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**Announcement no. 5/2008**  
**Alm. Brand Bank A/S**

## **Alm. Brand Bank A/S - Interim report for the first half of 2008**

### **The half-year at a glance**

- **Loss of DKK 98m not satisfactory**
- **Primarily attributable to substantial capital losses on securities**
- **Higher, but still limited credit losses**
- **Positive trend in core banking activities**
- **Strong cash position**
- **Profit downgrade to a loss of DKK 15m for the full year**

The half-year performance was not satisfactory and was mainly attributable to capital losses on the bank's portfolio of securities as a result of higher interest rates and general turmoil in the financial markets. Capital losses in H1 2008 were DKK 153m, of which DKK 100m related to losses resulting from developments in fixed-income markets. The bank has a relatively large exposure to Danish mortgage bonds, while at the same time making investments in anticipation of falling interest rates. Of the total capital losses, an amount of DKK 32m related to losses and writedowns on mortgage deeds and the remaining DKK 21m related to capital losses on equities, exchange rates etc.

The bank has a healthy lending portfolio and writedowns on loans and advances amounted to an expense of DKK 4m in the first half-year of 2008. In addition, the bank recorded a negative value adjustment of DKK 32m on the bank's mortgage deed portfolio as a result of actual and expected credit losses, primarily on commercial mortgage deeds. Accordingly, credit losses charged to the income statement in the first six months of the year totalled DKK 36m, corresponding to 0.2% of the average lending and guarantee portfolio.

Core banking operations developed positively, posting earnings growth at the rate of 9% relative to H1 2007 and growth in costs of 8%. The interest margin rose from 1.6% p.a. in the first quarter of the year to 2.0 % p.a. in the second quarter. Trading income in Alm. Brand Markets developed satisfactorily in spite of the difficult market conditions.

In a move to improve its earnings, the bank has launched a number of efficiency-enhancing activities and, moreover, the bank reduced its exposure to market risks.

The bank has a strong cash position. Cash stood at DKK 5bn at 30 June 2008, corresponding to 203% of the statutory requirement. There is no need to raise long-term interbank loans during the coming 12-month period.

The profit forecast for the full year 2008 is downgraded from a profit of DKK 130m to a loss of DKK 15m. The revised guidance is mainly attributable to capital losses on securities and mortgage deeds suffered in the second quarter of the year and to a revised forecast for credit losses during the remainder of the year.

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

Yours sincerely,

Alm. Brand Bank A/S

*Henrik Nordam*  
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