

Alm. Brand A/S, Skadesforsikringsselskab

Interim report for the six months to 30 June 2002

Directors' report

Profit

The Alm. Brand A/S Group posted a profit of DKK 84 million for the first half of 2002, as compared with a loss of DKK 107 million in the first half of 2001. Exclusive of minority interests, the profit came to DKK 81 million.

The Alm. Brand A/S Group generated total income of DKK 2,862 million in the first half of 2002.

The Alm. Brand A/S Group's shareholders' equity amounted to DKK 2,770 million as at 30 June 2002.

In the spring of 2002, the shareholders at the annual general meeting of Alm. Brand A/S resolved to acquire the non-life insurance activities from the then Alm. Brand af 1792 G/S, thereby merging all business activities in one company. Following the approval by the Danish Financial Supervisory Authority on 19 August 2002, all business activities in the Alm. Brand Group were merged in the listed company Alm. Brand A/S effective 1 January 2002. The interim report and the comparative figures are reported in accordance with the new structure and the figures from previous years are thus comparable with the figures for 2002.

Business areas

The Group's business activities are divided into three divisions: non-life insurance, life insurance and banking. Furthermore, the Group has activities in connection with the winding up of the former Gefion and Copenhagen Re reinsurance activities in run-off.

The Group's non-life insurance division posted a loss of DKK 1 million for the first six months of 2002. Premium income showed a positive trend, claims expenses adjusted for the very poor weather were satisfactory, and expenses are beginning to reflect the cost-saving measures implemented by the Group. Nevertheless, the profit was not satisfactory due to various factors, including the bad weather.

In addition, the Group's restructuring programme relating to certain commercial and agricultural lines has not fully translated into lower claims expenditure and better results.

The Group's banking division recorded fine

results and is performing well. The division posted a profit of DKK 71 million against DKK 20 million for the first half of 2001. A rise in loan volumes, in turn enhancing interest income, was one of the contributing factors. Costs have been kept at last year's level despite the expansion of activities, while total write-offs and bad debt provisions have declined.

The life and pension division broke even after the first six months of 2002 as compared with a profit of DKK 37 million the year before. This bottom line, which was caused by the adverse trend in the financial markets, was not satisfactory. The division's premium income developed as expected, and the expense and risk results were both satisfactory.

The other activities of the Alm. Brand Group met expectations for the first half of 2002, both in respect of the Group's reinsurance activities, which are in run-off, and in respect of the former Gefion and other activities. These activities recorded an aggregate profit of DKK 14 million including the reversal of a provision for contingent liabilities in respect of Copenhagen Re.

The Group's investment returns were hard hit by the slump in the financial markets in the first half of 2002. Total investment income after allocation of interest on the Group's investments was DKK 71 million inclusive of investment income in the life group.

Highlights of the year

The acquisition of the non-life insurance and other activities of the then Alm. Brand af 1792 G/S has now been completed as resolved by the shareholders at the annual general meeting of Alm. Brand A/S held on 17 April 2002. All business activities are now concentrated in Alm. Brand A/S, and the former Alm. Brand af 1792 G/S has been converted into a limited liability association (fmba) following the divestment of the non-life insurance portfolio. All new and existing non-life policyholders of the Group will become members of the association.

In connection with the acquisition, Alm. Brand A/S issued shares with a nominal value of DKK 288 million in an issue directed at the then Alm. Brand af 1792 G/S and paid cash consideration of DKK 200 million. The share capital of Alm. Brand A/S now totals

Key figures

Interim report for the six months to 30 June 2002

The accounts for Alm. Brand A/S show the following key figures:

<i>Total income</i>	DKK 2.9bn
<i>Profit for the half-year</i>	DKK 84m
<i>Shareholders' equity</i>	DKK 2.8bn
<i>Net asset value per share</i>	DKK 119

DKK 1,788,000,000. Alm. Brand af 1792 fmba owns 60% of Alm. Brand A/S as compared with a good 50% before the acquisition.

The capital base of the wholly owned subsidiary, Alm. Brand Forsikring A/S, has been strengthened. With a view to continuing the development of the Group's non-life business, Alm. Brand A/S has decided to inject DKK 100 million into the company.

In May 2002, Alm. Brand Bank increased its capital base by raising supplementary loan capital in the amount of DKK 300 million from an external source.

Expenses remained at a high level in the Alm. Brand Group and the Group is making targeted cost-reduction efforts. The non-life insurance division of Alm. Brand recorded an expense ratio of 25.6 for the first half of 2002.

The Group has decided to merge its life and pension companies in 2002 in order to further enhance their efficiency. The merger is progressing as planned and is expected to be completed by October 2002.

The Group transferred its corporate treasury function to the corporate finance function in August to enhance the Group's administrative processes. Furthermore, Marketing and Direct Region have been merged.

