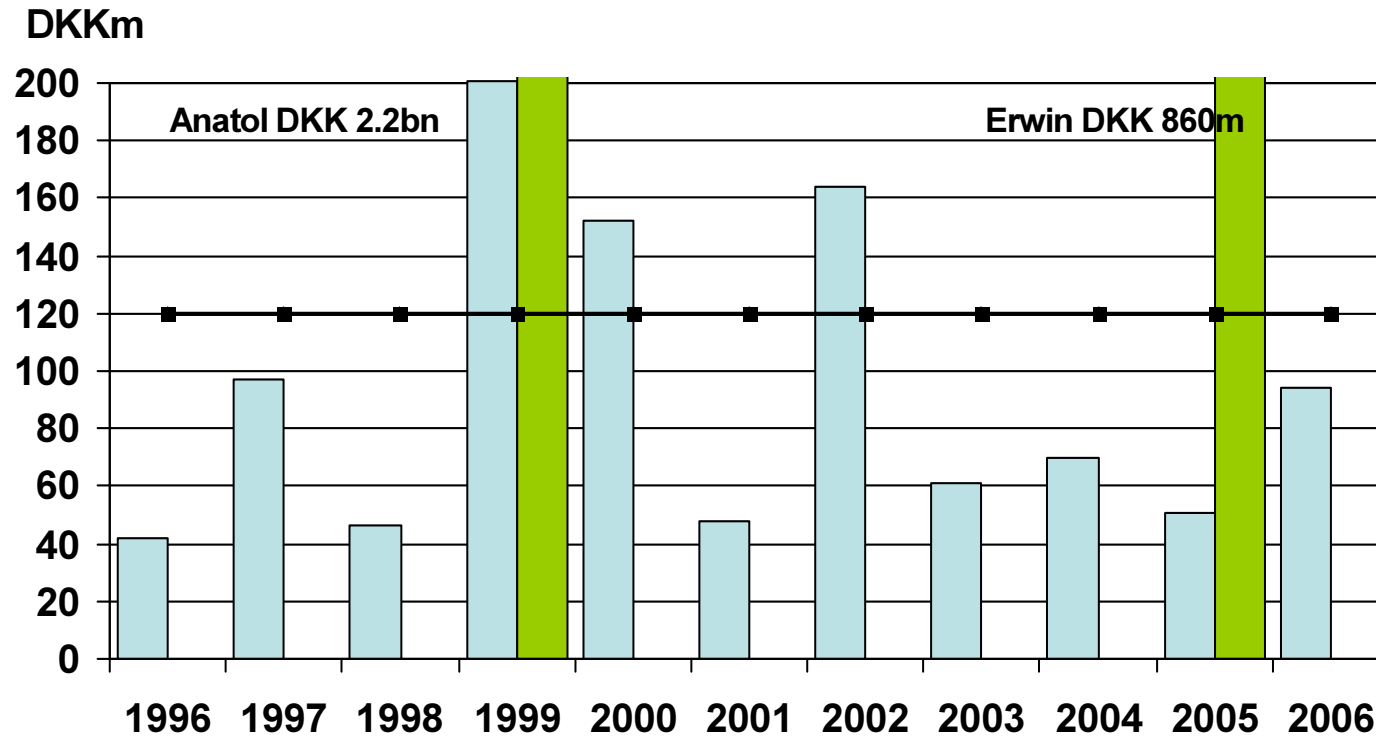
# Alm. Brand, non-life operations

## Trend in gross claims ratio



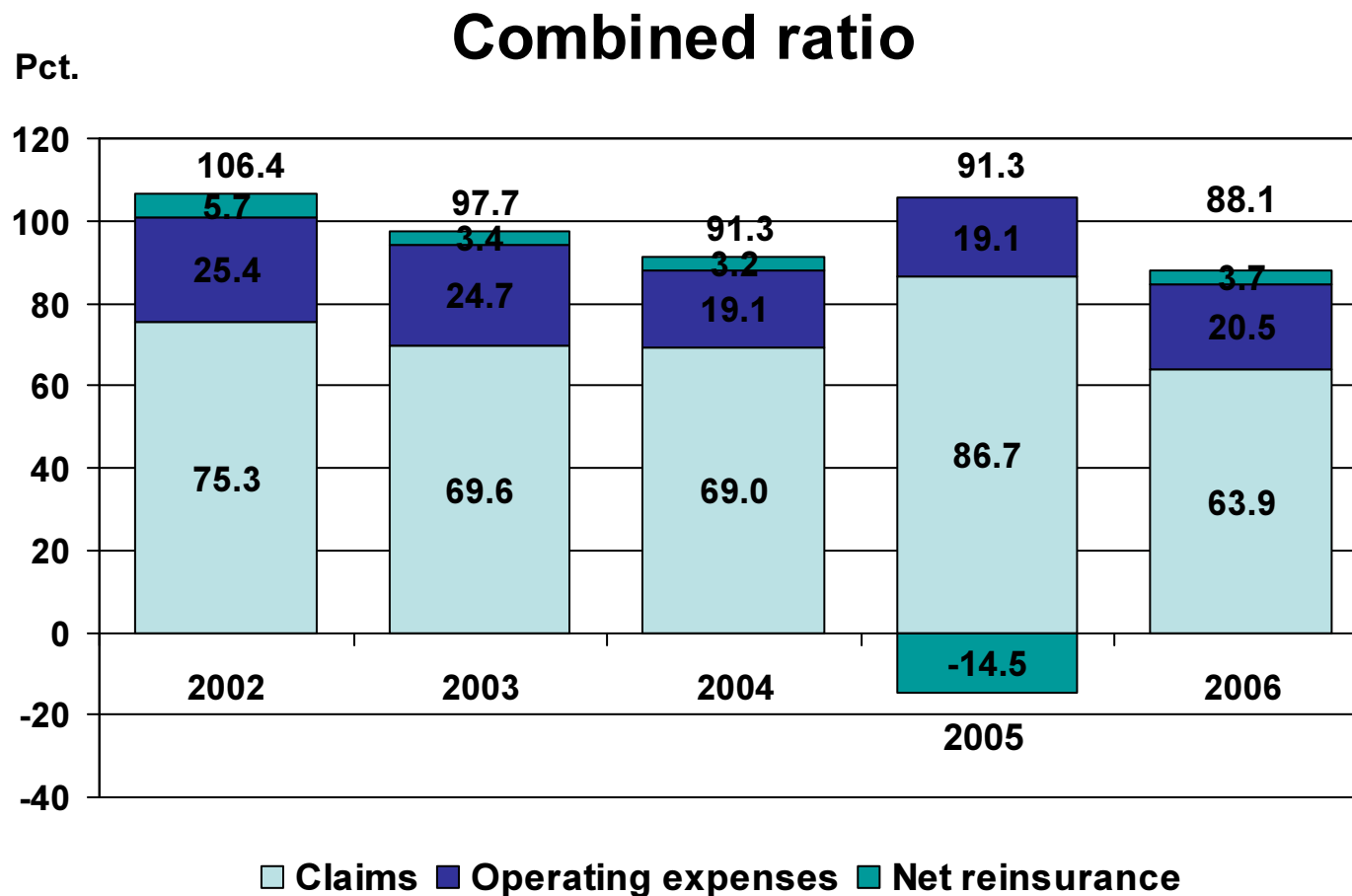
# Alm. Brand, non-life operations

## Expenses related to weather claims



- Expenses (2006 prices)
- Expenses (Anatol and Erwin)
- Average 1996-2006 (ex storms in 1999 and 2005)

