

## Finansiell Highlights and Key Ratios

DKK million	2 <sup>nd</sup> quarter 2004	2 <sup>nd</sup> quarter 2003	6 months 2004	6 months 2003	Year 2003
<b>KEY FIGURES</b>					
<b>Income</b>					
Non-Life Insurance	1,037	978	2,030	1,924	3,927
Banking	174	179	344	364	719
Life Insurance	156	144	318	299	714
Copenhagen Re	1	-6	17	22	136
Investments	212	238	446	502	969
<b>Total income</b>	<b>1,580</b>	<b>1,533</b>	<b>3,155</b>	<b>3,111</b>	<b>6,465</b>
<b>Results</b>					
Underwriting result from non-life insurance	109	43	155	67	164
Profit on banking operations	24	29	93	55	107
Underwriting result from life insurance	1	-20	9	-17	54
Underwriting result from Copenhagen Re	15	-23	5	-15	-25
<b>Profit/loss for insurance and banking operations</b>	<b>149</b>	<b>29</b>	<b>262</b>	<b>90</b>	<b>300</b>
Profit/loss on investments after allocation of interest	-83	72	1	48	-18
Other ordinary items	24	6	25	40	112
<b>Profit/loss before tax</b>	<b>90</b>	<b>107</b>	<b>288</b>	<b>178</b>	<b>394</b>
Tax	-18	-5	-26	-11	-19
<b>Profit/loss after tax</b>	<b>72</b>	<b>102</b>	<b>262</b>	<b>167</b>	<b>375</b>
Minority interests' share of profit for the period	1	-1	-20	-3	-3
<b>Profit/loss after tax excluding minorities</b>	<b>73</b>	<b>101</b>	<b>242</b>	<b>164</b>	<b>372</b>
<b>Profit/loss before tax excluding minorities</b>	<b>91</b>	<b>106</b>	<b>262</b>	<b>174</b>	<b>387</b>
Profit/loss on business in run-off, net of reinsurance	5	-28	-36	-41	-64
Technical provisions, net of reinsurance	17,287	17,870	17,287	17,870	16,749
Shareholders' equity	3,442	2,978	3,442	2,978	3,190
Minority interests	295	102	295	102	277
Total assets excluding banking operations	23,119	22,979	23,119	22,979	22,057
Assets in banking operations	12,774	12,457	12,774	12,457	11,936
<b>KEY RATIOS</b>					
Return on equity before tax p.a.	11%	15%	16%	12%	13%
Return on equity after tax p.a.	9%	14%	15%	11%	12%
Earnings per share, DKK 80	3	5	11	7	17
Net assets value per share, DKK	154	133	154	133	143
Share price end of year	155	111	155	111	133
Share price/Net asset value	1.01	0.83	1.01	0.83	0.93

## Alm. Brand A/S

### Financial results

The Alm. Brand A/S Group posted a pre-tax profit excluding minorities of DKK 262 million and a net profit DKK 242 million for the first half of 2004, as compared with a profit of DKK 174 million before tax and DKK 164 million after tax in the year-earlier period. All figures provided below are net of minorities.

The profit enhancement was driven by a substantially better-than-expected performance by the non-life and banking operations. The performance was mainly due to low claims disbursements by the non-life operations and a good overall performance by the banking operations.

The performance equals a return on equity before tax of 16%, which is highly satisfactory.

Due to the highly satisfactory H1 financial results, the Group upgrades the full-year profit forecast to DKK 440 million before tax and DKK 407 million after tax, an increase of DKK 65 million relative to the guidance provided in the first quarter profit announcement.

The Alm. Brand A/S Group generated total income of DKK 3.2 billion in the first half of 2004.

Management expenses for the insurance operations fell to DKK 386 million from DKK 414 million in H1 2003. The fall in expenses was the result of the efficiency-improving measures the group has implemented during the last couple of years and a more precise method of calculating the part of expenses attributable to claims expenses.

The non-life operations reported premium income growth at the rate of 6%, which was in line with expectations.

The non-life claims ratio net of reinsurance for H1 2004 was 68, against 73 in the same period of last year. The claims ratio was better than expected. Compared with the advance expectations, the claims performance was favoured by good weather conditions and few major fire claims, but adversely affected by run-off losses resulting from, among other things, a Danish Supreme Court ruling in respect of workers' compensation.

The combined ratio net of reinsurance was 92 in H1 2004, against 100 in H1 2003. The gross

combined ratio was 89 in H1 2004, against 95 in the year-earlier period.

The banking operations performed well in almost all areas. Contributing factors deserving special mention include the bank maintaining the cost level, the interest margin remaining satisfactory, strong activity in the securities business, and positive market value adjustments.

The credit policy combined with the stable economic conditions led to a satisfactory performance in the write-off and provisioning ratio. Bad and doubtful debts were DKK 17 million in H1 2004, compared with DKK 23 million in H1 2003.

The life and pension operations were a positive contributor to the consolidated H1 profit, thanks mainly to strong risk and expense results. The Q1 2003 risk and expense results were also positive.

At 30 June 2004, the collective bonus potential in the life and pension company equalled 1.0% of the technical provisions.

The Group's total H1 2004 investment return amounted to DKK 344 million, against DKK 611 million in H1 2003. The investment return was satisfactory and in line with the benchmark.

