



# **Alfa Corporation**

## **Investor Supplement**

### **Third Quarter 2006**

This Investor Supplement is for informational purposes only. The consolidated financial statements and financial exhibits included herein are unaudited. These consolidated financial statements and exhibits should be read in conjunction with the consolidated financial statements and notes thereto included in Form 10-K.

Measures used in these financial statements and exhibits that are not based on generally accepted accounting principles ("non-GAAP") are denoted with an asterisk (\*) the first time they appear. These measures are defined on the page "Definitions of Non-GAAP, GAAP and Operating Measures" and are reconciled to the most directly comparable GAAP measure herein.

**ALFA CORPORATION**  
**PROPERTY/CASUALTY SEGMENT (UNAUDITED)**  
(in thousands, except ratios and per share data)

|   | Nine Months Ended |                   |              |               |               | Three Months Ended |                   |              |               |               |
|---|-------------------|-------------------|--------------|---------------|---------------|--------------------|-------------------|--------------|---------------|---------------|
|   | September 30,     |                   |              | Ratios        |               | September 30,      |                   |              | Ratios        |               |
|   | 2006              | 2005              | % Change     | 2006          | 2005          | 2006               | 2005              | % Change     | 2006          | 2005          |
| <b>INCOME STATEMENT</b>                                       |                   |                   |              |               |               |                    |                   |              |               |               |
| <b>Revenues</b>   |                   |                   |              |               |               |                    |                   |              |               |               |
| Automobile Premiums   | \$ 283,444        | \$ 254,835        | 11.2         |               |               | \$ 95,964          | \$ 87,983         | 9.1          |               |               |
| Homeowner Premiums  | 155,108           | 146,323           | 6.0          |               |               | 52,259             | 49,827            | 4.9          |               |               |
| Other Premiums  | 11,890            | 11,408            | 4.2          |               |               | 3,968              | 3,806             | 4.3          |               |               |
| <b>Total Premiums - Property and Casualty Insurance</b>       | <b>450,442</b>    | <b>412,566</b>    | <b>9.2</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>152,191</b>     | <b>141,616</b>    | <b>7.5</b>   | <b>100.0%</b> | <b>100.0%</b> |
| Net Investment Income   | 28,777            | 29,470            | (2.4)        |               |               | 10,231             | 11,233            | (8.9)        |               |               |
| Other Income  | 10,244            | 6,851             | 49.5         |               |               | 3,410              | 2,629             | 29.7         |               |               |
| <b>Total Revenues</b>   | <b>489,463</b>    | <b>448,887</b>    | <b>9.0</b>   |               |               | <b>165,832</b>     | <b>155,478</b>    | <b>6.7</b>   |               |               |
| <b>Benefits, Losses and Expenses</b>                          |                   |                   |              |               |               |                    |                   |              |               |               |
| Incurring Losses (Non-storm)                                  | 249,655           | 237,703           | 5.0          | 55.4%         | 57.6%         | 89,774             | 83,836            | 7.1          | 59.0%         | 59.2%         |
| Incurring Losses (Storm)                                      | 13,773            | 11,635            | 18.4         | 3.1%          | 2.8%          | (32)               | -                 | (100.0)      | 0.0%          | 0.0%          |
| Loss Adjustment Expense                                       | 22,060            | 16,759            | 31.6         | 4.9%          | 4.1%          | 7,512              | 6,304             | 19.2         | 4.9%          | 4.5%          |
| <b>Total Benefits, Claims, Losses and Settlement Expenses</b> | <b>285,488</b>    | <b>266,097</b>    | <b>7.3</b>   | <b>63.4%</b>  | <b>64.5%</b>  | <b>97,254</b>      | <b>90,140</b>     | <b>7.9</b>   | <b>63.9%</b>  | <b>63.7%</b>  |
| Amortization of Deferred Policy Acquisition Costs             | 86,829            | 75,008            | 15.8         | 19.3%         | 18.2%         | 30,686             | 26,311            | 16.6         | 20.2%         | 18.6%         |
| Other Operating Expenses                                      | 37,285            | 26,268            | 41.9         | 8.3%          | 6.4%          | 10,555             | 9,771             | 8.0          | 6.9%          | 6.9%          |
| <b>Total Operating Expenses</b>                               | <b>124,114</b>    | <b>101,276</b>    | <b>22.6</b>  | <b>27.6%</b>  | <b>24.6%</b>  | <b>41,241</b>      | <b>36,082</b>     | <b>14.3</b>  | <b>27.1%</b>  | <b>25.5%</b>  |
| <b>Total Benefits, Losses and Expenses</b>                    | <b>409,602</b>    | <b>367,373</b>    | <b>11.5</b>  | <b>91.0%</b>  | <b>89.1%</b>  | <b>138,495</b>     | <b>126,222</b>    | <b>9.7</b>   | <b>91.0%</b>  | <b>89.2%</b>  |
| Income Before Provision for Income Taxes                      | 79,861            | 81,514            | (2.0)        |               |               | 27,337             | 29,256            | (6.6)        |               |               |
| Provision For Income Taxes                                    | 20,800            | 20,287            | 2.5          |               |               | 6,876              | 7,567             | (9.1)        |               |               |
| <b>Operating Income *</b>                                     | <b>59,061</b>     | <b>61,227</b>     | <b>(3.5)</b> |               |               | <b>20,461</b>      | <b>21,689</b>     | <b>(5.7)</b> |               |               |
| Realized Investment Gains (Losses), Net of Tax                | (1,864)           | (303)             | (515.2)      |               |               | (850)              | (514)             | (65.4)       |               |               |
| <b>Net Income</b>   | <b>\$ 57,197</b>  | <b>\$ 60,924</b>  | <b>(6.1)</b> |               |               | <b>\$ 19,611</b>   | <b>\$ 21,175</b>  | <b>(7.4)</b> |               |               |