In connection with this interim report, the Group has introduced a bonus scheme for its Management Board and senior management employees based on the return on equity recorded for each financial year. The bonus scheme will have no significant effect on the Group's cost level.

Two new members joined the bank's management board in mid-August to strengthen the Group's corporate management. The bank's activities were reorganised to comprise two principal areas, retail and wholesale activities. The two management board members are in charge of the areas, while Henrik Nordam, Deputy Chief General manager, will remain Managing Director of the bank. The restructuring will, however, free some of Mr. Nordam resources to work with Chief General Manager Søren Boe Mortensen on the Group's Management Board.

In July 2002, Alm. Brand Bilkredit and Alm. Brand Leasing, the bank's two subsidiaries, agreed with GE Capital Denmark to acquire a portfolio of financing contracts for car activities in Denmark. The outstanding debt on the portfolio amounts to DKK 1.3 billion.

The Alm. Brand Group intends to locate all of its head office functions at Midtermolen in Copenhagen in order to optimise the Group's in-house efficiency, coordination and communication. The Group expects to complete this move during 2003.

Direct non-life insurance

The Alm. Brand Group's non-life insurance activities comprise insurance services to ordinary Danish residents within three segments: private, agricultural and commercial customers.

Profit

Non-life insurance business recorded premium income of DKK 1,799 million in the first half of 2002. Premium income in the first half of 2001 was DKK 1,709 million. Growth in premium income was 5.3% and in line with expectations in all areas. Premium income net of reinsurance amounted to DKK 1,658 million during the half-year period.

The division recorded a pre-tax loss of DKK 1 million.

The division recorded an unsatisfactory claims ratio of 75.6%, a contributing factor being the large number of events caused by poor weather in the spring of 2002. The expense ratio was 25.6% and the combined ratio was 101.2%. The combined ratio net of reinsurance was 106.2% with a claims ratio of 78.5 and an expense ratio of 27.7.

Highlights

Weather conditions

The first six months of 2002 were characterised by an increased number of claims caused by poor weather, including the storm early in the year and large volumes of precipitation in the spring. The total expense is estimated at DKK 105 million against some DKK 45 million in an entire normal year.

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The Danish act on liability for damages

The Danish parliament has introduced an amendment to the Danish act on liability for damages. The amendment, which took effect on 1 July 2002, implies that a person suffering personal injury will generally be awarded higher damages. The new act authorises insurance companies to adjust premiums in line with the estimated increase in claims expenses. The premium increases, which were notified to policyholders in June, are not ordinary premium increases, and customers are therefore not entitled to cancel their policies.

TIA project

The Alm. Brand Group is implementing a new insurance system called TIA. The project is designed to prepare the Alm. Brand Group for the future. Besides enabling the Group to offer improved and more efficient services to customers, the system allows the Group to adapt to the market faster by providing product development opportunities and improved system support to both new and existing distribution channels.

In connection with the implementation of the new system, the Alm. Brand Group will change its business processes in order to enhance efficiency in administrative routines and improve service to customers. The project will be implemented for all customer groups.

The first part of the systems became operative in the first half of 2002.

Private lines

The Group maintained its share of the market for private customers in the first half of 2002 in the face of fierce competition. Both sales and customer retention rates were satisfactory.

The claims ratio for private customers was satisfactory apart from the weather claims referred to above.

Alm. Brand introduced a new and improved senior concept in early 2002, under which special insurance and banking offers are made to senior citizens. Alm. Brand is the first player in the market to offer insurance coverage for trick theft. This concept has enhanced Alm. Brand's position in the market.

The existing collaboration agreement between Alm. Brand and the EDC chain of estate agents has been extended, and EDC now also acts as an intermediary in selling insurance other than home and change of ownership policies. This strengthens the distribution channels for ordinary non-life policies to private customers.

Commercial customers

The unsatisfactory performance of the commercial portfolio combined with higher reinsurance expenses caused the Group to give notice of a premium increase for large parts of this portfolio in early 2002. Furthermore, a general deductible was introduced for all buildings and contents policies, and individual premium increases were notified for a number of major risks in the industrial and agent segment. The notification process was satisfactory and resulted in only a few cancellations.

Based on the initiatives that have been introduced in relation to the portfolio, the general commercial portfolio performs as planned. The commercial portfolio was, however, hit by a higher-than-expected number of large claims in the first half of 2002.

The agent portfolio continues its unsatisfactory performance. Additional increases have been notified, including on the agent portfolio's workers' compensation policies. These adjustments will not affect results until 2003.

Agricultural lines

The agricultural segment saw a negative deviation from the expected profit due to a larger-than-expected volume of weather claims and a generally higher claims frequency and extent.

The division's focus on group schemes with agricultural organisations materialised in a large agreement with significant potential being signed in the spring of 2002.

Activities for certain customer groups were restructured in the first half of the year in the light of increasing claims expenses in the agricultural segment. At the same time, policies are no longer written without a general deductible.