The vast majority of the investment assets are placed in interest-bearing securities. Duration is about one year in the non-life operations, while in Life & Pension duration is about nine years, which largely corresponds to the duration of the liabilities.

The Group's H1 2004 profit before tax of DKK 262 million equals a return on equity of 16% per annum, compared with 12% in H1 2003. This brings earnings per share to DKK 11 and the net asset value per share to DKK 154.

Shareholders' equity was DKK 3.4 billion at 30 June 2004, against DKK 3.0 billion a year earlier.

### Major events

*New head of insurance operations*  
Effective 1 July 2004, Jesper Mørch Sørensen was appointed new chief executive of Alm. Brand Forsikring A/S with overall responsibility for the Group's non-life operations.

*New agreement with insurance agents*  
Negotiations for a new agreement with the insurance agents broke down in the early summer

of 2004, resulting in a lockout of the Group's insurance agents at 1 June 2004. Negotiators from both sides continued their talks throughout the period, however, and at the end of June, the Group and the insurance agents reached a new agreement, under which an increase in insurance agents' commissions requires an increase in business corresponding to the efficiency-improving process implemented throughout the rest of the Group. The short-lived lockout is expected to result in a slightly lower sales performance for 2004 than previously anticipated, but on the other hand the new agreement is expected to generate growth in 2005 that more than makes up for the weaker performance.

#### *The "dobbeltkunde" concept*

During the first quarter, the Group began the roll out of the "dobbeltkunde" concept intended to attract more full-service customers to the Group. Customers buying services and products from more than one of the Group's business areas and pooling their financial activities with the Alm. Brand Group would be eligible for substantial discounts of up to 51% on their insurance premiums. The new concept is expected to lead to a substantial increase in customer loyalty and to increase the number of banking customers. In turn, this is expected to raise the Group's overall level of business activity, while reducing distribution costs per customer. The business concept performed in line with expectations in the first half of 2004.

#### *New non-life insurance system*

The implementation of the Group's new non-life insurance system that will replace the seven existing systems is progressing as planned. The system is intended to make business processes more efficient, improve customer service and ease the product development process. All private insurance products have been fully implemented, and the Group has taken the first steps towards developing commercial insurance products.

#### **Outlook**

The Group expects an overall profit for 2004 of around DKK 440 million before tax and DKK 407 million after tax.

This forecast represents a DKK 65 million upgrade relative to the guidance provided in the Q1 2004 profit announcement. The profit upgrade for the full year is motivated mainly by the favourable claims experience in the non-life operations.

This brings the aggregate upgrade relative to the guidance provided in the 2003 profit announcement to DKK 125 million.

The full-year consolidated income for 2004 is expected to be in the region of DKK 6.4 billion.

The actual and expected performance of the Group overall and of each individual business area may be affected by major changes in economic conditions, bad and doubtful debts, the claims experience and certain other factors. The forecast is based on the level of interest rates prevailing in mid-August 2004.

The forecast for the second half-year is based on the assumption of a claims experience at the normal level for the period. In other words, the second half-year is not expected to see a repeat of the first half's exceptionally positive claims experience in terms of weather-related events and major fire claims.

## Non-life insurance

Alm. Brand Forsikring A/S is the fourth largest non-life insurer in Denmark. The company's business area includes all insurance products within the lines of property, liability, personal accident, animal and travel insurance. The business area addresses customers throughout the Danish market.

### Financial results

The Group's non-life operations generated a profit of DKK 182 million for the first half, including the health and personal accident business, which contributed DKK 9 million.

The performance equals a return on equity before tax of 31%, which is highly satisfactory.

Equalisation provisions were DKK 54 million in the first half.

The amount of major fire claims and weather-related claims were considerably below normal.

### Premiums

Gross premiums were DKK 2,030 million against DKK 1,924 million in the first half of 2003, an increase of DKK 106 million or 6%. Premium growth was caused mainly by index regulations and premium adjustments.

The Group is consistently working to build a healthy portfolio that reasonably balances premium income and claims expenses. Aiming to achieve the desired balance, the Group has over a period of time optimised its acceptance rules and enhanced the profitability of the customer portfolio.

### Claims experience

The claims ratio net of reinsurance was 68 in H1 2004, as against 73 in the same period of 2003. The claims experience was highly satisfactory. The gross claims ratio was 66, against 70 in the year-earlier period.

The first half of 2004 was characterised by a small number of weather-related events. The favourable weather conditions in 2004 led to substantially fewer claims expenses compared with ordinary claims years. Also, the number of major fire claims reported was below normal.

On the other hand, the claims ratio was adversely affected by increased provisions for the workers' compensation business in respect of past insurance years. The increase in expenses for prior-year claims was the result of a Danish Supreme Court ruling handed down at the end of 2003, which not only raised claims amounts and coverage, but also allows the new rules to have

retrospective effect. As a result, provisions have been made to cover the expected increase in claims expenses related to earlier insurance years.

In the other areas, the premium adjustments and profitability enhancements to the customer portfolio have resulted in the expected improvements in profit performance and claims experience.

Overall, the Group's claims experience was better than had been expected.

### Costs

The expense ratio net of reinsurance was 24 in H1 2004, as against 27 in the same period of 2003.