| <b>Operating Income Per Share - Diluted *</b>                 | <b>\$ 0.73</b>    | <b>\$ 0.76</b>    | <b>(4.1)</b> |               |               | <b>\$ 0.25</b>     | <b>\$ 0.27</b>    | <b>(6.3)</b> |               |               |
| <b>Net Income Per Share - Diluted</b>                         | <b>\$ 0.70</b>    | <b>\$ 0.76</b>    | <b>(6.7)</b> |               |               | <b>\$ 0.24</b>     | <b>\$ 0.26</b>    | <b>(8.0)</b> |               |               |
| <b>Operating Return on Equity*</b>                            | <b>16.8%</b>      | <b>18.5%</b>      |              |               |               |                    |                   |              |               |               |
| <b>Return on Equity*</b>                                      | <b>16.5%</b>      | <b>18.6%</b>      |              |               |               |                    |                   |              |               |               |
| <b>Other Key Information</b>                                  |                   |                   |              |               |               |                    |                   |              |               |               |
| <b>Earned Premium by Region</b>                               |                   |                   |              |               |               |                    |                   |              |               |               |
| Alabama   | \$ 338,864        | \$ 329,317        | 2.9          | 75.2%         | 79.8%         | \$ 113,615         | \$ 110,944        | 2.4          | 74.7%         | 78.3%         |
| Georgia   | 25,818            | 25,057            | 3.0          | 5.7%          | 6.1%          | 8,562              | 8,409             | 1.8          | 5.6%          | 5.9%          |
| Mississippi   | 31,989            | 29,207            | 9.5          | 7.1%          | 7.1%          | 10,772             | 9,860             | 9.2          | 7.1%          | 7.0%          |
| VA Mutual   | 16,033            | 16,318            | (1.7)        | 3.6%          | 3.9%          | 5,328              | 5,531             | (3.7)        | 3.5%          | 3.9%          |
| Vision  | 37,738            | 12,667            | 197.9        | 8.4%          | 3.1%          | 13,914             | 6,872             | 102.5        | 9.1%          | 4.9%          |
| <b>Total Earned Premium</b>                                   | <b>\$ 450,442</b> | <b>\$ 412,566</b> | <b>9.2</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>\$ 152,191</b>  | <b>\$ 141,616</b> | <b>7.5</b>   | <b>100.0%</b> | <b>100.0%</b> |
| <b>Incurred Losses by Region (Non-storm)</b>                  |                   |                   |              |               |               |                    |                   |              |               |               |
| Alabama   | \$ 185,317        | \$ 186,495        | (0.6)        | 54.7%         | 56.6%         | \$ 65,192          | \$ 65,406         | (0.3)        | 57.4%         | 59.0%         |
| Georgia   | 17,054            | 19,019            | (10.3)       | 66.1%         | 75.9%         | 6,348              | 5,973             | 6.3          | 74.1%         | 71.0%         |
| Mississippi   | 15,298            | 17,339            | (11.8)       | 47.8%         | 59.4%         | 5,749              | 5,976             | (3.8)        | 53.4%         | 60.6%         |
| VA Mutual   | 7,799             | 7,245             | 7.6          | 48.6%         | 44.4%         | 3,361              | 2,468             | 36.2         | 63.1%         | 44.6%         |
| Vision  | 24,187            | 7,605             | 218.0        | 64.1%         | 60.0%         | 9,124              | 4,013             | 127.4        | 65.6%         | 58.4%         |
| <b>Total Incurred Losses</b>                                  | <b>\$ 249,655</b> | <b>\$ 237,703</b> | <b>5.0</b>   | <b>55.4%</b>  | <b>57.6%</b>  | <b>\$ 89,774</b>   | <b>\$ 83,836</b>  | <b>7.1</b>   | <b>59.0%</b>  | <b>59.2%</b>  |
| <b>Lapse Ratio: Preferred and Standard Classes *</b>          | <b>3.44%</b>      | <b>3.45%</b>      |              |               |               | <b>3.64%</b>       | <b>3.75%</b>      |              |               |               |
| <b>Net Written Premium by LOB</b>                             |                   |                   |              |               |               |                    |                   |              |               |               |
| Automobile  | \$ 299,591        | \$ 275,732        | 8.7          |               |               | \$ 96,997          | \$ 92,545         | 4.8          |               |               |
| Homeowner   | 163,450           | 160,534           | 1.8          |               |               | 55,924             | 52,718            | 6.1          |               |               |
| Other   | 13,330            | 12,583            | 5.9          |               |               | 4,051              | 3,942             | 2.8          |               |               |
| <b>Total Net Written Premium</b>                              | <b>\$ 476,371</b> | <b>\$ 448,849</b> | <b>6.1</b>   |               |               | <b>\$ 156,972</b>  | <b>\$ 149,205</b> | <b>5.2</b>   |               |               |
| <b>Net Written Premium by Region</b>                          |                   |                   |              |               |               |                    |                   |              |               |               |
| Alabama   | \$ 350,586        | \$ 340,460        | 3.0          |               |               | \$ 117,851         | \$ 114,481        | 2.9          |               |               |
| Georgia   | 26,541            | 25,809            | 2.8          |               |               | 8,813              | 8,730             | 1.0          |               |               |
| Mississippi   | 34,848            | 30,560            | 14.0         |               |               | 10,933             | 10,290            | 6.2          |               |               |
| VA Mutual   | 15,417            | 27,048            | (43.0)       |               |               | 6,028              | 6,580             | (8.4)        |               |               |
| Vision  | 48,979            | 24,972            | 96.1         |               |               | 13,347             | 9,124             | 46.3         |               |               |
| <b>Total Net Written Premium</b>                              | <b>\$ 476,371</b> | <b>\$ 448,849</b> | <b>6.1</b>   |               |               | <b>\$ 156,972</b>  | <b>\$ 149,205</b> | <b>5.2</b>   |               |               |