Personal insurance

The claims level for personal insurance was higher-than-estimated after the first half of 2002. The Group continues to monitor the performance closely based on such factors as recent years' unsatisfactory performance for workers' compensation insurance.

Banking

Alm. Brand Bank specialises in counselling and finance related to savings and investments. Furthermore, the bank offers a wide range of car and property finance products as well as finance for agriculture.

Profit

The Alm. Brand Bank Group posted a pre-tax profit of DKK 65 million for the first half of 2002 compared with DKK 36 million for the first half of 2001, corresponding to a rise in excess of 80%.

Net interest and fee income totalled DKK 212 million at mid-year, up from DKK 199 million for the same period last year. Provisions and write-offs totalled DKK 15 million for the first six months of 2002, down from DKK 24 million in the corresponding period of 2001. Costs amounted to DKK 152 million in 2002 as compared with DKK 151 million in the same period last year.

Streamlining and greater volumes have contributed to a rise in the income/cost ratio to DKK 1.39 for the first half of this year, up from 1.21 for the same period in 2001. The target is 1.50.

Loans and advances continue to grow in the Alm. Brand Group. The banking group's greater focus on consumer and home loans as well as loans to agriculture has stepped up total loans by 7% on last year. Loans totalled DKK 7,339 million at the end of June this year compared with DKK 6,851 million last year. By contrast, deposits have declined to the benefit of equity and bond investments. Deposits totalled DKK 7,922 million at 30 June 2002.

As a consequence of the higher deposit volumes, the ratio of advances to deposits has risen to 93% in 2002 from 76% in 2001.

The shareholders' equity of the Alm. Brand Bank Group inclusive of minority interests picked up from DKK 806 million to DKK 910

million in the first six months of the year. The return on equity was 17% after tax.

Highlights

In order to strengthen Alm. Brand Bank's position as Denmark's savings and investment bank, the Bank launched a fixed-rate campaign offering customers the best interest rates in Denmark. The campaign pushed up deposits in excess of DKK 600 million. As Denmark's savings and investment bank, Alm. Brand Bank will continue to offer high deposit rates to its customers.

During the summer, the Bank's two subsidiaries, Alm. Brand Bilkredit and Alm. Brand Leasing, improved their positions in the field of loans and lease finance for cars and vans. They agreed with GE Capital Denmark to acquire a portfolio of financing contracts for car activities in Denmark. The outstanding debt on the portfolio amounts to DKK 1.3 billion.

As forecast in Alm. Brand A/S' Prospectus in 2002, the Bank increased its capital base through supplementary loan capital in the amount of DKK 300 million from an external source in May 2002. This brought the capital base to DKK 1,139 million and the capital adequacy rate to 14.4%.

In the spring of 2002, Alm. Brand became the sponsor of AGF's super league football team. A group of customers from the Århus area in Jutland who wanted to support AGF took the initiative to this sponsorship.

Alm. Brand Pantebreve A/S increased its share capital once again in February 2002. The capital increase spurred a 50% rise in the share capital. As lead manager, Alm. Brand Bank subscribed for only 0.3% of the new shares. The keen demand for shares in the mortgage deed company has improved the Bank's position within this business area. The Bank is today a market leader in this field.

Life insurance

The life group handles the life and pension insurance activities of the Alm. Brand Group. These activities also comprise health and personal accident insurance. Being a non-life product, this line is included in the non-life activities of the Group for reporting purposes.

Profit

For the first half of 2002, the activities of the life group exclusive of health/personal accident broke even as compared with a profit of DKK 37 million for the same period in 2001. This result does not allow transfers to risk premium reserves, or other transfers to increase shareholders' equity. This amount owing will be carried in a special shadow account and will be taken to income when the size of future profits allows for such a transfer.

The adverse trend of the financial markets caused the downturn in the profit. The slump in equity markets made for a very poor return on equity investments. The loss was partly offset by changes in the maximum internal rate of return in respect of life insurance provisions. These provisions were calculated on the basis of an internal rate of return of 4.20% at the end of June in accordance with the guidelines of the Danish Financial Supervisory Authority compared with an internal rate of return of 3.75% and 4.00% at the end of 2001.

Premiums net of reinsurance amounted to DKK 293 million in the first half of 2002, which was in line with the level for the corresponding period of 2001.

The trend in expenses and exposure was positive and satisfactory.

As at 1 January 2002, accounting policies were altered to the effect that bonds are now marked to market. In the annual report for 2002, technical provisions will also be marked to market.

Life and pension companies in Denmark are subject to rules governing the calculation of profit and the allocation to shareholders' equity and the policyholders. These rules are currently being amended.

In connection with changes to the rules governing profit from life and pension insurance, the life group may adjust the profit calculation of previous years by about DKK 68 million. No adjustments have been made in respect of the first half of 2002.