Reducing the cost level remains a high-priority area for the Alm. Brand Group. Initiatives have been launched in several areas to help reduce the expense ratio to less than 23, which is the Group's target for 2006. Given the initiatives launched, the expense target is expected to be met.

### Combined ratio

The H1 2004 performance led to a combined ratio net of reinsurance of 92, against 100 for the same period of 2003. The gross combined ratio was 89, against 95 in H1 2003.

For the second quarter, the combined ratio was 89, net of reinsurance, and 86 gross.

### Reinsurance

Alm. Brand avoided major claims events in the first half of 2004. Accordingly, the reinsurance programme was not impacted and no claims were collected from reinsurers during the period.

### Investment return

The investment return before allocation of interest was DKK 91 million in H1 2004. The vast majority of the financial assets were placed in short-duration bonds. The return was in line with the benchmark return.

### Major events

#### *Supreme Court ruling*

At 31 December 2003, a provision of DKK 30 million was made for an expected increase in claims from past insurance years as a result of a Danish Supreme Court ruling in December 2003. New calculations show that the Supreme Court ruling may leave the insurance industry facing even greater claims than anticipated at the end of 2003. Preliminary estimates indicate that Alm.

Brand may need to increase provisions significantly. Additional provisions of DKK 55 million, which is expected to be adequate, were made for this purpose in H1 2004.

*New strategy for the travel insurance business*

As part of the acquisition of Provinzial in 2001, Alm. Brand also took over and continued to operate that company's subsidiary RS Forsikring A/S, which cooperated with a number of small travel agencies on providing travel insurance.

Aiming to improve its performance in the travel insurance business, Alm. Brand will begin to market a wider and more competitive product assortment expected to consist mainly of annual travel policies to existing policyholders. As a result, the agreement with the travel agencies has been terminated effective by the end of the year.

*Structural changes*

In a move to make the corporate structure less complex, all insurance operations were transferred from Alm. Brand Provinsforsikring A/S to Alm. Brand Forsikring A/S effective 1 January 2004. In addition, The Group has initiated a merger of Forsikringsaktieselskabet Alm. Brand Skade and Alm. Brand Forsikring A/S that will take effect from 1 January 2004 and have Alm. Brand Forsikring A/S as the continuing company. The merger is subject to the final approval of the Danish Financial Supervisory Authority.

When the planned mergers have been completed, all non-life insurance operations will be consolidated in Alm. Brand Forsikring A/S.

*Preparing surveyors' reports*

Effective 1 May 2004, Alm. Brand established a new business area, offering surveyors' reports and energy rating reports for property being put up for sale. Initially, a majority of the reports are being provided by external suppliers, but Alm. Brand aims to build its own nationwide organisation for this business by the end of the year. The goal is to provide top quality reports to buyers and sellers of real property.

*New agreements with insurance brokers*

Like most other Danish insurers, Alm. Brand has concluded new agreements with the insurance brokers. Under the new agreements, insurance premiums written through insurance brokers will be charged to the policyholder net of the broking commission. Accordingly, commission is now settled directly between the broker and the customer, instead of as previously between the insurance company and the broker.

The highly satisfactory financial results of the Group's non-life operations are well above expectations. As a result, Alm. Brand is upgrading the full-year profit forecast for the non-life operations by DKK 65 million from DKK 235 million to DKK 300 million.

**Outlook**

## Banking

Alm. Brand Bank is among the 10 largest banks in Denmark and is becoming the main banker to more and more personal customers. The bank provides all traditional banking products to personal customers and also focuses on providing savings, consultancy, investment and financing solutions to selected segments. As part of this goal, the bank offers a wide range of services in car and property finance as well as financial solutions to agriculture, asset management as well as currency and securities trading.

### Financial results

The Alm. Brand Bank Group posted a pre-tax profit of DKK 68 million excluding minorities for H1 2004, as compared with DKK 51 million in H1 2003.

The performance equals a return on average equity of 18% per annum before tax, compared with 14% in the same period of 2003 and 15% for the full year 2003.

The profit was highly satisfactory.

### *Net interest and fee income*

Net interest and fee income was DKK 237 million in H1 2004, a 5% improvement relative to H1 2003.

The increase was primarily attributable to the higher interest margin, but the securities business also contributed to continued growth of the satisfactory fee income. Fees and commissions payable were adversely affected by the costs of establishing a syndicated loan facility.

### *Value adjustments*

Overall value adjustments amounted to DKK 42 million in H1 2004. The figure was substantially higher than expected, mainly due to the generally appreciating market prices for securities.

A substantial part of the banking group's value adjustments (DKK 21 million) related to Alm. Brand Formue's holdings of bonds and shares. Given Alm. Brand Bank's 13% ownership interest in Alm. Brand Formue, the H1 profit before minorities included only DKK 3 million of the value adjustments.

Value adjustments of fixed-interest loans were lifted by the gain on the sale of a major mortgage deed portfolio in the second quarter of 2004.

### *Costs*

The banking group continues to focus on the cost performance. Total costs for the first half of 2004 amounted to DKK 180 million, against DKK 181

million for the same period of last year, which was satisfactory.

### *Provisions for bad and doubtful debts*

Total provisions for bad and doubtful debts charged to the profit and loss account were DKK 17 million for H1 2004, or DKK 6 million less than the figure for the same period of last year. The performance of bad and doubtful debts remained satisfactory.