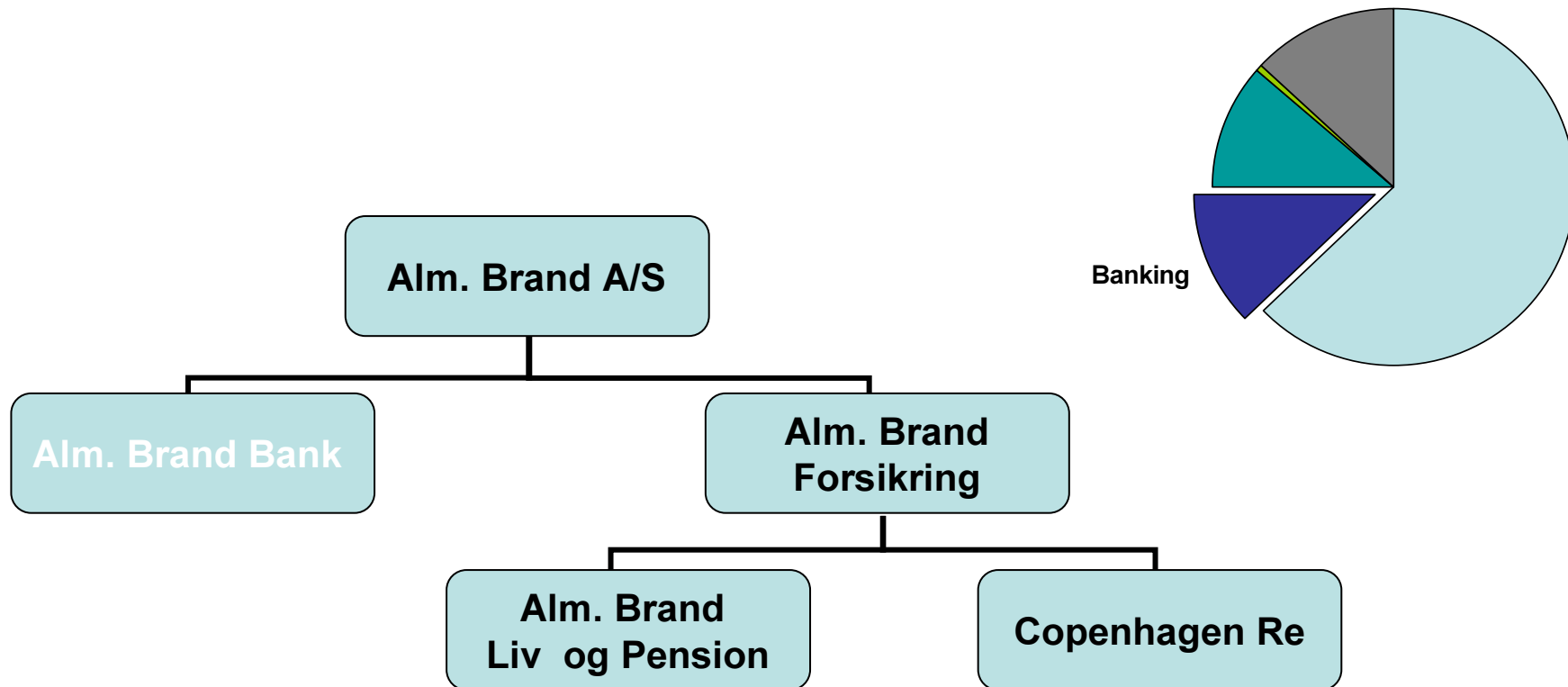
# Alm. Brand, non-life operations



# Alm. Brand, non-life operations

Highlights (DKKm)	2002	2003	2004	2005	2006
Gross premium income	3,668	3,927	4,143	4,079	4,279
Premium growth	6%	7%	6%	-2%	4.9%
Claims ratio	75.3%	69.6%	69.0%	86.7%	63.9%
Expense ratio	25.4%	24.7%	19.1%	19.1%	20.5%
Net reinsurance ratio	5.7%	3.4%	3.2%	-14.5%	3.7%
Combined ratio	106.4%	97.7%	91.3%	91.3%	88.1%
Profit before tax	5	219	354	375	724
Profit after tax	5	-36	334	223	538
Shareholders' equity at year-end	1,057	1,067	1,288	1,801	2,169
Return on equity before tax p.a.	0.5%	20.6%	31.6%	22.2%	37.2%
Return on equity after tax p.a.	0.5%	-3.4%	29.8%	13.2%	27.6%