Data may differ from actual due to rounding.

**ALFA CORPORATION**  
**LIFE SEGMENT (UNAUDITED)**  
(in thousands, except ratios and per share data)

|  | Nine Months Ended |                  |             |               |               | Three Months Ended |                 |             |               |               |
|--|-------------------|------------------|-------------|---------------|---------------|--------------------|-----------------|-------------|---------------|---------------|
|  | September 30,     |                  |             | Ratios        |               | September 30,      |                 |             | Ratios        |               |
|  | 2006              | 2005             | % Change    | 2006          | 2005          | 2006               | 2005            | % Change    | 2006          | 2005          |
| <b>INCOME STATEMENT</b>  |                   |                  |             |               |               |                    |                 |             |               |               |
| <b>Revenues</b>  |                   |                  |             |               |               |                    |                 |             |               |               |
| Traditional Life Insurance Premiums                                      | \$ 33,987         | \$ 30,357        | 12.0        |               |               | \$ 11,638          | \$ 10,570       | 10.1        |               |               |
| Universal Life Policy Charges  | 16,278            | 15,479           | 5.2         |               |               | 5,483              | 5,199           | 5.5         |               |               |
| Universal Life Policy Charges - COLI                                     | 3,246             | 3,037            | 6.9         |               |               | 768                | 775             | (0.9)       |               |               |
| Interest-sensitive Life Policy Charges                                   | 8,355             | 8,208            | 1.8         |               |               | 2,871              | 2,728           | 5.2         |               |               |
| Group Life Insurance Premiums  | 493               | 517              | (4.6)       |               |               | 2                  | -               | 100.0       |               |               |
| <b>Total Premiums and Policy Charges - Life Insurance</b>                | <b>62,359</b>     | <b>57,598</b>    | <b>8.3</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>20,762</b>      | <b>19,272</b>   | <b>7.7</b>  | <b>100.0%</b> | <b>100.0%</b> |
| Net Investment Income  | 41,602            | 37,951           | 9.6         |               |               | 14,296             | 12,662          | 12.9        |               |               |
| Other Income   | -                 | -                | 0.0         |               |               | -                  | -               | 0.0         |               |               |
| <b>Total Revenues</b>  | <b>103,961</b>    | <b>95,549</b>    | <b>8.8</b>  |               |               | <b>35,058</b>      | <b>31,934</b>   | <b>9.8</b>  |               |               |
| <b>Benefits, Claims, Losses and Settlement Expenses</b>                  |                   |                  |             |               |               |                    |                 |             |               |               |
| Benefits, Claims, Losses and Settlement Expenses                         | 61,432            | 55,993           | 9.7         | 98.5%         | 97.2%         | 21,184             | 19,721          | 7.4         | 102.0%        | 102.3%        |
| Dividends to Policyholders   | 3,041             | 2,945            | 3.3         | 4.9%          | 5.1%          | 955                | 924             | 3.4         | 4.6%          | 4.8%          |
| Amortization of Deferred Policy Acquisition Costs                        | 8,812             | 7,725            | 14.1        | 14.1%         | 13.4%         | 2,918              | 2,557           | 14.1        | 14.1%         | 13.3%         |
| Other Operating Expenses   | 8,193             | 8,158            | 0.4         | 13.1%         | 14.2%         | 1,416              | 2,727           | (48.1)      | 6.8%          | 14.2%         |
| <b>Total Benefits, Losses and Expenses</b>                               | <b>81,478</b>     | <b>74,821</b>    | <b>8.9</b>  | <b>130.6%</b> | <b>129.9%</b> | <b>26,473</b>      | <b>25,929</b>   | <b>2.1</b>  | <b>127.5%</b> | <b>134.6%</b> |
| Income Before Provision for Income Taxes                                 | 22,483            | 20,728           | 8.5         |               |               | 8,585              | 6,005           | 43.0        |               |               |
| Provision For Income Taxes   | 7,057             | 6,084            | 16.0        |               |               | 2,749              | 1,495           | 83.9        |               |               |
| Operating Income   | 15,426            | 14,644           | 5.3         |               |               | 5,836              | 4,510           | 29.4        |               |               |