The loss on this item in H1 2004 was DKK 15 million, an increase of DKK 2 million relative to the year-earlier period. The banking group's provisioning ratio was 2.8% at 30 June 2004, equal to the level prevailing a year earlier.

### *Participating interests in subsidiaries*

The bank recorded no significant gains or losses on participating interests in subsidiaries in the first half-year of 2004. In the year-earlier period, the bank recorded value adjustments of DKK 21 million on this item. The amount related mainly to capital gains on the bank's portfolio of Alm. Brand A/S shares at the time.

## Balance sheet

### *Loans and advances*

Loans and advances amounted to DKK 8.2 billion at 30 June 2004, which was DKK 0.2 billion higher than a year earlier. Total loans and advances were unchanged relative to 31 December 2003. Loans and advances were affected by an increase in lending to personal customers and a fall in car loans, although the latter item stabilised towards the end of the reporting period.

### *Deposits*

Loans and advances amounted to DKK 8.9 billion at 30 June 2004, a small decline, of DKK 0.3 billion, from 30 June 2003 and a small increase, of DKK 0.2 billion, from 31 December 2003. The performance reflects an expected decline involving personal customers that was offset by an increase in deposits from the wholesale market.

### *Guarantees*

The banking group had issued guarantees amounting to DKK 1.1 billion at 30 June 2004, an increase of DKK 0.8 billion from a year earlier and of DKK 0.4 billion relative to 31 December 2003. The increase was attributable to increased business activity in housing and property.

### *Other activities*

The Alm. Brand Bank Group had core capital of DKK 1.3 billion and a solvency ratio of 12.5 at 30 June 2004.

## **Major events**

### *Syndicated loan*

As a part of its general cash management operations, Alm. Brand Bank established a EUR 124 million syndicated loan facility in April 2004. Backed by several leading banks that emphasised, among other things, Alm. Brand Bank's high solvency ratio and strong profit performance, the syndication facility was well received by Danish and international banks. At 30 June 2004, Alm. Brand Bank had drawn DKK 96 million on the loan facility.

### *Alm. Brand Formue A/S*

On 17 August 2004, the National Tax Assessment Board issued a binding advance notice that Alm. Brand Formue A/S was not subject to income tax on capital gains and losses in relation to the company's trading in shares. Previously the Board had refused its consent, but the present advance notice was issued after Alm. Brand Formue A/S provided the Tax Assessment Board with a longer term horizon for its equity investments.

## **Outlook**

The Alm. Brand Bank Group forecasts a pre-tax profit excluding minorities in the region of DKK 125 million for 2004.

## Life insurance

The Alm. Brand Group's life insurance business consists of life insurance, pension saving, pension insurance and health and personal accident insurance and is handled by the Alm. Brand Liv og Pension A/S insurance company.

Together with Alm. Brand Bank's pension saving activities, the life insurance business makes up the Life & Pension business unit. However, the financial results from the banking activities, including from Alm. Brand Link, are included in the bank's financial statements.

### Financial results

The pre-tax profit for H1 2004 was DKK 26 million, against DKK 17 million for the same period of last year. The figure does not include DKK 9 million in profit from the health and personal accident business, which for legislative reasons is included in the non-life results.

The performance is equivalent to a return on equity of 6% per annum before tax, compared with a return of 4% in H1 2003.

In addition, the life operations has an earned risk premium of DKK 25 million for H1 2004, which has been transferred to the shadow account and will only be recognised in shareholders' equity if consistent with the full-year performance.

#### *Premiums*

Gross premiums were DKK 318 million for the first half, against DKK 299 million for H1 2003.

The gross premiums for H1 2004 were in line with expectations.

#### *Benefits paid*

Benefits paid in H1 2004 amounted to DKK 368 million, against DKK 296 million in H1 2003. The amount of benefits paid was impacted by DKK 39 million related to a benefits disbursement/policy transfer campaign conducted in the second quarter of 2004 and targetting unprofitable paid-up policies.

#### *Costs*

Acquisition and management expenses totalled DKK 33 million in H1 2004, against DKK 37 million for the same period of last year.

Total expenses for 2004 to date are in line with expectations.

#### *Investment return*

The H1 return on investment assets before tax on pension investment returns attributable to the life

and pension portfolio was DKK 187 million, compared with DKK 458 million for the year-earlier period.

The return on investment assets attributable to shareholders' equity was DKK 17 million in H1 2004, against DKK 37 million in the year-earlier period.

The return on the overall investment assets before tax on pension investment returns was DKK 204 million, equal to an annualised return of 3.7% (equal to a H1 return of 1.9%). In H1 2003, the investment return amounted to DKK 495 million.

The investment return slightly underperformed the benchmark return.

Equities represented about 4% of the investment assets.

The life group has placed part of its bond investments in mortgage bonds with a part of the prepayment risk hedged by way of options. In addition, the life group applies derivative instruments to hedge the company's interest rate risk, largely balancing out the assets and liabilities risk. These instruments are mainly short-term options. In the event of an increase in the level of interest rates, the life group would expect to apply bonus potential on paid-up policies.

### Balance sheet

The collective bonus potential amounted to DKK 94 million at 30 June 2004, against DKK 79 million at 31 December 2003, equalling a bonus rate of 1.0%.