The collective bonus potential (the former bonus equalisation provisions) represented 0.5% of the technical provisions as at 30 June 2002.

Life insurance provisions net of reinsurance totalled DKK 9,182 million, of which DKK 222 million was provided for guaranteed interest payments based on a maximum internal rate of 4.20%.

The life group's shareholders' equity stood at DKK 780 million, which was unchanged from end-2001. Shareholders' equity does not include all relevant amounts (risk premium and other transfers bolstering shareholders' equity, which are booked in a so-called shadow account). These amounts totalled DKK 97 million as at 30 June 2002. These amounts owing will be credited to the profit and loss account as the Group records profits in future.

The life group continuously monitors its financial positions to avoid the risk scenarios described by the Danish Financial Supervisory Authority. This authority demands that each company of the life group has sufficient excess reserves to accommodate the so-called "red" risk scenario, composed of a 12% decline in equities, a 0.7%-point change in interest rates and an 8% drop in investment property values. All the life companies of Alm. Brand met these requirements during the period preceding the release of the interim report for 2002.

Investment returns in life insurance

The investment returns of the period are listed below.

DKK million	Avg. funds tied up H1(02)	Return for H1(02)	Return for the period in %
<i>Total bonds</i>	7,816	128	1.6%
<i>Total equities</i>	1,697	-228	-13.4%
<i>Land and buildings</i>	1,131	30	2.7%
<i>Other investments</i>	-	20	-
<i>Total</i>	10,644	-50	-0.5%

Equities accounted for 12%-15% of investments inclusive of mortgage deeds for the period under review. The ratio of foreign and Danish equities was in the region of 80:20.

The adverse equity market trends continued after 30 June 2002. Consequently, the Group decided to lower its exposure to equities. The proportion of equities was reduced to about 11% at the end of August.

Property investments represented about 11%. Following the first half-year, property investments have been raised to some 14% due to the purchase of Ejendommene Midtermolen 1-3, the company's new head office.

Investment returns for the first half of 2002 are unsatisfactory.

Highlights

The depressed financial markets have influenced the entire life and pension industry and thus also Alm. Brand's life group. However, the turmoil experienced in the period did not mitigate customer demand for pension savings by way of traditional life and pension products, whereas they displayed a certain degree of caution as regards products with an inherent equity exposure.

The positive trend of administrative and service functions continued in the first half of 2002. Processing times are considered to be among the best in the industry in respect of new as well as existing customers.

The Alm. Brand Group has focused on improving offers and the integration of pension savings products vis-à-vis existing customers. The new investment funds of Alm. Brand Invest, which specifically target the pension savings segment, are a case in point.

As mentioned in our profit announcement for 2001, the companies in the life group are expected to merge retroactively with effect from 1 January 2002. The amalgamation is proceeding according to plan and the final approval is expected to be granted in October.

Other activities

In addition to its strategic business areas, a number of the Alm. Brand Group's activities have contributed to the total profit of DKK 14 million.

The first half of 2002 was the first period after Copenhagen Re had ceased writing new business. The organisation has now been restructured to handle the portfolio of business in run-off, and the number of employees has been trimmed sharply in this connection.

The World Trade Center claims are still ex-

pected to amount to DKK 700 million as stated in the profit announcement for 2001, but the total size of all claims remains highly uncertain.

Insurance activities recorded a favourable trend in the first six months of 2002. There were no natural disasters or other major events, which was mirrored in the gross profit of DKK 37 million for the first half of 2002.

At the end of March 2002, efforts to divest the continuing activities of Copenhagen Re ceased. The closure of these activities resulted in expenditure, including severance allowance and rent relating to vacated premises in the first half of 2002.

In order to protect the remaining portfolio, the company took out retrocession insurance at the end of 2001. The high price of retrocession insurance following the WTC catastrophe prompted expenditure of DKK 160 million. In the second half of 2002, the risk that the company will post losses due to new events is minimal. The entire protection programme was charged to the profit and loss account in the first six months of 2002, which led to a loss of DKK 158 million for that period.

In the first few months of this year, Copenhagen Re chiefly focused on limiting the activities that affected exposure in 2002, which move has been very successful. The company has stepped up its efforts to put an end to commitments relating to existing contracts that have not been fully terminated. The process involving these so-called commutations is set to gain further momentum in the second half of 2002.

Other group activities contributed DKK 172 million. These activities comprise Gefion's former activities, write-back of provisions for contingent liabilities relating to Copenhagen Re and group expenses etc.

The debts department monitors non-performing contracts in respect of the former Gefion. Thanks to this work, provisions made earlier continue to be reversed and carried as income. Provisions added back in relation to this activity amounted to DKK 43 million in the first half of 2002. As expected, this contribution to the Group's overall profit has declined compared with previous years.

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In the annual report for 2001, DKK 150 million was provided for contingent liabilities in respect of Copenhagen Re. Following a subsequent legal review, the provision was reversed.