| Realized Investment Gains, Net of Tax                                    | 3,428             | 3,103            | 10.5        |               |               | 1,224              | 1,367           | (10.5)      |               |               |
| <b>Net Income</b>  | <b>\$ 18,854</b>  | <b>\$ 17,747</b> | <b>6.2</b>  |               |               | <b>\$ 7,060</b>    | <b>\$ 5,877</b> | <b>20.1</b> |               |               |
| <b>Operating Income Per Share - Diluted</b>                              |                   |                  |             |               |               |                    |                 |             |               |               |
| Operating Income Per Share - Diluted                                     | \$ 0.19           | \$ 0.18          | 4.7         |               |               | \$ 0.07            | \$ 0.06         | 28.6        |               |               |
| <b>Net Income Per Share - Diluted</b>                                    |                   |                  |             |               |               |                    |                 |             |               |               |
| Net Income Per Share - Diluted   | \$ 0.23           | \$ 0.22          | 5.6         |               |               | \$ 0.09            | \$ 0.07         | 19.4        |               |               |
| <b>Operating Return on Equity</b>  |                   |                  |             |               |               |                    |                 |             |               |               |
| Operating Return on Equity   | 7.2%              | 7.2%             |             |               |               |                    |                 |             |               |               |
| <b>Return on Equity</b>  |                   |                  |             |               |               |                    |                 |             |               |               |
| Return on Equity   | 8.5%              | 8.5%             |             |               |               |                    |                 |             |               |               |
| <b>Other Key Information (all information presented on a STAT-basis)</b> |                   |                  |             |               |               |                    |                 |             |               |               |
| <b>Annualized New Business Premium by LOB</b>                            |                   |                  |             |               |               |                    |                 |             |               |               |
| Traditional Life   | \$ 9,789          | \$ 5,828         | 68.0        |               |               | \$ 2,602           | \$ 1,821        | 42.9        |               |               |
| Universal Life   | 2,832             | 3,188            | (11.2)      |               |               | 919                | 888             | 3.5         |               |               |
| Interest-sensitive Life  | 1,598             | 1,832            | (12.8)      |               |               | 548                | 579             | (5.4)       |               |               |
| <b>Total Issued New Business Premium by LOB</b>                          | <b>\$ 14,219</b>  | <b>\$ 10,848</b> | <b>31.1</b> |               |               | <b>\$ 4,069</b>    | <b>\$ 3,288</b> | <b>23.8</b> |               |               |
| <b>Annualized New Business Premium by Region</b>                         |                   |                  |             |               |               |                    |                 |             |               |               |
| Alabama  | \$ 12,343         | \$ 9,367         | 31.8        |               |               | \$ 3,553           | \$ 2,869        | 23.8        |               |               |
| Georgia  | 1,016             | 763              | 33.2        |               |               | 296                | 221             | 33.9        |               |               |
| Mississippi  | 860               | 718              | 19.8        |               |               | 220                | 198             | 11.1        |               |               |
| <b>Total Issued New Business Premium by Region</b>                       | <b>\$ 14,219</b>  | <b>\$ 10,848</b> | <b>31.1</b> |               |               | <b>\$ 4,069</b>    | <b>\$ 3,288</b> | <b>23.8</b> |               |               |
| <b>Actual vs. Expected Mortality Ratio *</b>                             |                   |                  |             |               |               |                    |                 |             |               |               |
| Actual vs. Expected Mortality Ratio *                                    | 103%              | 95%              |             |               |               | 103%               | 111%            |             |               |               |
| <b>Persistency Ratio *</b>   |                   |                  |             |               |               |                    |                 |             |               |               |
| Persistency Ratio *  | 91.0%             | 91.1%            |             |               |               |                    |                 |             |               |               |