The life group's shareholders' equity amounted to DKK 950 million, equivalent to equity reserves of 7.6%, at 30 June 2004. The solvency ratio was 250.

The shadow account stood at DKK 99 million at 30 June 2004.

The life company remained in the Danish Financial Supervisory Authority's green scenario at 30 June 2004.

### Major events

#### *Campaign targetting paid-up policies*

The life group ran a campaign targetting policyholders with unprofitable paid-up policies. Customers were given the option of transferring their policies to other pension companies or receiving their policy savings. The campaign resulted in disbursements or policy transfers for a total of approximately DKK 39 million.

**Outlook**

The pre-tax profit for the full year 2004 is expected to be around DKK 40 million net of any risk premium.

The performance will rely strongly on how interest rates develop. With 11% of the portfolio placed in property and 4% in equities, adverse developments in these markets could impact the profit for the year, including the potential for recognising a risk premium.

## **Other business activities**

### **Copenhagen Re**

Copenhagen Re, which is in runoff, performed in line with expectations. The investment return largely offset a minor underwriting loss and management expenses.

The company posted a pre-tax profit of DKK 2 million for the first half of 2004, as compared with DKK 5 million in the year-earlier period.

Technical provisions amounted to DKK 2.0 billion at 30 June 2004, against DKK 2.3 billion a year earlier.

There is still considerable uncertainty with respect to losses incurred, including for the World Trade Center event. These risks are further described in the Group's Annual Report 2003.

As Alm. Brand A/S will not be providing any more capital to Copenhagen Re, the risk to Alm. Brand A/S is limited to the potential loss of the carrying value of the investment in Copenhagen Re. Copenhagen Re's shareholders' equity amounted to DKK 105 million at 30 June 2004, equal to Alm. Brand A/S' carrying value on the investment.

Copenhagen Re continues to expect a break-even performance in 2004.

### **Other activities**

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

Other activities of the Group contributed a pre-tax loss of DKK 16 million in H1 2004 against a DKK 37 million loss in H1 2003.

The performance in 2003 was affected by the cost of a partnership agreement with the EDC chain of estate agents and the elimination of capital gains on the holding of Alm. Brand A/S shares.

The results of 'Other business activities' were in line with expectations.

### **Outlook**

An overall loss of about DKK 25 million is still projected for 'Other business activities' for the full year 2004.

## **Accounting policies**

The accounting policies are unchanged from those applied in the annual report for 2003.

The financial statements for the first half of 2004 are unaudited.

## Non-Life Insurance

Excl. Copenhagen Re

DKK million	2 <sup>nd</sup> quarter 2004	2 <sup>nd</sup> quarter 2003	6 months 2004	6 months 2003	Year 2003
<b>Gross premiums</b>	<b>1,037</b>	<b>978</b>	<b>2,030</b>	<b>1,924</b>	<b>3,927</b>
Premiums, net of reinsurance	986	910	1,934	1,801	3,727
Technical interest, net of reinsurance	27	28	60	62	118
Claims incurred, net of reinsurance	-642	-658	-1,317	-1,307	-2,670
Changes in other technical provisions, net of reinsurance	-1	-1	-2	-2	-4
Bonus payments and premium discounts	1	0	1	-1	-2
Underwriting management expenses, net of reinsurance	-237	-236	-467	-483	-962
Change in equalisation provisions	-25	0	-54	-3	-43
<b>Underwriting profit/loss</b>	<b>109</b>	<b>43</b>	<b>155</b>	<b>67</b>	<b>164</b>
Interest, dividends etc.	61	46	121	107	220
Capital gains/losses	-62	30	-23	35	7
Management expenses relating to investment business	-4	-4	-7	-6	-15
Transferred technical interest	-29	-29	-64	-65	-128
<b>Profit/loss on investments after allocation of interest</b>	<b>-34</b>	<b>43</b>	<b>27</b>	<b>71</b>	<b>84</b>
Other ordinary items	0	0	0	0	-29
<b>Profit/loss before tax</b>	<b>75</b>	<b>86</b>	<b>182</b>	<b>138</b>	<b>219</b>
Profit/loss on business in run-off, net of reinsurance	5	-28	-36	-41	-64
Technical provisions, net of reinsurance	5,373	4,955	5,373	4,955	4,557
Shareholders' equity	1,249	1,210	1,249	1,210	1,067
Total assets	7,433	6,439	7,433	6,439	5,966
Claims ratio	63%	69%	66%	70%	70%
Expense ratio	23%	25%	23%	25%	24%
Combined ratio	86%	94%	89%	95%	94%
Claims ratio, net of reinsurance	65%	72%	68%	73%	72%
Expense ratio, net of reinsurance	24%	26%	24%	27%	26%
Combined ratio, net of reinsurance	89%	98%	92%	100%	98%
Return on equity before tax p.a.	25%	30%	31%	24%	21%

