



## ALM. BRAND BANK A/S

INTERIM REPORT

- THE THIRD QUARTER OF 2008

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

**Christian N.B. Ulrich**, Chairman  
**Jørgen H. Mikkelsen**, Deputy Chairman  
**Christian Hjorth-Andersen**  
**Søren Boe Mortensen**  
**Ole Bach**, elected by the employees  
**Mark Oswald**, elected by the employees

### AUDITOR

Deloitte, Statsautoriseret Revisionsaktieselskab

### INTERNAL AUDIT

Poul-Erik Winther, Head of Internal Audit

### EXECUTIVE BOARD

**Henrik Nordam**, Chief Executive  
**Peter Reedtz**, Managing Director

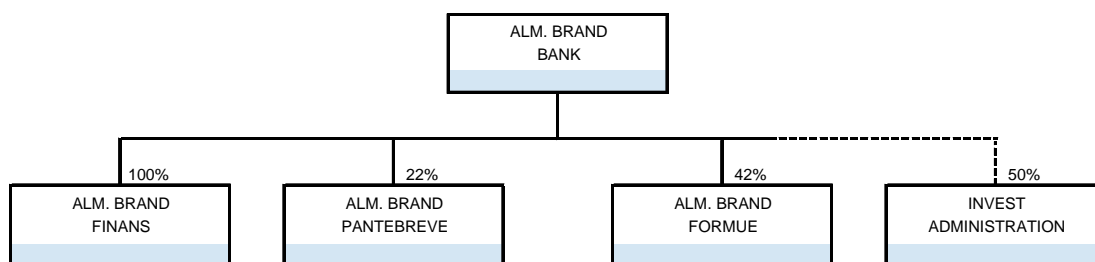
### ADDRESS

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### REGISTRATION

Alm. Brand Bank A/S  
Registration Number CVR 81 75 35 12

## GROUP STRUCTURE



The bank has three subsidiaries:  
Alm. Brand Finans A/S  
Alm. Brand Pantebreve A/S  
Alm. Brand Formue A/S

In addition, the bank acts as depositary bank for:  
Investeringsforeningen Alm. Brand Invest  
Specialforeningen Henton Invest

The bank also has investments in a joint venture:  
Invest Administration A/S

The consolidated financial statements of Alm. Brand Bank A/S are a component of the consolidated financial statements of Alm. Brand A/S and Alm. Brand af 1792 fmba.