Data may differ from actual due to rounding.

**ALFA CORPORATION**  
**NONINSURANCE SEGMENT (UNAUDITED)**  
(in thousands, except ratios and per share data)

|   | Nine Months Ended<br>September 30, |                 |               | Three Months Ended<br>September 30, |                |                |
|---|------------------------------------|-----------------|---------------|-------------------------------------|----------------|----------------|
|   | 2006                               | 2005            | % Change      | 2006                                | 2005           | % Change       |
| <b>INCOME STATEMENT</b>   |                                    |                 |               |                                     |                |                |
| <b>Revenues</b>   |                                    |                 |               |                                     |                |                |
| Equity Interest in MidCountry Financial (net of expense)                    | \$ 969                             | \$ 1,278        | (24.2)        | \$ 167                              | \$ 372         | (55.1)         |
| Loan Income (net of expense)  | (274)                              | 3,208           | (108.5)       | 3,045                               | 1,120          | 171.9          |
| Other Net Investment Income   | 71                                 | 1,774           | (96.0)        | 65                                  | 568            | (88.6)         |
| <b>Total Net Investment Income</b>  | <b>766</b>                         | <b>6,260</b>    | <b>(87.8)</b> | <b>3,277</b>                        | <b>2,060</b>   | <b>59.1</b>    |
| Fee/Commission Income - Agency Operations                                   | 27,787                             | 17,703          | 57.0          | 9,060                               | 5,869          | 54.4           |
| Other Income  | 921                                | 1,018           | (9.5)         | 258                                 | 258            | 0.0            |
| <b>Total Other Income</b>   | <b>28,708</b>                      | <b>18,721</b>   | <b>53.3</b>   | <b>9,318</b>                        | <b>6,127</b>   | <b>52.1</b>    |
| <b>Total Revenues</b>   | <b>29,474</b>                      | <b>24,981</b>   | <b>18.0</b>   | <b>12,595</b>                       | <b>8,187</b>   | <b>53.8</b>    |
| <b>Benefits, Losses and Expenses</b>  |                                    |                 |               |                                     |                |                |
| Claims and Settlement Expenses - Agency Operations                          | 2,575                              | 2,200           | 17.0          | 952                                 | 708            | 34.5           |
| Other Operating Expenses - Loan/Lease Operations                            | 3,814                              | 5,143           | (25.8)        | 1,470                               | 1,805          | (18.6)         |
| Other Operating Expenses - Agency Operations                                | 22,049                             | 15,465          | 42.6          | 6,824                               | 5,226          | 30.6           |
| Other Operating Expenses - Other Operations                                 | 811                                | 603             | 34.5          | 445                                 | 462            | (3.7)          |
| <b>Total Benefits, Losses and Expenses</b>                                  | <b>29,249</b>                      | <b>23,411</b>   | <b>24.9</b>   | <b>9,691</b>                        | <b>8,201</b>   | <b>18.2</b>    |
| Income Before Provision for Income Taxes                                    | 225                                | 1,570           | (85.7)        | 2,904                               | (14)           | 20,842.9       |
| Provision For Income Taxes  | 93                                 | 456             | (79.6)        | 968                                 | (46)           | 2,204.3        |
| <b>Operating Income</b>   | <b>132</b>                         | <b>1,114</b>    | <b>(88.2)</b> | <b>1,936</b>                        | <b>32</b>      | <b>5,950.0</b> |
| Realized Investment Gains (Losses), Net of Tax                              | (35)                               | 32              | (209.4)       | (7)                                 | 31             | (122.6)        |
| <b>Net Income</b>   | <b>\$ 97</b>                       | <b>\$ 1,146</b> | <b>(91.5)</b> | <b>\$ 1,929</b>                     | <b>\$ 63</b>   | <b>2,961.9</b> |
| <b>Operating Income Per Share - Diluted</b>                                 | <b>\$ 0.00</b>                     | <b>\$ 0.01</b>  | <b>(88.2)</b> | <b>\$ 0.02</b>                      | <b>\$ 0.00</b> | <b>5,911.5</b> |
| <b>Net Income Per Share - Diluted</b>                                       | <b>\$ 0.00</b>                     | <b>\$ 0.01</b>  | <b>(91.6)</b> | <b>\$ 0.02</b>                      | <b>\$ 0.00</b> | <b>2,942.4</b> |
| <b>Operating Return on Equity</b>   | <b>(1.2%)</b>                      | <b>(0.1%)</b>   |               |                                     |                |                |
| <b>Return on Equity</b>   | <b>(1.3%)</b>                      | <b>(0.1%)</b>   |               |                                     |                |                |
| <b>Other Key Information</b>  |                                    |                 |               |                                     |                |                |
|   | 9/30/06                            | 9/30/05         | % Change      |                                     |                |                |
| <i>Alfa Financial Corporation:</i>  |                                    |                 |               |                                     |                |                |
| Loan Portfolio  | \$ 129,927                         | \$ 122,323      | 6.2           |                                     |                |                |
| Loan Portfolio Yield *  | 7.79%                              | 7.30%           |               |                                     |                |                |
| Loan Gross Charge-offs  | \$ 4,177                           | \$ 582          |               |                                     |                |                |
| Loan Net Charge-offs  | \$ 4,114                           | \$ 478          |               |                                     |                |                |
| Loan Delinquency Ratio *  | 1.87%                              | 1.20%           |               |                                     |                |                |
| <i>MidCountry Financial Corporation:</i>                                    |                                    |                 |               |                                     |                |                |
| Carrying Value (42% and 43% ownership at 9/30/06 and 9/30/05, respectively) | \$ 55,888                          | \$ 53,614       | 4.2           |                                     |                |                |
| Equity in Net Earnings  | \$ 969                             | \$ 1,278        | (24.2)        |                                     |                |                |
| Return on Carried Value *   | 2.3%                               | 3.2%            |               |                                     |                |                |

Data may differ from actual due to rounding.

**ALFA CORPORATION**  
**CORPORATE SEGMENT AND ELIMINATIONS (UNAUDITED)**  
(in thousands, except ratios and per share data)