# Alm. Brand, banking operations

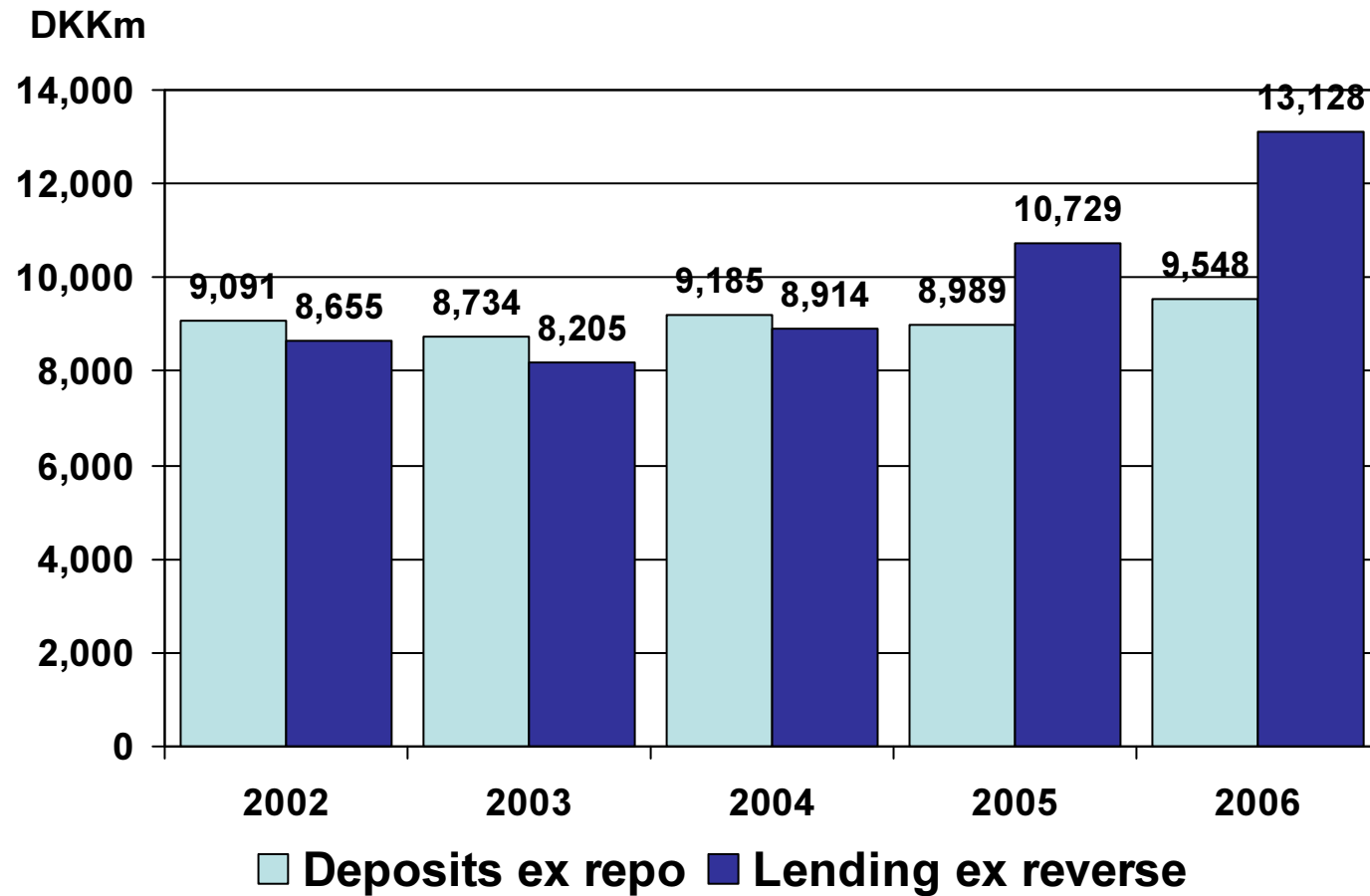


# Alm. Brand, banking operations

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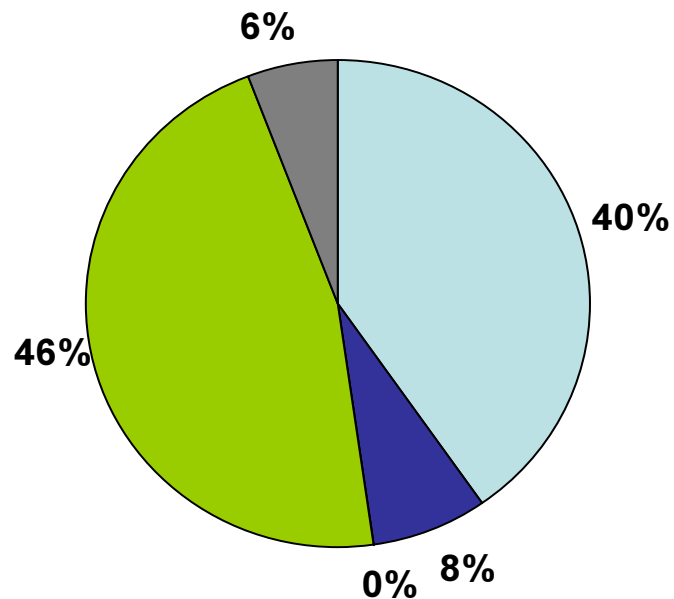
- Profit: DKK 167m
  - Satisfactory given
    - market conditions
    - major investments made in Retail operations
    - Rebuilding of Markets and Asset Management division
- All approved positions now filled
- Good performance in loans and advances
  - Up by 22%