## Banking

DKK million	2 <sup>nd</sup> quarter 2004	2 <sup>nd</sup> quarter 2003	6 months 2004	6 months 2003	Year 2003
Interest income	136	146	273	296	575
Interest expenses	-53	-67	-107	-139	-246
<b>Net interest income</b>	<b>83</b>	<b>79</b>	<b>166</b>	<b>157</b>	<b>329</b>
Net fee and commission income, dividends etc.	38	33	71	68	144
<b>Net interest and fee income</b>	<b>121</b>	<b>112</b>	<b>237</b>	<b>225</b>	<b>473</b>
Value adjustments	-10	7	42	6	22
Other operating income	5	3	10	7	15
<b>Profit on financial operations</b>	<b>116</b>	<b>122</b>	<b>289</b>	<b>238</b>	<b>510</b>
Total costs	-86	-87	-180	-181	-356
Net provisions for bad and doubtful debts	-7	-12	-17	-23	-64
Value adjustment of participating interests	1	6	1	21	22
<b>Profit before tax</b>	<b>24</b>	<b>29</b>	<b>93</b>	<b>55</b>	<b>112</b>
<b>Profit before tax excluding minorities</b>	<b>27</b>	<b>28</b>	<b>68</b>	<b>51</b>	<b>105</b>
Loans and advances	8,175	8,025	8,175	8,025	8,205
Deposits	8,868	9,229	8,868	9,229	8,734
Minority interests	295	102	295	102	277
Shareholders' equity	800	731	800	731	735
Subordinated debt	300	300	300	300	300
Total assets	12,774	12,457	12,774	12,457	11,936
Net interest margin p.a.	2.7%	2.5%	2.7%	2.6%	2.5%
Expense ratio	79%	77%	68%	79%	79%
Write-off and provisioning ratio p.a.	0.3%	0.5%	0.4%	0.5%	0.7%
Solvency ratio	12.5%	12.9%	12.5%	12.9%	14.7%
Return on equity before tax p.a.	14%	15%	18%	14%	15%

## Life Insurance

DKK million	2 <sup>nd</sup> quarter 2004	2 <sup>nd</sup> quarter 2003	6 months 2004	6 months 2003	Y€ 20
<b>Gross premiums</b>	<b>156</b>	<b>144</b>	<b>318</b>	<b>299</b>	<b>7</b>
Premiums, net of reinsurance	147	136	301	283	6
Investment return after allocation of interest	-120	236	157	384	3
Claims incurred, net of reinsurance	-226	-165	-353	-284	-7
Change of life insurance provisions, net of reinsurance	156	-210	-50	-365	-
Change of collective bonus potential	58	0	-15	0	-
Underwriting management expenses, net of reinsurance	-14	-17	-31	-35	-
<b>Underwriting profit/loss</b>	<b>1</b>	<b>-20</b>	<b>9</b>	<b>-17</b>	
Transferred investment return	-2	21	17	34	
<b>Profit before tax for the period</b>	<b>-1</b>	<b>1</b>	<b>26</b>	<b>17</b>	
<b>Result in life insurance</b>					
Administrative result	5	6	8	11	
Investment result	-227	158	-28	219	
Risk result	12	14	20	22	
Change in provision for guaranteed pension benefits	150	-178	38	-235	
Change of collective bonus potential	58	0	-15	0	-
Reinsurance ceded	1	1	3	0	-
<b>Profit before tax</b>	<b>-1</b>	<b>1</b>	<b>26</b>	<b>17</b>	
Technical provisions, net of reinsurance	9,933	10,071	9,933	10,071	9,8
Shareholders' equity	950	843	950	843	9
Total assets	11,244	11,341	11,244	11,341	11,1
Return on equity before tax p.a.	-1%	1%	6%	4%	1'

### Investment return in life insurance in 6 months 2004

DKK million	Average amount of capital tied up	Return	Return ratio
Bonds	9,217	157	1.7
Shares	345	17	5.0
Property	1,314	40	3.0
Management expenses relating to investments activities		-10	-0.7
<b>Total</b>	<b>10,876</b>	<b>204</b>	<b>1.9</b>