|  | Nine Months Ended<br>September 30, |            |          | Three Months Ended<br>September 30, |            |           |
|--|------------------------------------|------------|----------|-------------------------------------|------------|-----------|
|  | 2006                               | 2005       | % Change | 2006                                | 2005       | % Change  |
| <b>INCOME STATEMENT</b>                                |                                    |            |          |                                     |            |           |
| <b>Revenues</b>  |                                    |            |          |                                     |            |           |
| Investment Loss  | \$ (608)                           | \$ (1,168) | 47.9     | \$ (134)                            | \$ (441)   | 69.6      |
| Interest Expense                                       | (3,431)                            | (2,002)    | (71.4)   | (1,363)                             | (898)      | (51.8)    |
| Total Net Investment Loss                              | (4,039)                            | (3,170)    | (27.4)   | (1,497)                             | (1,339)    | (11.8)    |
| Other Income   | (18,210)                           | (8,365)    | (117.7)  | (5,391)                             | (3,484)    | (54.7)    |
| Total Revenues   | (22,249)                           | (11,535)   | (92.9)   | (6,888)                             | (4,823)    | (42.8)    |
| <b>Benefits, Losses and Expenses</b>                   |                                    |            |          |                                     |            |           |
| Claims and Settlement Expenses                         | (2,927)                            | (1,013)    | (188.9)  | (953)                               | (550)      | (73.3)    |
| Amortization of Deferred Policy Acquisition Costs      | (787)                              | (735)      | (7.1)    | -                                   | (400)      | 100.0     |
| Other Operating Expenses                               | (13,513)                           | (4,950)    | (173.0)  | (3,836)                             | (1,820)    | (110.8)   |
| Total Benefits, Claims, Losses and Settlement Expenses | (17,227)                           | (6,698)    | (157.2)  | (4,789)                             | (2,770)    | (72.9)    |
| Loss Before Provision for Income Taxes                 | (5,022)                            | (4,837)    | (3.8)    | (2,099)                             | (2,053)    | (2.2)     |
| Provision For Income Taxes                             | (1,757)                            | (248)      | (608.5)  | (734)                               | (44)       | (1,568.2) |
| Operating Income (Loss)                                | (3,265)                            | (4,589)    | 28.9     | (1,365)                             | (2,009)    | 32.1      |
| Realized Investment Gains (Losses), Net of Tax         | -                                  | -          | 0.0      | -                                   | -          | 0.0       |
| Net Income (Loss)                                      | \$ (3,265)                         | \$ (4,589) | 28.9     | \$ (1,365)                          | \$ (2,009) | 32.1      |
| Operating Income (Loss) Per Share - Diluted            | \$ (0.04)                          | \$ (0.06)  | 29.3     | \$ (0.02)                           | \$ (0.02)  | 32.5      |
| Net Income (Loss) Per Share - Diluted                  | \$ (0.04)                          | \$ (0.06)  | 29.3     | \$ (0.02)                           | \$ (0.02)  | 32.5      |

Data may differ from actual due to rounding.

**ALFA CORPORATION**  
**INVESTMENT PORTFOLIO**  
(in thousands, except ratios and per share data)

|   | Nine Months Ended<br>September 30, |                     |                      | Three Months Ended<br>September 30, |                   |            |
|---|------------------------------------|---------------------|----------------------|-------------------------------------|-------------------|------------|
|   | 2006                               | 2005                | % Change             | 2006                                | 2005              | % Change   |
| <b>Alfa Corporation Consolidated Investment Portfolio - Other Key Information</b> |                                    |                     |                      |                                     |                   |            |
| <i>Net Investment Income and Pre-tax Yield:</i>                                   |                                    |                     |                      |                                     |                   |            |
|   |                                    |                     |                      | <u>Yields</u>                       |                   |            |
|   |                                    |                     |                      | 2006                                | 2005              |            |
| Fixed Income Securities   | \$ 59,693                          | \$ 57,577           | 3.7                  | 5.7%                                | 5.9% <sup>1</sup> | \$ 20,741  |
| Equity Securities   | 2,927                              | 2,176               | 34.5                 | 3.3%                                | 2.7%              | \$ 19,251  |
| Collateral Loans  | 7,539                              | 6,180               | 22.0                 |                                     |                   | 7.7        |
| Commercial Leases   | 153                                | 4,805               | (96.8)               |                                     |                   | (11.4)     |
| Other Investment Income   | 16,717                             | 14,529              | 15.1                 |                                     |                   | 17.5       |
| Interest Expense  | (11,467)                           | (8,156)             | (40.6)               |                                     |                   | (96.4)     |
| Investment Expenses   | (8,454)                            | (6,602)             | (28.1)               |                                     |                   | 0.0        |
| Total Net Investment Income   | <u>\$ 67,108</u>                   | <u>\$ 70,509</u>    | <u>(4.8)</u>         |                                     |                   | <u>6.9</u> |
| <i>Investment Portfolio Composition:</i>  |                                    |                     |                      |                                     |                   |            |
|   |                                    | <u>9/30/06</u>      | <u>12/31/05</u>      |                                     |                   |            |
| Fixed Income Securities, by Rating: <sup>2</sup>                                  |                                    |                     |                      |                                     |                   |            |
|   | <i>NAIC Rated</i>                  |                     | <i>Moody's Rated</i> |                                     |                   |            |
|   | 1                                  |                     | Aaa/Aa/A             | \$ 1,353,511                        | \$ 1,288,015      | 5.1        |
|   | 2                                  |                     | Baa                  | 88,450                              | 105,351           | (16.0)     |
|   | 3                                  |                     | Ba                   | 16,003                              | 21,959            | (27.1)     |
|   | 4                                  |                     | B                    | -                                   | 4,471             | (100.0)    |
|   | 5                                  |                     | Caa                  | -                                   | -                 | 0.0        |
|   | 6                                  |                     | In or near default   | -                                   | -                 | 0.0        |
| Total Fixed Income Securities   |                                    | <u>1,457,964</u>    | <u>1,419,796</u>     |                                     |                   | 2.7        |
| Equity Securities   |                                    | 118,409             | 107,020              |                                     |                   | 10.6       |
| Collateral Loans  |                                    | 130,481             | 124,667              |                                     |                   | 4.7        |
| Commercial Leases   |                                    | 1,672               | 2,515                |                                     |                   | (33.5)     |
| Other Invested Assets   |                                    | <u>381,795</u>      | <u>347,382</u>       |                                     |                   | 9.9        |
| Total Investment Portfolio  |                                    | <u>\$ 2,090,321</u> | <u>\$ 2,001,380</u>  |                                     |                   | 4.4        |

<sup>1</sup> Yield on Fixed Income Securities is calculated as annualized income divided by the average of the beginning and end of period amortized investment balances for the same 12-month period, which exclude unrealized investment gains and losses.

