

NASDAQ OMX Copenhagen A/S
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Date 26 February 2009
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Announcement no. 2/2009
Alm. Brand Bank A/S

Alm. Brand Bank A/S – Annual Report 2008

Highlights

- **Net interest income was up 19 % in Q4 as compared with the year-earlier period. Growth amounted to 16% for the full year 2008, in spite of a decline in the bank's loans and advances from DKK 18.0bn to DKK 17.2bn.**
- **Impairment of loans totalled an expense of DKK 362m in Q4 2008. The total impairment charge for 2008 was DKK 464m.**
- **The bank recorded a loss before tax of DKK 392m in Q4, which was not satisfactory. The full-year loss amounted to DKK 532m before tax. The performance fell significantly short of the guidance provided in the interim financial statements for the third quarter of 2008.**
- **The bank has adapted its strategy in response to the changed market conditions, including by launching a number of measures to reduce its risk exposure and enhance profitability going forward. The bank anticipates a decline in the portfolio of loans and advances and an increase in deposits in 2009.**
- **The bank expects to generate profit in the region of DKK 50m before tax and impairment in 2009.**
- **In the fourth quarter of 2008, the bank strengthened its capital base by raising subordinated loan capital of DKK 550m with Alm. Brand A/S. In addition, the bank expects to apply for an injection of hybrid tier 1 capital under the Danish act on state-funded capital injections into credit institutions.**

Other highlights of 2008:

- Alm. Brand Bank posted a loss of DKK 532m before tax against a profit of DKK 196m in 2007.
- The performance was favourably affected by a 16% increase in net interest income. Net interest income continued to increase in the fourth quarter.

- The performance was adversely impacted by significant credit losses and writedowns on the portfolio of loans and advances. The losses accelerated in the fourth quarter, primarily as a result of the downturn in the property market and the financial markets. Moreover, the bank incurred substantial capital losses on its securities portfolio in 2008 due to the financial market turmoil.
- In order to improve earnings, the bank has implemented a range of measures to enhance efficiency while also seeking to increase the interest margin. The initial effects of these measures can be seen in that the bank's net interest income is increasing in spite of declining loans and advances and in that the bank's costs fell by 9% in the fourth quarter relative to the same period of 2007.
- The bank expects to generate profit in the region of DKK 50m before tax and impairment in 2009. This forecast includes a total expense in the order of DKK 200m to cover the bank's share of the Private Contingency Association (the first bank package) and to participate in the second bank package. The bank maintains its expectations of recognising substantial impairment losses in 2009, but because the current economic setting is subject to a high degree of uncertainty with respect to the amount of such impairment losses, the bank has chosen to announce its financial guidance before impairment.
- The bank expects its overall portfolio of loans and advances to decline in 2009. In some parts of the wholesale lending business, the fall seen in recent quarters is expected to continue. In particular, certain cyclical customer arrangements, including commercial mortgage deeds and security financing, will be wound up. On the other hand, the bank expects to focus increasingly on private sector customers, including not least full-service and multi-product customers. In that connection, the general manager of the retail bank, Bo Chr. Alberg, has been appointed new member of the bank's Management Board and of the Alm. Brand Group's management.

Accordingly, the wholesale bank will suspend its expansive strategy and focus on Alm. Brand Markets as well as on supporting the group's many investment customers as the financial crisis wears on. As a result, an agreement has been made with Managing Director and member of the bank's Management Board, Peter Reedtz, that he will resign his position with the bank.

Please direct any questions regarding this announcement to Henrik Nordam, Chief Executive, on tel. +45 35 47 48 49.

Alm. Brand Bank A/S

Henrik Nordam
Chief Executive