# Alm. Brand, banking operations

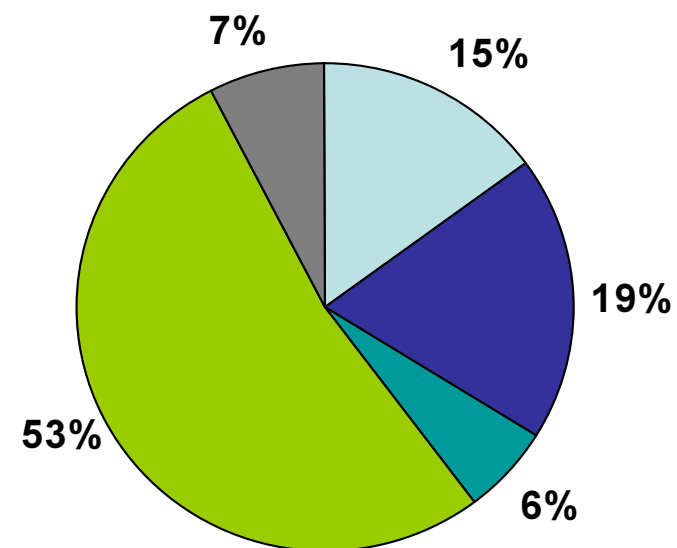


# Alm. Brand, banking operations

## Lending 2001



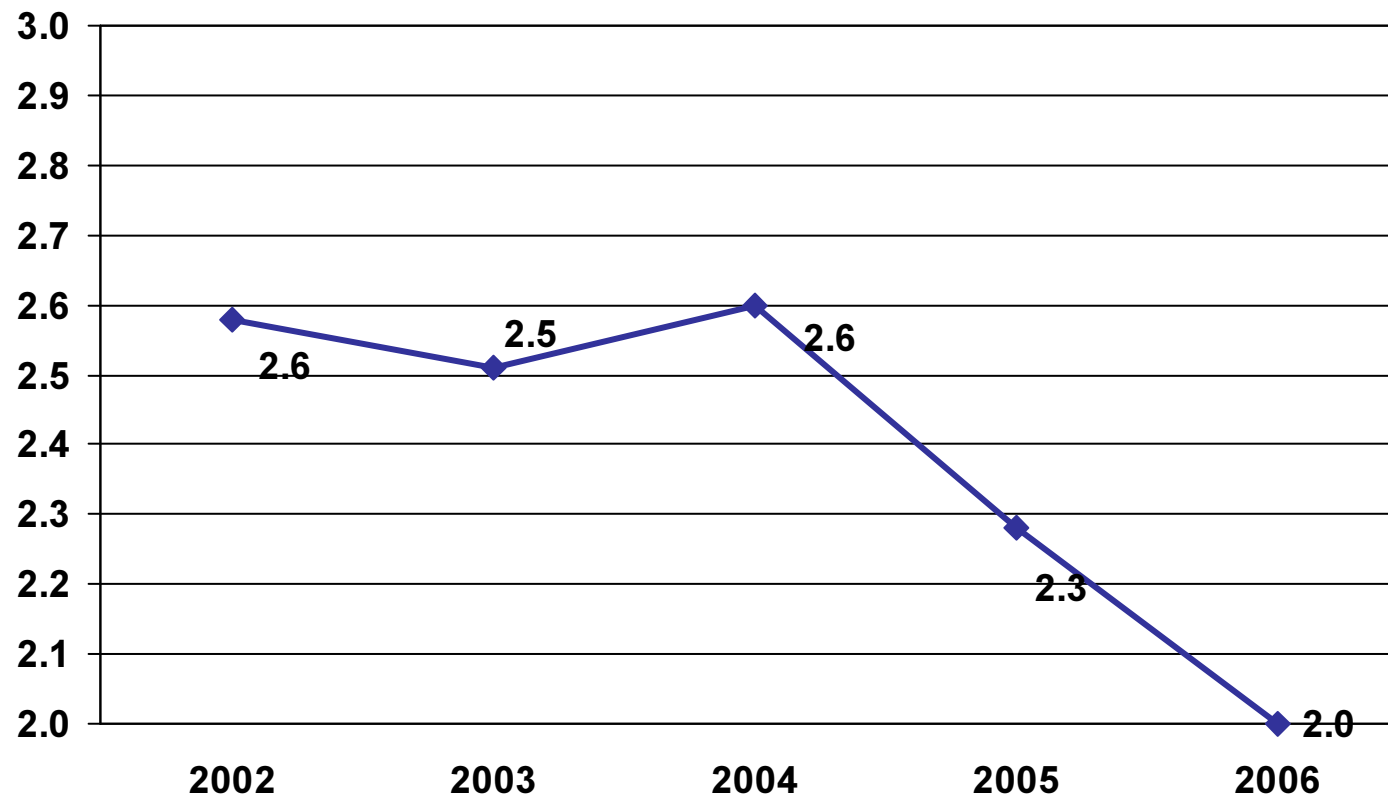
## Lending 2006



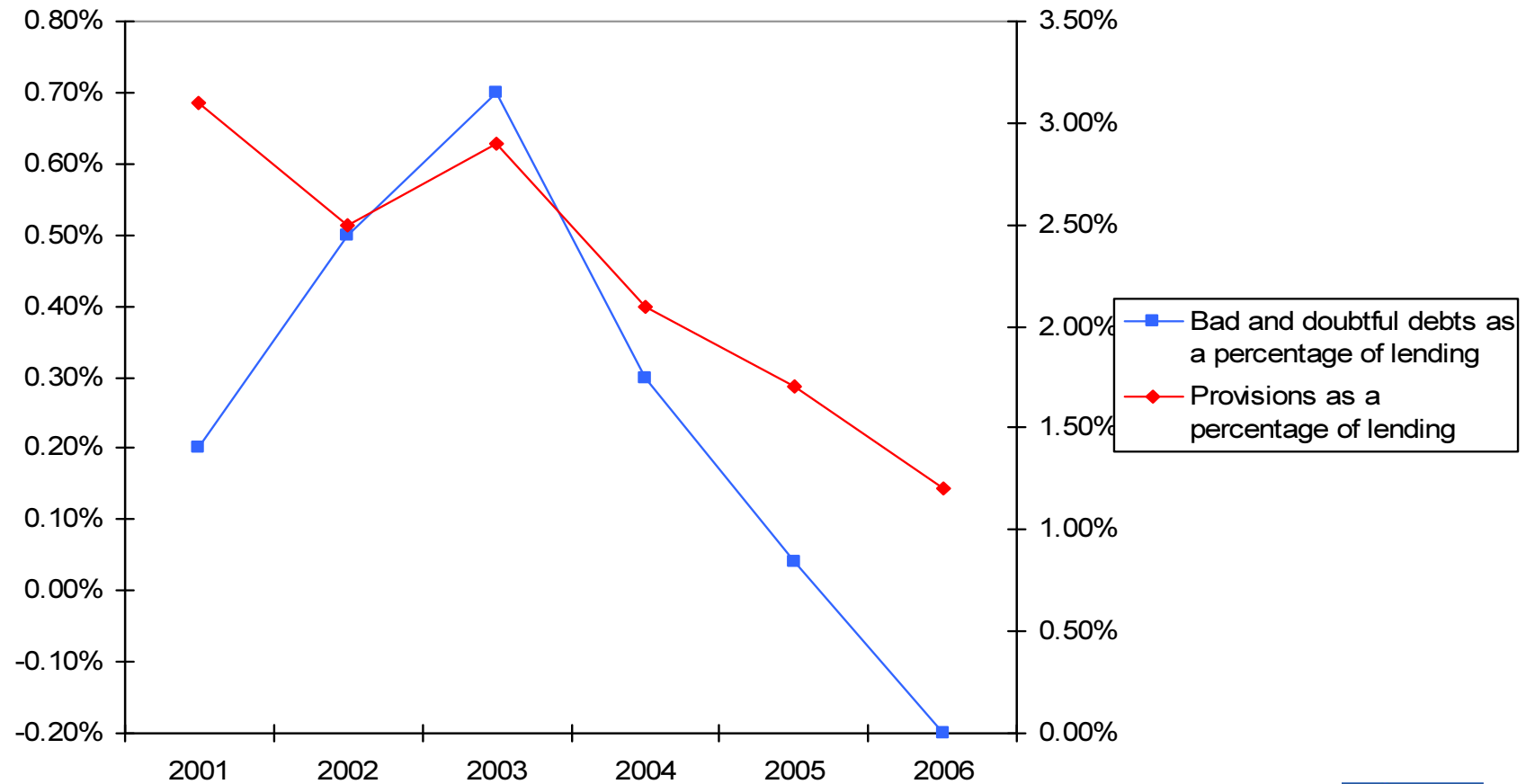
- Alm. Brand Finans
- Retail
- Agriculture
- Wholesale
- Alm. Brand Pantebreve

# Alm. Brand, banking operations

## Interest margin p.a.



# Alm. Brand, banking operations



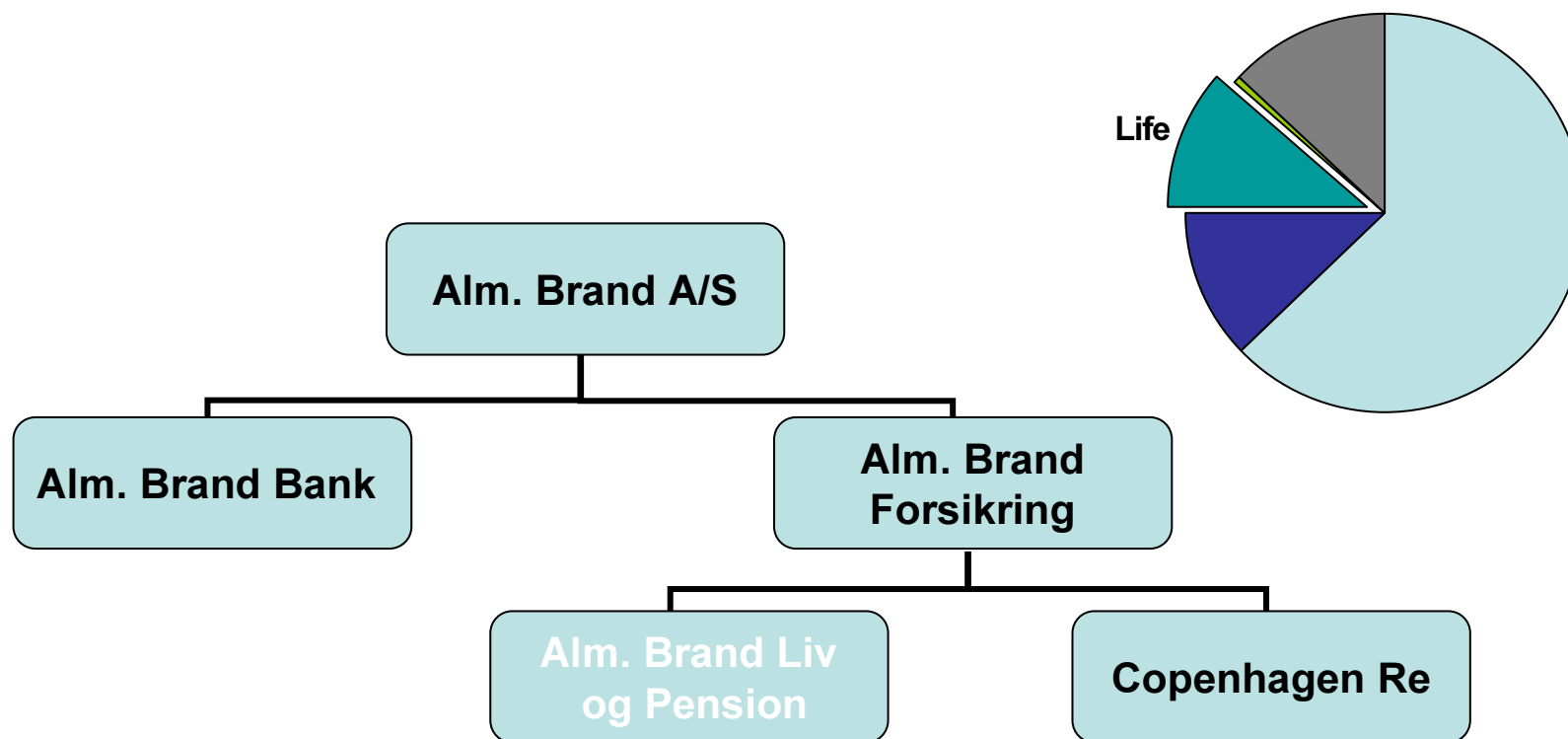
# Alm. Brand, banking operations

Highlights (DKKm)	2002	2003	2004	2005	2006	2006 *)
Interest and fee income	745	719	689	786	980	942
Net interest and fee income	422	473	465	511	516	493
Capital gains and losses	27	22	85	183	75	60
Costs	321	356	362	369	439	434
Bad and doubtful debts**)	48	64	30	5	-27	-27
Profit before tax	101	112	174	329	200	167
Profit before tax ex minority interests	92	105	126	222	167	167
Shareholders' equity at year-end	677	735	1,166	1,609	1,785	1,217
Return on equity before tax ex minority interests p.a.	13%	15%	16%	23%	15%	15%