Investments

Profit

For the first six months of 2002, the Group recorded a total return on its investment portfolio of DKK 71 million exclusive of Alm. Brand Bank, of which a loss of DKK 50 million stemmed from the portfolios of the life group. Interest and dividends etc. yielded DKK 364 million for the entire Group, of which the life group accounted for DKK 264 million. Total capital gains and losses came to a loss of DKK 254 million, which included a loss of DKK 307 million stemming from the life group.

Asset allocation

Shares

Group exposure to equity markets has been reduced gradually throughout the first six months of 2002. This was mainly brought about through a reduction of Alm. Brand Forsikring A/S' holding of listed equities. The exposure of the life group was maintained at a constant level net of the impact of the general decline in equity prices. At the end of June 2002, equities accounted for 11% of group investments exclusive of banking.

The Group has no significant outstanding commitments with private equity funds or similar investments in unlisted companies.

Bonds

The Group increased the proportion of mortgage bonds in its portfolio in the first half of 2002. The portfolio switch has mainly affected the composition of the life group's bond holding. In anticipation of generally rising interest rates, the duration of all the Group's bond portfolios has been equal to or below the benchmarks throughout the first half of 2002. Exclusive of banking, bonds made up 74% of total investments at the end of the period under review.

Real property

The property portfolio remained unchanged in the first six months of 2002, correspond-

ing to 8% of total investments exclusive of banking.

Markets

The first half of 2002 was characterised by very volatile financial markets. The recovery that many had forecast failed to materialise – one reason being the US financial reporting scandals in the spring.

The KFX index had shed 9.7% at the end of June 2002 since the start of the year and 30.5% since its peak level in October 2000. Correspondingly, the world index had dropped by 12.8% and 36.3%, respectively.

Ten-year yields gained 4bp to 5.20% in Denmark, while their German counterparts narrowed marginally, which caused the Danish-German yield spread to widen.

Performance

The Group's holding of interest-yielding assets underperformed in the period under review. This underperformance notably related to the life group, whereas the non-life companies staged a positive performance.

The total group equity portfolio made a positive contribution to performance relative to its benchmarks. The principal factor was a large holding of Falck shares, which was gradually reduced throughout the period.

Foreign currency made a negative contribution, which was attributed to the weaker dollar vis-à-vis the Danish krone. The Group's dollar-denominated assets were not fully hedged in the period.

The total portfolio performed in line with the benchmark.

Accounting Policies

Accounting policies are unchanged compared with the annual report for 2001, except from the valuation of bonds in the life group; from 1 January 2002 they are marked to market. The ensuing adjustments were taken to the collective bonus potential.

The interim report for the first half of 2002 is unaudited.

The comparative figures for the group have been restated in connection with the acquisition of the non-life business from Alm. Brand af 1792 G/S.



Outlook for 2002

As mentioned in the annual report for 2001, the Alm. Brand Group's strategy is to prefer profitability to growth. The Group forecasts a profit for 2002 that exceeds the 2001 figure, which was marred by major claims in the Group's reinsurance company.

In the first six months of 2002, non-life business was characterised by extreme weather conditions such as storms and cloudbursts. Ensuing claims exceeded those of the same period of 2001 by about DKK 105 million. The bad weather including cloudbursts continued into July and August. Alm. Brand's budgets allow for two large weather-related claims per year. The number of weather-related events was seven in the first eight months of the year. Alm. Brand anticipates that these events will deteriorate the forecast profit for the year by some DKK 100 million.

Also, the financial markets have deteriorated the Group's bottom line.

Due to these factors, the profit for the full year 2002 is likely to be in the region of DKK 80 million, which is lower than forecast in early 2002. Total income is still expected to remain at the level of DKK 6.0 billion. However, the marked uncertainty surrounding financial market developments may influence the profit for 2002 significantly.

Non-life

All segments are affected by weather-related claims, but agriculture is particularly exposed. Alm. Brand believes that the current agricultural premiums do not fully cover the claims from this segment. Accordingly, a rise in our premiums is being considered.

We have given notice about higher corporate premiums at the turn of the year, and we have no plans for further tightening in general. We shall make initiatives to improve profitability on selected customer segments. The private lines perform as planned.

Combined ratio for the full year 2002 is estimated to range between 101 net and 106 gross. Costs are set to meet budgets.

We forecast that the non-life division will post a loss of DKK 50 million for 2002.

Banking

In line with the Group at large, Alm. Brand Bank preferred to focus on profitability rather than growth in 2002. From 2003 onwards, Alm. Brand Bank will resume its growth strategy.

As regards private lines, we project handsome growth in deposit and loan volumes. In order to strengthen the bank's position as Denmark's savings and investment bank, Alm. Brand Bank will continue to offer customers a high deposit rate, which is expected to lift deposits in the remainder of 2002. We anticipate that the bank's new loan products will become more popular and win market share.