## FINANCIAL HIGHLIGHTS AND KEY RATIOS

	PRO RATA					GROUP				
	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	Year 2007	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007	Year 2007
<b>DKK million</b>										
<b>INCOME STATEMENT</b>										
Interest receivable	376	307	1.121	868	1.206	382	317	1.144	891	1.237
Interest payable	267	214	800	587	832	271	216	809	596	842
<b>Net interest income</b>	<b>109</b>	<b>93</b>	<b>321</b>	<b>281</b>	<b>374</b>	<b>111</b>	<b>101</b>	<b>335</b>	<b>295</b>	<b>395</b>
Net fee and commission income and dividends etc.	51	46	162	155	210	50	44	162	155	207
<b>Net interest and fee income</b>	<b>160</b>	<b>139</b>	<b>483</b>	<b>436</b>	<b>584</b>	<b>161</b>	<b>145</b>	<b>497</b>	<b>450</b>	<b>602</b>
Value adjustments	-58	40	-211	65	70	-117	53	-400	76	52
Other operating income	2	3	10	9	12	3	3	10	9	12
<b>Profit on ordinary activities before expenses</b>	<b>104</b>	<b>182</b>	<b>282</b>	<b>510</b>	<b>666</b>	<b>47</b>	<b>201</b>	<b>107</b>	<b>535</b>	<b>666</b>
Operating expenses and depreciation	119	116	397	374	515	122	118	404	379	521
Write-downs of loans, advances and receivables etc.	35	0	39	-42	-50	35	0	39	-42	-50
Profit/loss on participating interests	8	2	14	0	-5	8	2	14	0	-5
<b>Profit on activities before tax</b>	<b>-42</b>	<b>68</b>	<b>-140</b>	<b>178</b>	<b>196</b>	<b>-102</b>	<b>85</b>	<b>-322</b>	<b>198</b>	<b>190</b>
Tax	-2	9	-22	43	48	-6	6	-47	28	33
<b>Profit for the period</b>	<b>-40</b>	<b>59</b>	<b>-118</b>	<b>135</b>	<b>148</b>	<b>-96</b>	<b>79</b>	<b>-275</b>	<b>170</b>	<b>157</b>
Profit attributable to minority interests	-	-	-	-	-	-56	20	-157	35	9
<b>Profit after tax exclusive minorities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-40</b>	<b>59</b>	<b>-118</b>	<b>135</b>	<b>148</b>
Profit before tax exclusive minorities	-	-	-	-	-	-42	68	-140	178	196
<b>BALANCE SHEET</b>										
Loans and advances	17.635	16.975	17.635	16.975	18.006	17.549	16.152	17.549	16.152	17.116
Deposits	11.078	10.532	11.078	10.532	11.759	11.078	10.532	11.078	10.532	11.758
Shareholders' equity	1.246	1.351	1.246	1.351	1.365	1.608	1.988	1.608	1.988	1.917
Of which attributable to minority interests	-	-	-	-	-	361	637	361	637	552
<b>Total assets</b>	<b>23.615</b>	<b>23.059</b>	<b>23.615</b>	<b>23.059</b>	<b>25.048</b>	<b>24.146</b>	<b>23.911</b>	<b>24.146</b>	<b>23.911</b>	<b>25.785</b>
<b>KEY RATIOS ETC.</b>										
Average number of employees, full-time equivalents	380	382	382	372	374	381	383	383	373	374
Net interest margin p.a.	-	-	-	-	-	1,8%	1,7%	1,8%	1,8%	1,7%
Income/cost ratio	0,73	1,59	0,68	1,53	1,42	0,35	1,73	0,27	1,59	1,40
Impairment ratio	0,2%	0,0%	0,7%	-0,1%	-0,3%	0,2%	0,0%	0,7%	-0,2%	-0,3%
Solvency ratio	-	-	-	-	-	11,7%	12,2%	11,7%	12,2%	11,7%
Return on equity before tax p.a.	-13,3%	20,6%	-14,3%	18,5%	15,2%	-13,3%	20,6%	-14,3%	18,5%	15,2%
Return on equity after tax p.a.	-12,7%	17,8%	-12,1%	14,0%	11,5%	-12,7%	17,8%	-12,1%	14,0%	11,5%
Return in excess of the money market rate	-18,7%	16,4%	-5,1%	14,5%	10,7%	-18,7%	16,4%	-5,1%	14,5%	10,7%

Financial highlights and key ratios have been calculated in accordance with the executive order on the presentation of financial reports by credit institutions and investment companies etc., the guidelines issued by the Danish Financial Supervisory Authority and recommendations from the Danish Society of Financial Analysts.

## REPORT

In order to increase the transparency of Alm. Brand Bank's financial statements, the bank publishes pro rata consolidated figures (i.e. excluding minorities). The numbers are set out in the financial highlights and key ratios above and, unless otherwise indicated, the comments provided in the text below are for pro-rata numbers. Banking group numbers (i.e. not pro rata) are commented on only when found relevant.

### Financial results

The bank posted a pre-tax loss of DKK 42 million in Q3 2008, as compared with a profit of DKK 68 million in the year-earlier period.

The year-to-date loss before tax was DKK 140 million, against a DKK 178 million profit for the first nine months of 2007. The year-to-date performance equals a negative return on equity before tax of 14% p.a., relative to a positive return on equity of 19% in the same period of last year.