\*) Pro rata consolidation of Alm. Brand Pantebreve and Alm. Brand Formue

\*\*\*) Negative figure indicates income

# Alm. Brand, life and pension operations



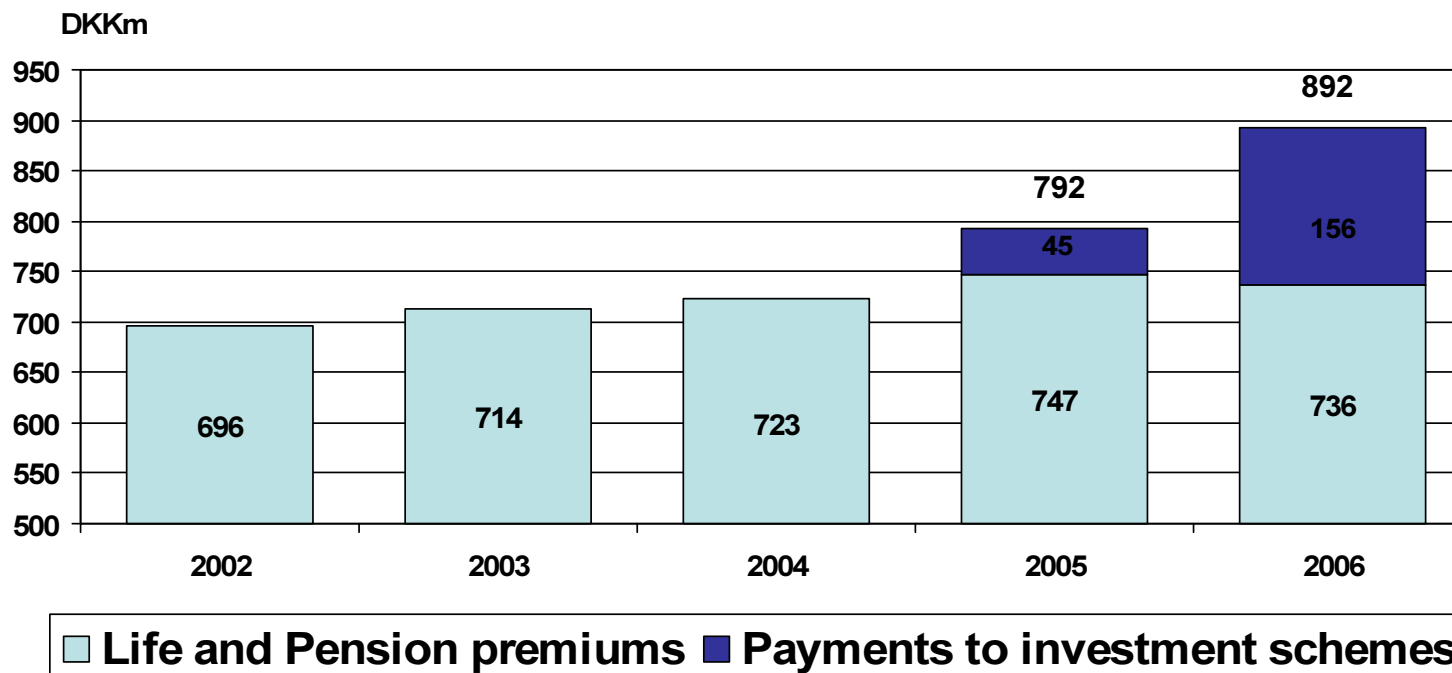
# Alm. Brand, life and pension operations

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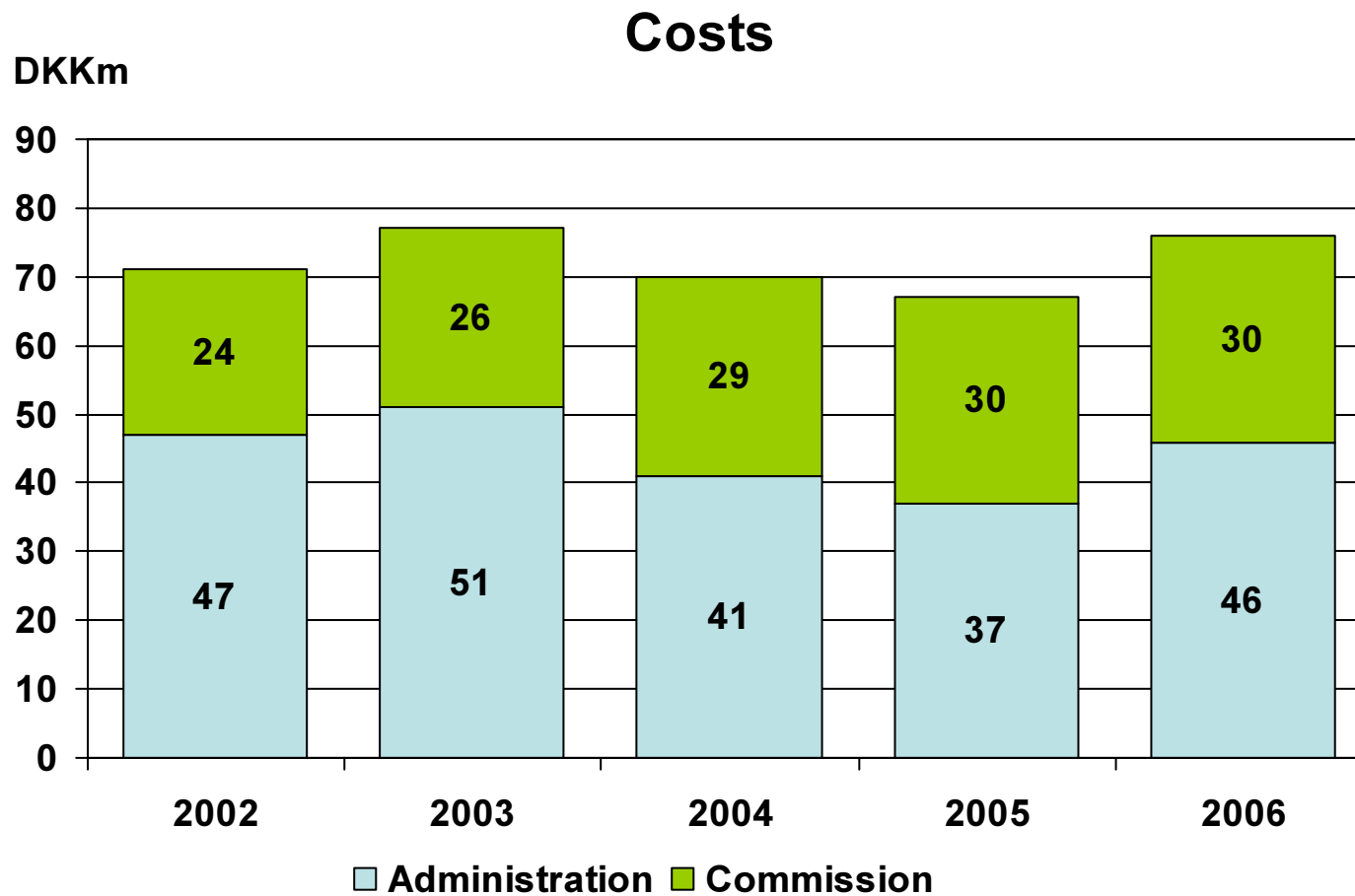
- Profit: DKK 81m
- Full return recognised
- Capital losses on bondholdings largely off-set by lower provisioning requirement
- Strong growth
  - 13%
  - Particularly in non-guaranteed products
- Substantial investment in tools, communication and service
- New return principle
  - Improved transparency