## Group Profit and Loss Account

DKK million	6 months 2004	6 months 2003	Year 2003
<b>NON-LIFE INSURANCE</b>			
<b>Premium income</b>			
Gross premiums	2,746	2,597	4,070
Reinsurance premiums ceded	-83	-123	-212
Change in gross unearned premium provisions	-699	-651	-7
Change in reinsurers' share of unearned premium provisions	-25	-12	-6
<b>Premiums, net of reinsurance</b>	<b>1,939</b>	<b>1,811</b>	<b>3,845</b>
<b>Technical interest, net of reinsurance</b>	<b>90</b>	<b>112</b>	<b>209</b>
<b>Claims incurred</b>			
Gross claims paid	-1,658	-2,031	-3,830
Reinsurers' share received	91	248	392
Change in gross outstanding claims provisions	213	543	865
Change in reinsurers' share of outstanding premiums provisions	60	-142	-215
<b>Claims incurred, net of reinsurance</b>	<b>-1,294</b>	<b>-1,382</b>	<b>-2,788</b>
<b>Change in other technical provisions, net of reinsurance</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>
<b>Bonus payments and premium discounts</b>	<b>1</b>	<b>-1</b>	<b>-2</b>
<b>Underwriting management expenses</b>			
Acquisition costs	-155	-103	-245
Administrative expenses	-368	-389	-842
Commissions and profit commissions from reinsurance companies	3	9	9
<b>Total underwriting management expenses, net of reinsurance</b>	<b>-520</b>	<b>-483</b>	<b>-1,078</b>
<b>Change in equalisation provisions</b>	<b>-54</b>	<b>-3</b>	<b>-43</b>
<b>Underwriting result from non-life insurance</b>	<b>160</b>	<b>52</b>	<b>139</b>
<b>LIFE INSURANCE</b>			
<b>Premiums</b>			
Gross premiums	318	299	714
Reinsurance premiums ceded	-17	-16	-33
<b>Premiums, net of reinsurance</b>	<b>301</b>	<b>283</b>	<b>681</b>
<b>Transferred investment return, net of reinsurance</b>	<b>157</b>	<b>384</b>	<b>376</b>
<b>Claims and benefits</b>			
Claims and benefits paid	-373	-314	-798
Reinsurers' share received	15	13	18
Change in gross outstanding claims provisions	5	18	8
Change in reinsurers' share of gross outstanding claims provisions	0	-1	0
<b>Claims and benefits, net of reinsurance</b>	<b>-353</b>	<b>-284</b>	<b>-772</b>
<b>Change in life insurance provisions</b>			
Change in gross life insurance provisions	-52	-365	-77
Change in reinsurers' share of life insurance provisions	2	0	-2
<b>Change in life insurance provisions, net of reinsurance</b>	<b>-50</b>	<b>-365</b>	<b>-79</b>
<b>Change in collective bonus potential</b>	<b>-15</b>	<b>0</b>	<b>-79</b>
<b>Underwriting management expenses</b>			
Acquisition costs	-15	-12	-25
Administrative expenses	-18	-25	-52
Commissions and profit commissions from reinsurance companies	2	2	4
<b>Total underwriting management expenses, net of reinsurance</b>	<b>-31</b>	<b>-35</b>	<b>-73</b>
<b>Underwriting result from life insurance</b>	<b>9</b>	<b>-17</b>	<b>54</b>

DKK million	6 months 2004	6 months 2003	Year 2003
Underwriting result from non-life insurance	160	52	139
Underwriting result from life insurance	9	-17	54
<b>NON-UNDERWRITING ACTIVITY</b>			
<b>Investment income</b>			
Income from subsidiaries	83	42	67
Income from associated companies	0	0	0
Income from land and buildings	44	46	91
Interests, dividends, etc.	402	434	847
Realised gains on investment assets	75	161	107
<b>Total investment income</b>	<b>604</b>	<b>683</b>	<b>1,112</b>
<b>Unrealised gains on investment assets</b>	<b>-162</b>	<b>102</b>	<b>0</b>
<b>Investment expenses</b>			
Management expenses relating to investments activities	-47	-54	-130
Interest expenses	-12	-29	-45
Realised losses on investment assets	0	0	0
<b>Total investment expenses</b>	<b>-59</b>	<b>-83</b>	<b>-175</b>
<b>Unrealised losses on investment assets</b>	<b>0</b>	<b>0</b>	<b>-194</b>
<b>Exchange rate adjustments</b>	<b>-14</b>	<b>-19</b>	<b>5</b>
<b>Tax on pension investment returns</b>	<b>-25</b>	<b>-72</b>	<b>-67</b>
<b>Total returns on investments</b>	<b>344</b>	<b>611</b>	<b>681</b>
<b>Investment returns transferred to non-life insurance</b>	<b>-93</b>	<b>-117</b>	<b>-216</b>
<b>Investment returns transferred to life insurance</b>	<b>-157</b>	<b>-384</b>	<b>-376</b>
<b>Other ordinary income</b>	<b>26</b>	<b>33</b>	<b>152</b>
<b>Other ordinary expenses</b>	<b>-1</b>	<b>0</b>	<b>-40</b>
<b>Profit/loss before tax</b>	<b>288</b>	<b>178</b>	<b>394</b>
<b>Tax</b>	<b>-26</b>	<b>-11</b>	<b>-19</b>
<b>Profit/loss for the period</b>	<b>262</b>	<b>167</b>	<b>375</b>
Minority interests' share	-20	-3	-3
<b>Alm. Brand's share of profit/loss for the period</b>	<b>242</b>	<b>164</b>	<b>372</b>

## Group Balance Sheet

DKK million	30 <sup>th</sup> June 2004	30 <sup>th</sup> June 2003	31 <sup>st</sup> December 2003
<b>ASSETS</b>			
<b>Intangible assets</b>	<b>104</b>	<b>107</b>	<b>104</b>
<b>Investment assets</b>			
<b>Land and buildings</b>	<b>1,287</b>	<b>1,464</b>	<b>1,430</b>
<b>Investments in subsidiaries and associated undertakings</b>			
Participating interests in subsidiaries	1,462	1,200	1,378
Loans to subsidiaries	0	41	0
Participating interests in associated undertakings	21	40	20
<b>Total investments in subsidiaries and associated undertakings</b>	<b>1,483</b>	<b>1,281</b>	<b>1,398</b>
<b>Other financial investment assets</b>			
Participating interests	404	299	236
Units in unit trusts	53	1	89
Bonds	16,227	16,043	15,798
Loans guaranteed by mortgage	0	1	0
Policy loans	4	5	4
Other loans	2	3	5
Deposits with credit institutions	850	1,040	730
Other	0	0	0
<b>Total other financial investment assets</b>	<b>17,540</b>	<b>17,392</b>	<b>16,862</b>
<b>Reinsurance deposits</b>	<b>315</b>	<b>143</b>	<b>84</b>
<b>Total investment assets</b>	<b>20,625</b>	<b>20,280</b>	<b>19,774</b>
<b>Debtors</b>			
Amounts due from policyholders	489	342	403
Amounts due from insurance brokers	0	18	0
Amounts due from insurance companies	147	455	313
Amounts due from subsidiaries	33	25	95
Corporation tax	0	3	3
Other debtors	206	209	195
<b>Total debtors</b>	<b>875</b>	<b>1,052</b>	<b>1,009</b>
<b>Other assets</b>			
Furniture and equipment, computers, cars etc.	54	79	63
Cash in hand and demand deposits	715	697	423
Own shares	0	0	0
Deferred tax	345	366	361
Other assets	6	1	0
<b>Total other assets</b>	<b>1,120</b>	<b>1,143</b>	<b>847</b>
<b>Prepayments and accrued income</b>			
Accrued interest	340	328	270
Prepaid acquisition costs	0	1	6
Other prepayments and accrued income	55	68	47
<b>Total prepayments and accrued income</b>	<b>395</b>	<b>397</b>	<b>323</b>
<b>Total assets</b>	<b>23,119</b>	<b>22,979</b>	<b>22,057</b>