As regards wholesale banking, we foresee that trading activities will remain at the current level together with the demand for investment property and commitments related to mortgage deeds, albeit at slightly narrower margins.

Bilkredit/Leasing, the car leasing business, anticipates that sales and market shares will be on the increase for the rest of the year. In parallel with this forecast, the companies are focusing on running in the previously mentioned car portfolio acquired from GE Capital.

The profit for Alm. Brand Bank is likely to be in the region of DKK 100 million for the full year.

Life and pension

Based on the expected future rules on profit, financial market developments will have a direct impact on the results and movements in shareholders' equity of the life group.

In 2002, premium income levels are forecast to match those of 2001.

For 2002, we predict a moderate profit, the size of which will indeed hinge on financial market trends in the last six months of 2002.

As at 30 June 2002, aggregate investment income before allocation of interest came to a loss of DKK 50 million, which included market value adjustments corresponding to a loss of DKK 307 million. The existing financial market volatility makes it difficult to forecast market value adjustments for the rest of 2002. We reckon, however, that we shall not be able to meet our aggregate investment return forecast for 2002. We project a profit in the neighbourhood of DKK 20 million for 2002 in the life group, however subject to volatile financial markets.

As mentioned in our profit announcement for 2001, the companies in the life group will merge retroactively with effect from 1 January 2002. The amalgamation is being carried out according to plan and the final approval is expected to be granted in October.

Other operations

We foresee a profit of about DKK 10 million for the other operations of the Group in 2002.

Claims that have occurred and that Alm. Brand must cover are uncertain owing to the nature of reinsurance. The total of the WTC claims and the development of the company's asbestosis-related claims will have a decisive impact on the future capital structure of the reinsurance company. We nevertheless estimate that provisions made will adequately cover the settlement of claims occurred and as the company's exposure to new claims is limited, we foresee stable results in future.

Shareholder information

Price performance

As at 31 December 2001, Alm. Brand A/S shares were priced at DKK 89, as compared with DKK 84 at 30 June 2002.

With a net asset value per share of DKK 119 at 30 June 2002, Alm. Brand A/S shares traded at a price/NAV of 71%.

In the first half of 2002, 5,662 Alm. Brand shares on average were traded on a daily basis.

The denomination of the shares is DKK 80, and each share carries one vote.

Share capital increase

The general meeting held on 17 April 2002 resolved that Alm. Brand A/S should acquire the non-life activities etc. of the former Alm. Brand af 1792 G/S. This acquisition has been implemented. Alm. Brand A/S consideration took the form of a share issue of DKK 288 million nominal value in an issue directed at Alm. Brand af 1792 G/S and a cash payment of DKK 200 million. The capital increase was approved on 5 August 2002. This leaves the share capital of Alm. Brand A/S at DKK 1,788,000,000 nominal value as compared with DKK 1,500,000,000 before the issue.

Shareholder structure

At 30 June 2002, 9,871 of the company's shareholders had been entered in the company's register of shareholders.

The principal shareholder of Alm. Brand A/S is Alm. Brand af 1792 fmba, which owned 60% of the shares at the end of August 2002.

The shareholders listed below have reported that they hold more than 5% of the company's share capital:

Alm. Brand af 1792 fmba
Midtermolen 7
DK-2100 Copenhagen Ø

The Labour Market Supplementary Pension Fund
Kongensvænge 4
DK-3400 Hillerød

Købstædernes Forsikring, gensidige
Grønningen 1
DK-1270 Copenhagen K

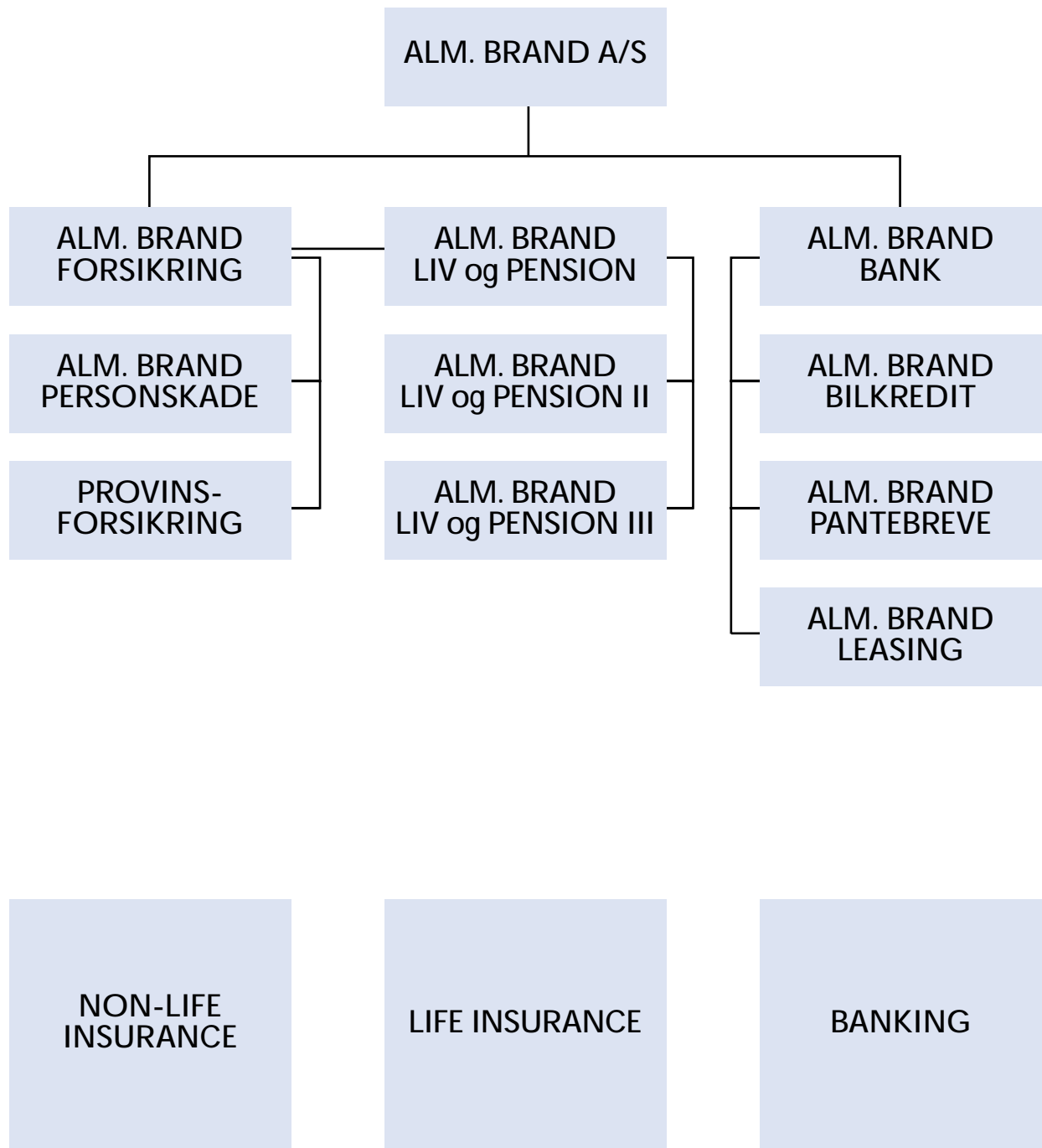
Financial calendar

We expect to convene an extraordinary general meeting in the autumn of 2002.

The annual report for 2002 is expected to be released in March 2003.

The company expects to begin issuing quarterly reports as from 2003.

Organisational Structure



Group

DKK million	First half 2002	First half 2001	2001
Total income	2,862	3,093	5,892
Underwriting result from direct non-life insurance	- 5	65	126
Profit/loss on banking	65	36	114
Underwriting result from life insurance	4	52	144
Profit/loss on insurance and financial operations	64	153	384
Interests and dividends etc.	364	413	758
Capital gains and losses	- 254	- 303	- 778
Management expenses relating to investment business	- 39	- 30	- 70
Transferred investment income on insurance business	- 58	- 118	- 124
Profit/loss on investment business after allocation of interest	13	- 38	- 214
Other ordinary items, net	9	- 295	- 1,303
Profit/loss before tax	86	- 180	- 1,133
Tax	- 2	73	76
Minority interests' part of profit for the half year	- 3	- 1	- 4
Profit/loss for the half-year	81	- 108	- 1,061
Profit/loss on business in run-off, net of reinsurance	- 1	- 68	1
Technical provisions, net of reinsurance	14,148	14,001	13,540
Shareholders' equity	2,770	3,588	2,653
Return on equity before tax	6.3%	- 9.9%	- 35.6%
Return on equity after tax	6.2%	- 5.9%	- 33.2%
Total assets excluding financial operation	18,605	18,168	17,937
Assets in financial operation	11,700	11,950	12,835
Equity as a percentage of assets excluding financial operation	14.9%	19.7%	14.8%
Profit/loss before tax	82	- 182	- 1,139
Tax	- 1	74	78
Profit/loss for the half-year	81	- 108	- 1,061
Assets	3,699	4,566	3,760
Investment assets	3,460	4,260	3,437
Share capital	1,788	1,788	1,788
Shareholders' equity	2,677	3,549	2,596
Debt	1,009	972	1,004
Return on equity before tax	6.2%	- 10.1%	- 36.4%
Return on equity after tax	6.1%	- 6.0%	- 33.9%
Equity as a percentage of assets excluding financial operation	72.4%	77.7%	69.0%
Net assets value per share *	119	192	140
Dividend per share *	-	-	-
Earnings per share (rounded to nearest DKK) *	4	- 4	- 55
Share price at year-end *	84	120	89
Price/net asset value *	0.71	0.63	0.64

Parent Company

* The comparative figures for these key ratios have not been restated to reflect the purchase of the non-life insurance portfolio.