# Alm. Brand, life and pension operations

Gross premiums including investment schemes

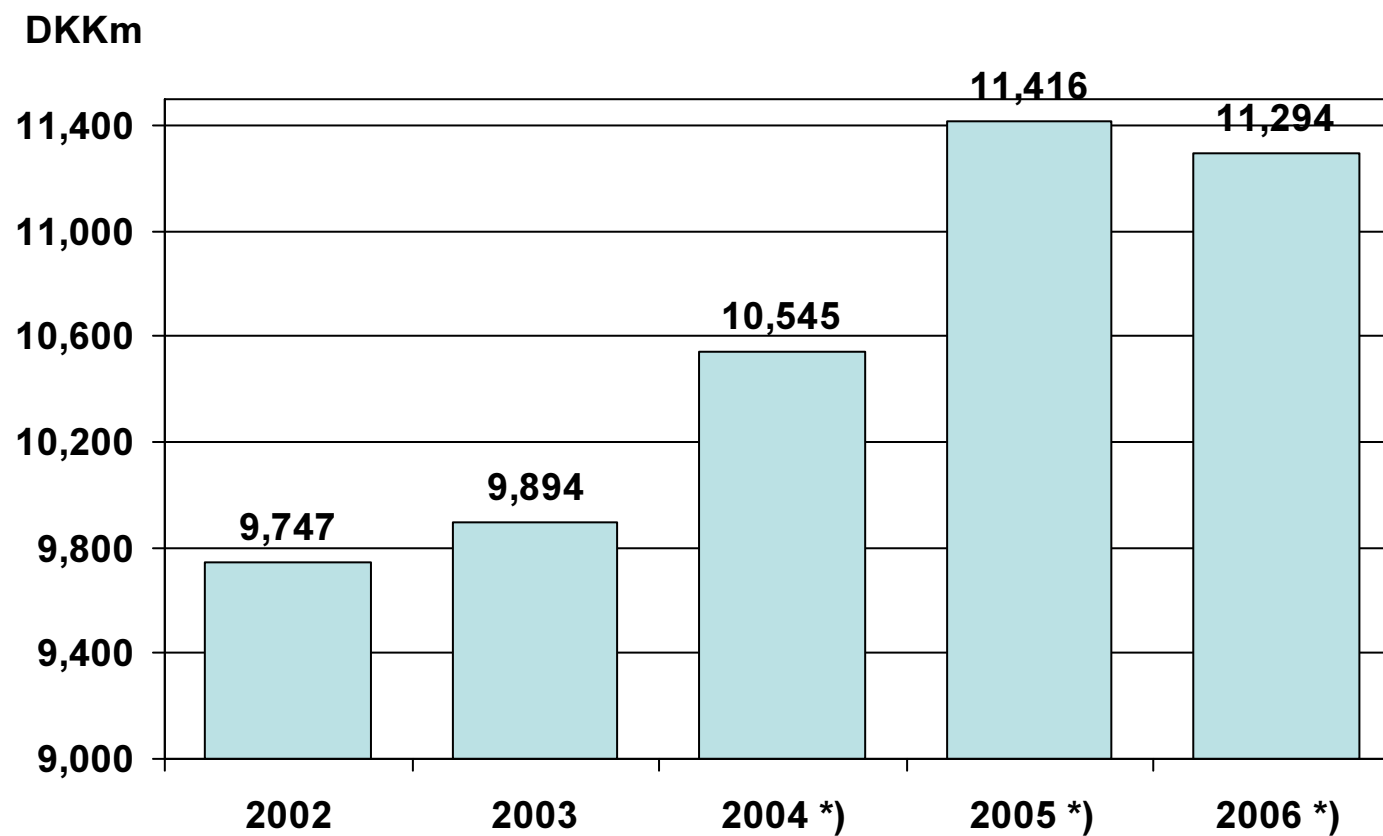


# Alm. Brand, life and pension operations



# Alm. Brand, life and pension operations

## Technical provisions



\*) New discounting rate applied as from 2004

# Alm. Brand, life and pension operations

## Investment return

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- Rate of interest paid to customers 4.5%
- Total investment return 1.0%
- Customer returns:
  - Bonds, etc. -1.6 %
  - Equities 18.6 %
  - Property 7.6 %
  - 0.9 %
- Total equity exposure about 13 %

# Alm. Brand, life and pension operations

## Composition of profit

DKKm	2003	2004	2005	2006
Expense result	15	19	23	11
Investment result	20	481	654	-320
Change in guaranteed benefits etc.	88	-458	-353	497
Change in collective bonus potential	-79	-16	-220	-160
Risk result	67	36	44	36
Reinsurance result	-13	9	-4	17
Profit on ordinary activities	98	71	144	81
Tax	0	0	139	-15
Profit for the year	98	71	283	66

# Alm. Brand, life and pension operations

## Return on equity before tax

DKKm	2004	2005	2006
Return on equity	35	23	24
Result of portfolios without bonus entitlement	15	-13	2
Risk premium	39	40	44
Share of expense and risk results	10	14	11
Calculated return on equity	99	64	81
Reversal of/Transfer to shadow account	0	80	0
Forfeiture of return	28	0	0
Profit for the year before tax	71	144	81

# Alm. Brand, life and pension operations

## Highlights

DKKm	2002	2003	2004	2005	2006
Gross premiums	696	714	723	747	736
Profit before tax	8	98	71	144	81
Profit after tax	5	98	71	283	66
Provisions for insurance contracts	9,747	9,894	10,545	11,416	11,294
Shareholders' equity	826	924	995	1,278	1,114
Return on equity before tax	1%	11%	7%	13%	7%
Collective bonus potential	0	79	94	314	474
Bonus rate	0.0%	0.8%	1.0%	3.1%	4.7%

# Other business areas

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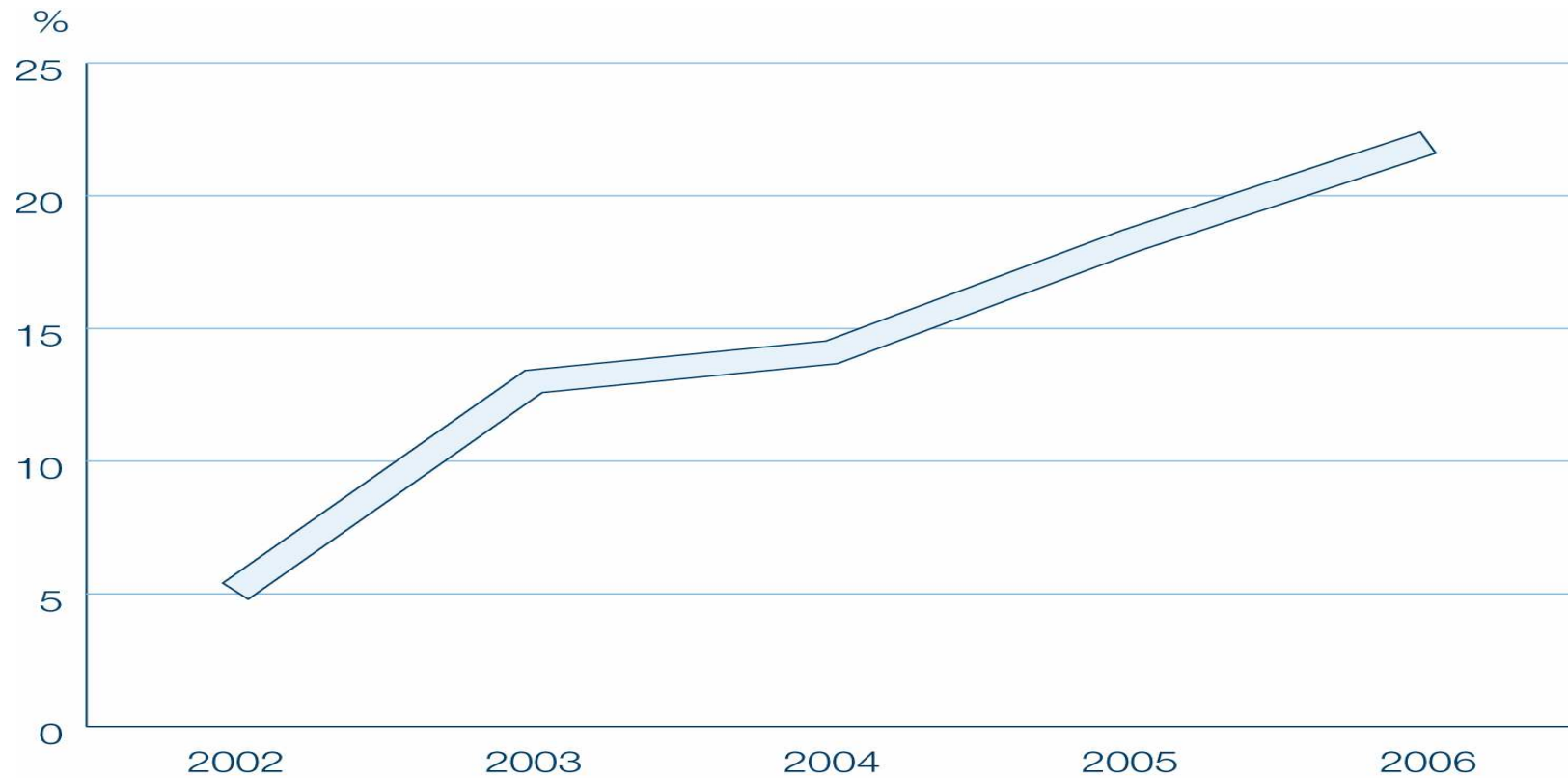
- Copenhagen Re, profit: DKK 60m
  - Enhanced experience and performance
  - Focused on commutations
  - Continued high run-off risk on a few portfolios
  - Alm. Brand's risk limited to shareholders' equity (DKK 212m)
- Other activities, loss: DKK 26m
  - Shared group expenses, adjustment of treasury shares and a number of dormant companies