The financial results were favourably affected by a strong EBITDA performance.

Nevertheless, the performance fell significantly short of expectations, partly attributable to large capital losses on the bank's portfolio of securities triggered by rising interest rates and the volatile financial markets and partly to an increase in writedowns in the third quarter.

The performance was not satisfactory.

#### *Net interest and fee income*

Net interest and fee income totalled DKK 160 million, a 15% increase from DKK 139 million in Q3 2007. The year-to-date net interest and fee income was DKK 483 million, against DKK 436 million in the first nine months of 2007.

The banking group had an interest margin of 1.8% in Q3 2008, which was on a par with the same period of 2007. The 9M interest margin was 1.8%.

Interest income was favourably influenced by growth in the bank's lending activities as compared with Q3 2007 and by the bank raising its lending rates to improve its profitability and cover the growing funding costs. Accordingly, the customer interest margin has increased in 2008. The bank's total interest margin was on a par with that of 31 December 2007 mainly because the investment rate of the bank's cash resources in Danmarks Nationalbank was relatively low compared with the prevailing deposit rates.

The bank is working proactively to improve its interest income and, most recently in October 2008, readjusted the interest rates paid to customers, which is expected to enhance interest income in the fourth quarter.

Fee income performed satisfactorily, increasing slightly relative to the year-earlier period. The performance was mainly attributable to the strong performance of Alm. Brand Markets, which recorded satisfactory trading income in spite of difficult market conditions.

#### *Value adjustments*

Value adjustments in Q3 2008 amounted to a loss of DKK 58 million, against a gain of DKK 40 million in the year-earlier period. An amount of DKK 31 million of the total capital loss was attributable to credit writedowns on mortgage deeds as a result of actual or anticipated losses. Interest-related value adjustments amounted to a loss of DKK 22 million in Q3, primarily attributable to rising interest rates, whereas equity-related value adjustments totalled a loss of DKK 5 million.

Year-to-date value adjustments amounted to DKK 211 million at 30 September 2008. Overall credit writedowns on mortgage deeds in the bank's portfolio amounted to DKK 63 million. Interest-related value adjustments totalled a loss of DKK 124 million, whereas other value adjustments on shares and foreign exchange totalled a loss of DKK 24 million.

#### *Expenses*

Total costs for Q3 2008 amounted to DKK 119 million, against DKK 116 million for the same period of last year.

The income/cost ratio was 0.73 in Q3 2008, against 1.59 in the third quarter of 2007.

The bank has launched a number of efficiency-enhancing activities intended to reduce costs.

#### *Impairment of loans, etc.*

The bank's total writedowns and losses amounted to DKK 66 million in Q3 2008. Out of this amount, DKK 27 million related to security financing, while credit writedowns on commercial and home mortgages accounted for DKK 25 million and DKK 6 million, respectively. Credit writedowns on mortgages are recognised under value adjustments. Losses and writedowns on the bank's other commitments totalled DKK 8 million.

Year-to-date writedowns totalled DKK 102 million at 30 September 2008. Credit writedowns of commercial and home mortgages amounted to DKK 51 million and DKK 12 million, respectively,

## REPORT

whereas writedowns of security financing accounted for DKK 28 million of this amount. Property development projects and other commercial property amounted to DKK 19 million and DKK 10 million, respectively.

The scope of writedowns has proven to be significantly worse than expected. The bank's portfolio is characterised by largely all loans and advances being backed by significant collateral, typically in the form of real property or securities. The unexpected performance was triggered by the unforeseen and severe financial crisis, which brought about interest rate increases and illiquidity in the market at the same time. Within a short period of time, the high interest rates undermined the operating results of the underlying collateral and, combined with market illiquidity, this significantly reduced the collateral value.

As a result of the very difficult market conditions, the bank has decided to withdraw from the market for mortgage deeds secured against large investment properties. The portfolio will be phased out over the next couple of years. The anticipated losses and writedowns in this segment have been included in the profit guidance for the full year.