<sup>2</sup> Investment Portfolio Composition values for Fixed Income Securities are based on fair value for available for sale securities and amortized value for held for investment securities.

Data may differ from actual due to rounding.

**ALFA CORPORATION**  
**QUARTERLY FINANCIAL SUPPLEMENT**  
**September 30, 2006**  
**(Unaudited)**

**Additional Information**

|                                   | 02:1Q         | 02:2Q       | 02:3Q         | 02:4Q       | 2002        |
|-----------------------------------|---------------|-------------|---------------|-------------|-------------|
| Pretax P&C Net Investment Income  | 7,747,433     | 8,375,695   | 7,176,169     | 7,134,749   | 30,434,046  |
| Pretax P&C Operating Income       | 17,393,023    | 14,283,409  | 13,309,248    | 19,211,125  | 64,196,805  |
| P&C Statutory Invested Assets     | 562,536,805   | 587,045,896 | 592,330,618   | 598,545,022 |             |
| P&C Statutory Surplus             | 276,936,440   | 274,268,630 | 285,198,181   | 291,296,304 |             |
| P&C Loss & LAE Reserves           | 140,547,346   | 144,370,368 | 145,867,486   | 145,808,225 |             |
| Pretax Life Net Investment Income | 11,482,042    | 11,673,726  | 12,057,548    | 12,076,982  | 47,290,298  |
| Pretax Life Operating Income      | 6,038,921     | 6,493,899   | 6,928,507     | 6,748,195   | 26,209,522  |
| Life Statutory Invested Assets    | 731,033,090   | 737,560,100 | 735,098,205   | 749,891,687 |             |
| Life Statutory Surplus            | 141,999,217   | 133,026,858 | 127,697,259   | 132,468,334 |             |
|                                   | 03:1Q         | 03:2Q       | 03:3Q         | 03:4Q       | 2003        |
| Pretax P&C Net Investment Income  | 6,910,185     | 7,653,547   | 7,423,546     | 6,516,131   | 28,503,409  |
| Pretax P&C Operating Income       | 20,276,043    | 16,813,874  | 16,415,815    | 16,120,258  | 69,625,990  |
| P&C Statutory Invested Assets     | 619,015,221   | 626,103,044 | 640,677,141   | 643,775,395 |             |
| P&C Statutory Surplus             | 300,514,053   | 308,384,829 | 314,946,117   | 323,362,342 |             |
| P&C Loss & LAE Reserves (1)       | 144,689,722   | 145,691,012 | 147,585,697   | 139,589,753 |             |
| Pretax Life Net Investment Income | 11,534,769    | 10,948,305  | 10,843,170    | 11,408,366  | 44,734,610  |
| Pretax Life Operating Income      | 5,630,299     | 6,071,633   | 5,514,256     | 9,528,981   | 26,745,169  |
| Life Statutory Invested Assets    | 771,143,631   | 809,472,299 | 808,833,684   | 823,345,514 |             |
| Life Statutory Surplus            | 127,075,494   | 130,374,293 | 133,237,013   | 144,834,065 |             |
|                                   | 04:1Q         | 04:2Q       | 04:3Q         | 04:4Q       | 2004        |
| Pretax P&C Net Investment Income  | 7,422,200     | 7,529,905   | 8,148,041     | 11,646,118  | 34,746,264  |
| Pretax P&C Operating Income       | 26,792,114    | 19,926,490  | 21,346,862    | 22,743,798  | 90,809,264  |
| P&C Statutory Invested Assets (2) | 663,386,315   | 668,080,084 | 722,795,981   | 716,630,234 |             |
| P&C Statutory Surplus             | 335,394,591   | 343,130,340 | 340,815,304   | 369,838,232 |             |
| P&C Loss & LAE Reserves (1)       | 144,839,184   | 144,417,593 | 151,118,973   | 150,856,684 |             |
| Pretax Life Net Investment Income | 11,464,207    | 12,070,627  | 13,044,596    | 12,549,202  | 49,128,632  |
| Pretax Life Operating Income      | 6,101,031     | 4,881,196   | 5,704,300     | 8,778,931   | 25,465,458  |
| Life Statutory Invested Assets    | 850,439,601   | 865,246,778 | 876,301,256   | 890,441,591 |             |
| Life Statutory Surplus            | 147,078,186   | 149,627,085 | 151,079,986   | 161,992,039 |             |
|                                   | 05:1Q         | 05:2Q       | 05:3Q         | 05:4Q       | 2005        |
| Pretax P&C Net Investment Income  | 9,310,764     | 8,926,932   | 11,232,799    | 10,729,178  | 40,199,673  |
| Pretax P&C Operating Income       | 19,002,266    | 33,255,773  | 29,255,953    | 24,178,448  | 105,692,440 |
| P&C Statutory Invested Assets (2) | 705,855,331   | 715,563,873 | 720,574,977   | 733,114,630 |             |
| P&C Statutory Surplus             | 372,285,887   | 385,401,304 | 398,052,284   | 407,475,146 |             |
| P&C Loss & LAE Reserves (1)       | 145,569,327   | 141,926,723 | 149,282,527   | 157,988,560 |             |
| Pretax Life Net Investment Income | 12,226,938    | 13,061,800  | 12,661,842    | 13,012,004  | 50,962,584  |
| Pretax Life Operating Income      | 7,722,260     | 7,001,604   | 6,004,445     | 9,749,301   | 30,477,610  |
| Life Statutory Invested Assets    | 923,042,022   | 932,889,527 | 957,943,993   | 957,658,384 |             |
| Life Statutory Surplus            | 163,786,697   | 167,102,347 | 171,890,971   | 177,189,239 |             |
|                                   | 06:1Q         | 06:2Q       | 06:3Q         | 06:4Q       | 2006        |
| Pretax P&C Net Investment Income  | 9,678,917     | 8,867,842   | 10,230,689    |             | 28,777,448  |
| Pretax P&C Operating Income       | 19,996,255    | 32,528,491  | 27,338,061    |             | 79,862,807  |
| P&C Statutory Invested Assets (2) | 781,525,886   | 792,053,522 | 789,965,735   |             |             |
| P&C Statutory Surplus             | 410,789,564   | 430,367,018 | 424,266,223   |             |             |
| P&C Loss & LAE Reserves (1)       | 163,390,031   | 161,008,518 | 164,960,736   |             |             |
| Pretax Life Net Investment Income | 13,590,101    | 13,716,250  | 14,296,140    |             | 41,602,491  |
| Pretax Life Operating Income      | 7,113,633     | 6,783,319   | 8,585,952     |             | 22,482,904  |
| Life Statutory Invested Assets    | 1,002,957,159 | 999,648,875 | 1,017,945,275 |             |             |
| Life Statutory Surplus            | 182,409,009   | 179,808,669 | 184,518,325   |             |             |