# Strategy 2010

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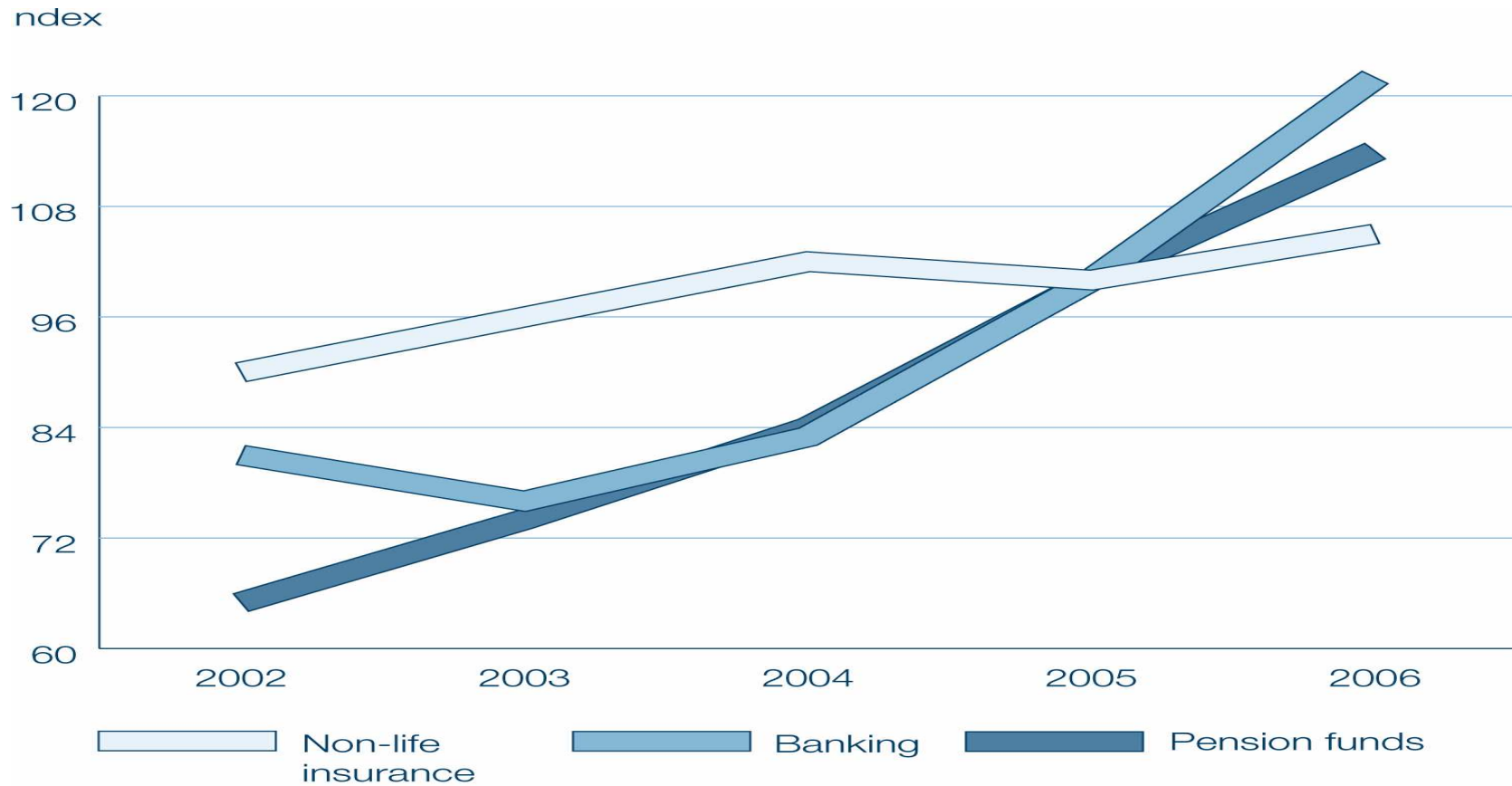
- Our five goals
  - Money market rate plus 10% return on equity
  - 50% portfolio growth per business area
  - Image ranking in industry top-two
  - 90% satisfied and 50% very satisfied customers
  - 90% satisfied and 50% very satisfied employees

# Return on equity



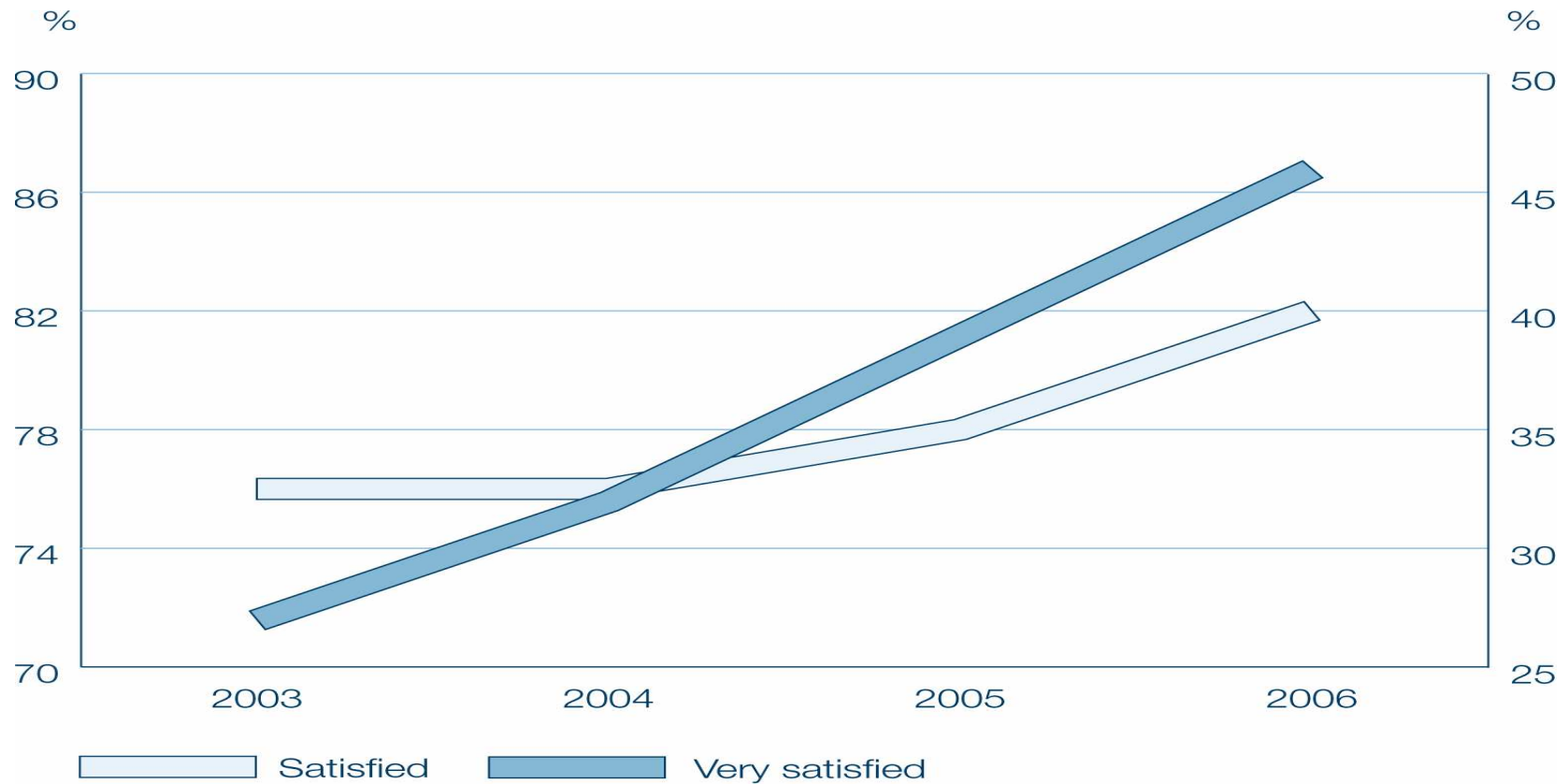
Return on equity before tax.