DKK million	30 <sup>th</sup> June 2004	30 <sup>th</sup> June 2003	31 <sup>st</sup> December 2003
<b>LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	1,788	1,788	1,788
Reserves:			
Contingency fund	182	182	182
Reserve for own shares	0	0	0
Reserve for net revaluation using the equity method	0	0	0
	<b>182</b>	<b>182</b>	<b>182</b>
Retained profit	1,472	1,008	1,220
<b>Total shareholders' equity</b>	<b>3,442</b>	<b>2,978</b>	<b>3,190</b>
<b>Minority interests</b>	<b>295</b>	<b>102</b>	<b>277</b>
<b>Technical provisions</b>			
<b>Unearned premium provisions</b>			
Gross premium provisions	2,085	2,026	1,387
Reinsurers' share of premium provisions	5	-7	-6
<b>Unearned premium provisions, net of reinsurance</b>	<b>2,090</b>	<b>2,019</b>	<b>1,381</b>
<b>Life insurance provisions</b>			
Guaranteed benefits	7,609	8,302	7,671
Bonus potential on future premiums	1,488	1,315	1,450
Bonus potential on paid-up policies	734	453	682
Reinsurers' share of life insurance provisions	-26	-23	-24
<b>Life insurance provisions, net of reinsurance</b>	<b>9,805</b>	<b>10,047</b>	<b>9,779</b>
<b>Outstanding claims provisions<sup>1)</sup></b>			
Gross outstanding claims provisions	6,055	6,546	6,082
Reinsurers' share of outstanding claims provisions	-947	-809	-679
<b>Outstanding claims provisions, net of reinsurance</b>	<b>5,108</b>	<b>5,737</b>	<b>5,403</b>
<b>Provisions for bonus payment and premium discounts, net of reinsurance</b>			
	<b>0</b>	<b>2</b>	<b>1</b>
<b>Equalisation provisions</b>	<b>134</b>	<b>41</b>	<b>80</b>
<b>Collective bonus potential</b>	<b>94</b>	<b>0</b>	<b>79</b>
<b>Other technical provisions</b>			
Gross other technical provisions	56	24	26
Reinsurers' share of other technical provisions	0	0	0
<b>Other technical provisions, net of reinsurance</b>	<b>56</b>	<b>24</b>	<b>26</b>
<b>Total technical provisions, net of reinsurance</b>	<b>17,287</b>	<b>17,870</b>	<b>16,749</b>
<b>Provision for other risks and costs</b>			
Deferred tax on pension investment returns	0	9	7
Other provisions	149	69	184
<b>Total provisions for other risks and costs</b>	<b>149</b>	<b>78</b>	<b>191</b>
<b>Reinsurance deposits</b>	<b>420</b>	<b>200</b>	<b>230</b>
<b>Creditors</b>			
Creditors from direct insurance	112	23	43
Creditors from reinsurance	217	416	296
Amounts owed to credit institutions	326	344	327
Amounts owed to subsidiaries	399	387	413
Corporation tax payable	5	0	0
Other creditors	461	571	338
<b>Total creditors</b>	<b>1,520</b>	<b>1,741</b>	<b>1,417</b>
<b>Accruals and deferred income</b>	<b>6</b>	<b>10</b>	<b>3</b>
<b>Total liabilities</b>	<b>23,119</b>	<b>22,979</b>	<b>22,057</b>

1) The total outstanding claims provisions, net of reinsurance, at 30 June 2004 include DKK 2.0 billion concerning Copenhagen Re.

## Shareholders' equity

DKK million	Number of shares	Share capital	Retained profit	Shareholders' equity	Minority interests	Group shareholders' equity
<b>At 1 January 2004</b>	<b>22,350,000</b>	<b>1,788</b>	<b>1,402</b>	<b>3,190</b>	<b>277</b>	<b>3,467</b>
Profit/loss for the period			242	242	20	262
Sale of own shares			10	10	0	10
Change in minority interests' share					-2	-2
<b>At 30 June 2004</b>	<b>22,350,000</b>	<b>1,788</b>	<b>1,654</b>	<b>3,442</b>	<b>295</b>	<b>3,737</b>