Non-life Insurance

DKK million	First half 2002	First half 2001	2001
Gross premiums	1,799	1,709	3,465
Premiums, net of reinsurance	1,658	1,593	3,227
Investment income on insurance business, net of reinsurance	100	107	190
Claims incurred, net of reinsurance	- 1,298	- 1,153	- 2,382
Bonus payments and premium discounts	- 2	- 3	- 5
Change of other technical provisions, net of reinsurance	- 3	0	- 3
Underwriting management expenses, net of reinsurance	- 460	- 478	- 885
Change of equalisation provisions	0	- 1	- 16
Underwriting profit/loss	- 5	65	126
Interest and dividend etc.	105	144	242
Capital gains and losses	7	- 49	- 71
Management expenses relating to investment business	- 7	- 6	- 16
Transferred investment income on insurance business	- 102	- 110	- 197
Profit/loss on investment business after allocation of interest	3	- 21	- 42
Other ordinary items	1	0	- 2
Tax	0	- 22	- 4
Profit/loss for the half-year	- 1	22	78
Profit/loss on business in run-of, net of reinsurance	- 13	- 40	- 1
Technical provisions, net of reinsurance	4,533	4,140	3,729
Shareholders' equity	920	902	740
Total assets	7,607	8,545	7,307
Claims ratio, gross	75%	70%	71%
Expense ratio, gross	26%	28%	26%
Combined ratio, gross	101%	98%	97%
Return on equity before tax	0%	10%	8%
Return on equity after tax	0%	5%	8%

Banking

DKK million	First half 2002	First half 2001	2001
Banking			
Interest income	289	367	688
Interest expenses	- 146	- 234	- 414
Fees and commissions	69	66	132
Net interest and fee income	212	199	406
Capital gains and losses	1	- 5	- 14
Other ordinary income	19	17	29
Management expenses	- 152	- 151	- 289
Provisions for bad and doubtful debts	- 15	- 24	- 18
Profit before tax	65	36	114
Tax	6	- 16	-51
Profit/loss for the half-year	71	20	63
Total assets	11,700	11,950	12,835
Loans and advances	7,339	6,851	6,848
Deposits	7,922	9,038	8,244
Group shareholders' equity	910	751	806
Net interest margin	2.7%	2.5%	2.5%
Depreciation and provisions to loans and advances	0.20%	0.33%	0.26%
Return on equity before tax	15%	10%	15%
Return on equity after tax	17%	5%	8%

Life Insurance

DKK million	First half 2002	First half 2001	2001
Gross premiums	308	312	738
Premiums, net of reinsurance	293	297	705
Investment return after allocation of interest	- 46	8	- 73
Claims incurred, net of reinsurance	- 369	- 387	- 643
Change of life insurance provisions, net of reinsurance	223	- 177	- 813
Change of bonus equalisation provisions	- 66	350	1,040
Underwriting management expenses, net of reinsurance	- 31	- 39	-72
Underwriting profit/loss	4	52	144
Transferred investment return	- 4	1	- 5
Tax	0	- 16	- 54
Profit/loss for the half-year	0	37	85
Technical provisions, net of reinsurance	9,315	9,600	9,536
Group Shareholders' equity	780	730	780
Total assets	10,508	10,803	10,822
Ratios for the life insurance companies:			
Return before real interest rate tax			- 2.0%
Return after the company's real interest rate tax			- 1.9%
Return after adjusted real interest rate tax			- 2.0%
Expense ratio			10.3%
Expenses stated as interest margin			0.9%
Expenses per insured (rounded to nearest DKK)			600
Expense result			0.39%
Risk result			0.75%
Bonus reserve			0.3%
Equity reserve			3.4%
Solvency ratio			170%



Since 1 January 2002 the shareholders' equity has evolved as shown below:

**Shareholders'
equity**

DKK million	Number of shares	Share capital	Retained profit	Shareholders' equity	Minority-interests	Group Shareholders' equity
At 1 January 2002	18,750,000	1,500	1,132	2,632	57	2,689
Issue of new shares to Alm. Brand af 1792 G/S	3,600,000	288	- 288	0		0
Cash consideration		- 200	- 200			- 200
Cost of amalgamation		- 11	- 11			- 11
Net assets from Alm. Brand af 1792 G/S		175	175			175
After restructuring	22,350,000	1,788	808	2,596	57	2,653
Profit/loss for first half 2002			81	81	3	84
Movement of minority interests					33	33
At 30 June 2002	22,350,000	1,788	889	2,677	93	2,770