# Growth



Growth in the group

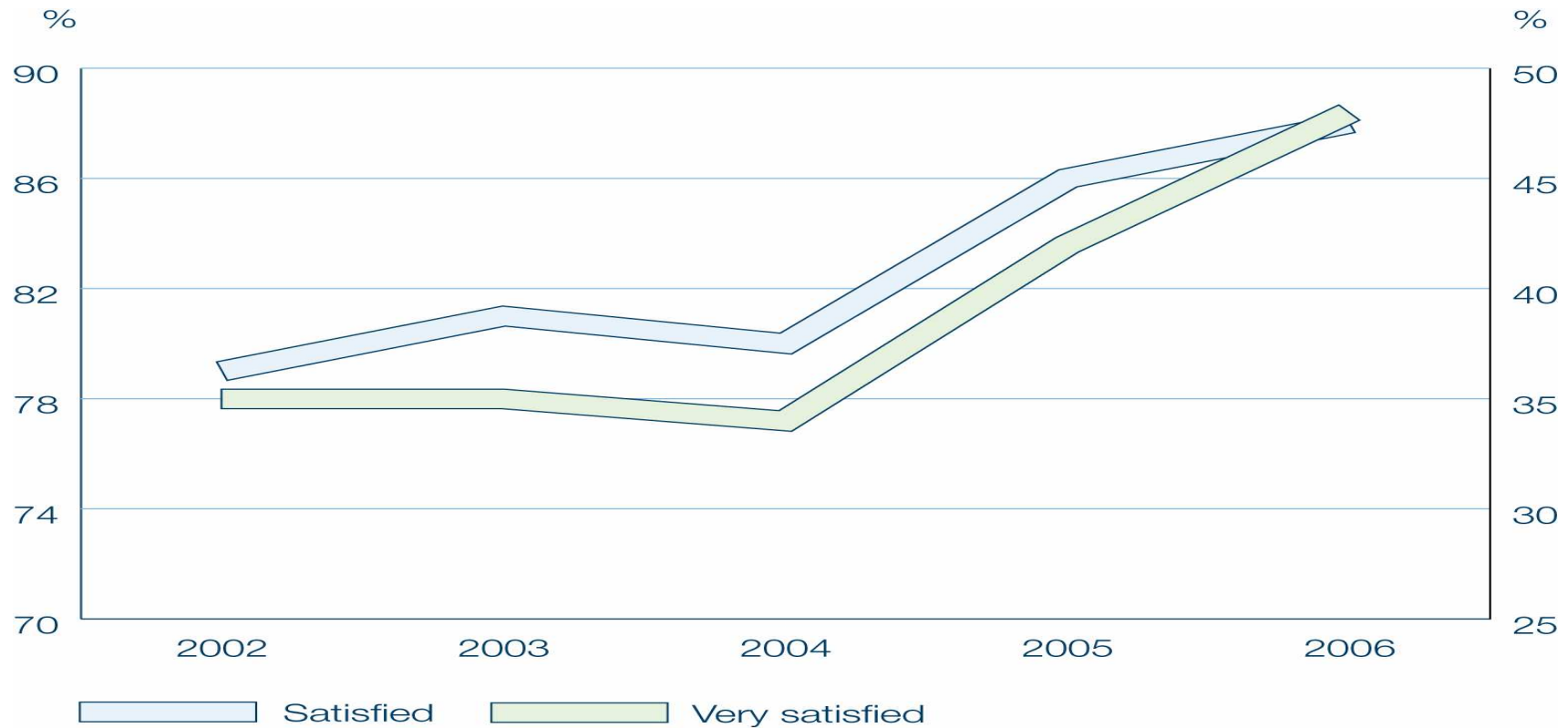
# Customer satisfaction



Customer satisfaction

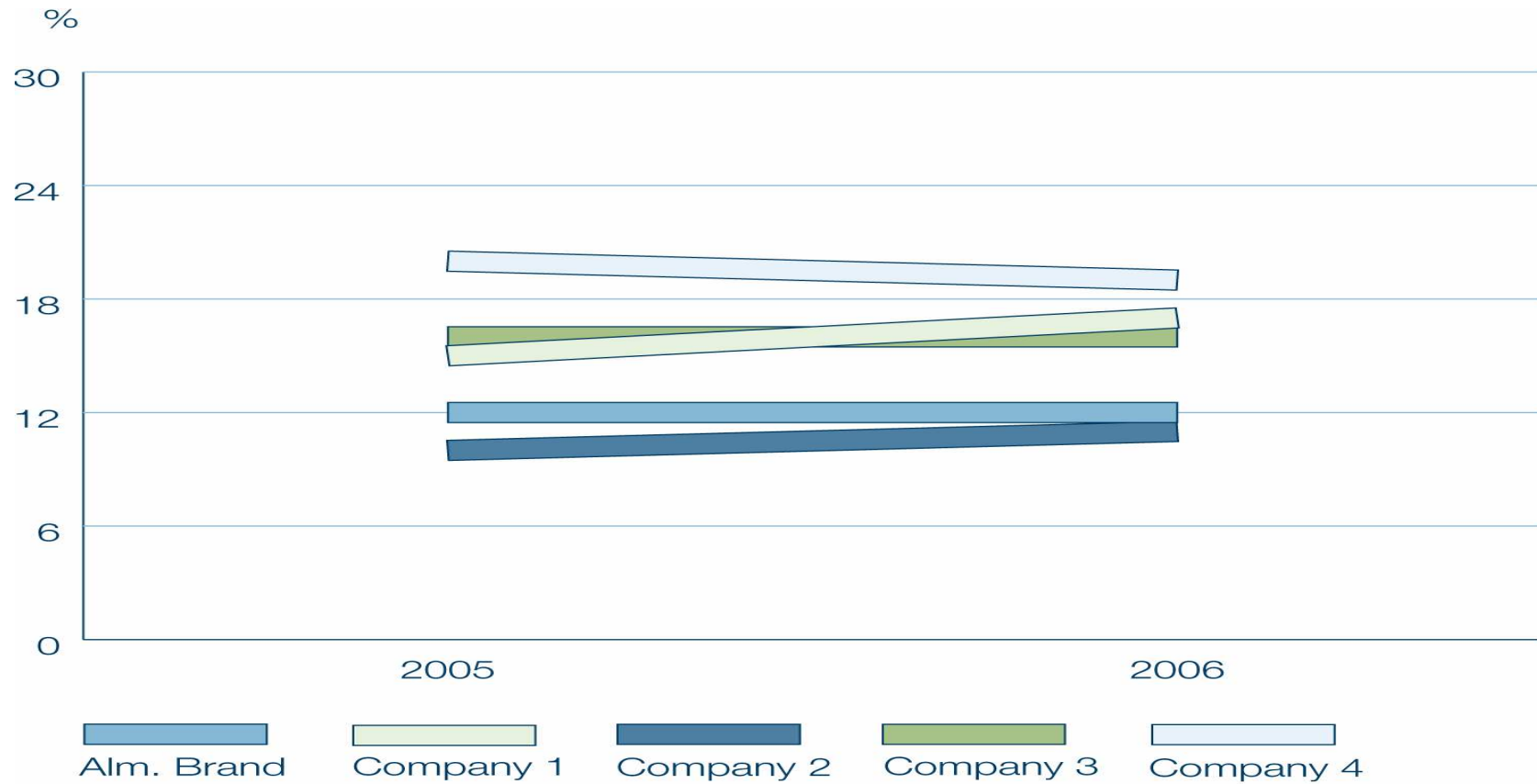


# Employee satisfaction



Employee satisfaction

# Image



Image



# Alm. Brand A/S

## Annual Report 2006 - Investors