(1) P&C Loss & LAE Reserves for fourth quarter 2003, fourth quarter 2004 and periods beginning in 2005 include salvage and subrogation receivables.

(2) P&C Statutory Invested Assets for fourth quarter 2004 and periods beginning in 2005 reflect a reclassification of premium installment plan receivables into Accounts Receivable.

## Definitions of Non-GAAP, GAAP and Operating Measures

Management believes that disclosure of the following non-GAAP financial measures provides investors with meaningful tools to assess the Company's ongoing operations. Our methods of calculating these measures may differ from those used by other companies, thereby limiting comparability.

**Operating Income** is defined as net income excluding realized investment gains and losses, net of applicable taxes. Management uses operating income as a measure of the Company's ongoing profitability since it eliminates the effect of securities market volatility from earnings.

**Operating Income per Share** is defined as operating income divided by the weighted average shares outstanding for the reporting period. Management uses operating income per share as a measure of the Company's ongoing profitability since it eliminates the effect of securities market volatility from earnings.

**Operating Return on Equity (Current Period)** is defined as operating income for the trailing 12-month period divided by the simple average of the beginning and ending stockholders' equity of the same 12-month period.

**Operating Return on Equity (Prior Period)** is defined as operating income for the prior year divided by the simple average of the beginning and ending stockholders' equity of the same 12-month period.

**Return on Equity (Current Period)** is defined as net income for the trailing 12-month period divided by the simple average of the beginning and ending stockholders' equity of the same 12-month period.

**Return on Equity (Prior Period)** is defined as net income for the prior year divided by the simple average of the beginning and ending stockholders' equity of the same 12-month period.

Management uses the following GAAP ratios to measure the Company's ongoing operations. They are calculated as follows:

**Loss Ratio** is defined as incurred losses divided by earned premiums.

**Loss Adjustment Expense Ratio** is defined as loss adjustment expenses divided by earned premiums.

**Operating Expense Ratio** is defined as total operating expenses divided by earned premiums.

**Combined Ratio** is defined as the sum of the loss ratio, the loss adjustment expense ratio and the expense ratio or the sum of incurred losses, loss adjustment expenses and total operating expenses divided by earned premiums.

Management uses the following operating statistics to measure components of the Company's ongoing operations. They are calculated as follows:

**Lapse Ratio** is defined as the number of policies lapsing as a percentage of billings produced during a stated time period.

**Actual vs. Expected Mortality Ratio** is defined as benefit payments divided by the actuarially estimated benefit payments for the stated time period.

**Persistency Ratio** is defined as the annualized premium of policies in force at the end of the period as a percentage of the annualized premium paid at the end of the period.

**Loan Portfolio Yield** is defined as annualized interest income divided by the loan portfolio balance.

**Loan Delinquency Ratio** is defined as the amount of loans 30 or more days past due divided by the loan portfolio balance.

**Return on Carried Value** is defined as equity in net earnings divided by the simple average of beginning and end of period carrying value.

Certain amounts in prior periods have been reclassified to conform to the presentation adopted in the current period. Such reclassifications did not impact earnings.