Appendix A includes a detailed breakdown of the bank's lending portfolio indicating lending volumes and credit loss per segment.

The banking group's accumulated writedowns on loans, advances and guarantees totalled DKK 158 million at 30 September 2008, which corresponds to an accumulated impairment ratio of 0.8 against 0.7 at 30 September 2007 and 0.7 at 31 December 2007.

### Balance sheet

#### *Loans, advances and deposits*

Loans and advances totalled DKK 17.6 billion at 30 September 2008, an increase of DKK 0.6 billion relative to the same period of 2007.

Compared with 30 June 2008, total loans and advances declined by DKK 0.5 billion. In recent months, the bank thus reduced its loans and advances due to the financial crisis and to a wish to reduce the bank's property market exposure. Also, a number of major loans were repaid.

The bank expects to continue reducing its total lending during the remainder of 2008. It also expects to increase the diversification of its portfolio of loans and advances as a result of the anticipated sustained growth in loans and

advances to the Alm. Brand Group's private customers.

Deposits totalled DKK 11.1 billion at 30 September 2008, against DKK 11.8 billion at 30 June 2008.

#### *Capital*

The bank's equity stood at DKK 1.2 billion at 30 September 2008. The capital base was DKK 1.8 billion.

Similarly, the banking group's equity stood at DKK 1.6 billion at 30 September 2008, whereas the capital base totalled DKK 2.1 billion. The banking group had a solvency ratio of 11.7 and a tier 1 ratio of 8.9.

### Major events

#### *Continued growth in private lines*

In Q3 2008, the bank experienced a net inflow of 7% in the private customer segment relative to 30 September 2007, bringing the total number of private customers in the bank to more than 86,000. The Alm. Brand Group's multiproduct customer concept, the *dobbeltKUNDE* concept, also recorded growth. Accordingly, the number of multiproduct customers rose by more than 20% as compared with 30 September 2007.

#### *Cash flow*

At the beginning of the year, the bank launched a deposit campaign targeting the retail segment which attracted new deposit funds of just over DKK 1.8 billion. The new deposits primarily came from individual private customers and thus further diversified the deposit portfolio.

The bank maintains a strong cash position. Cash made up in accordance with section 152 of the Danish Financial Business Act stood at DKK 4.2 billion at 30 September 2008, representing an overcollateralisation of DKK 1.8 billion or 179% of the statutory requirement.

The bank has a stable long-term interbank funding of DKK 8.5 billion, of which the only amounts falling due for payment within the next 12 months are DKK 560 million in December 2008 and DKK 1,350 million in September 2009. According to the bank's cash budget, Alm. Brand Bank will not be required to take up new long-term loans in the international money markets during the remainder of 2008 or during 2009.

## REPORT

### Events after the balance sheet date

#### *State-backed guarantee scheme*

The bank has retained its membership of the Private Contingency Association and is therefore comprised by the state-backed guarantee scheme, which runs for the next two years.

Alm. Brand Bank A/S' estimated share totals a guarantee commission of DKK 150 million, an additional loss guarantee of up to DKK 100 million and an increased guarantee commission of DKK 100 million.

The scheme is expected to reduce the bank's financial performance by approximately DKK 20 million during the remainder of 2008 and by around DKK 75 million in 2009.

#### *Subordinate loan capital raised*

Alm. Brand Bank A/S raised subordinate loan capital of DKK 300 million from Alm. Brand A/S on 13 October 2008 in order to strengthen its capital base to counter the adverse impact of the very volatile financial markets.

All other things being equal, the subordinate loan capital raised will increase the bank's solvency by 1.6 percentage point.

#### *Capital reduction in Alm. Brand Formue A/S*

At the extraordinary general meeting of Alm. Brand Formue A/S held on 9 July 2008, the shareholders resolved to reduce the company's share capital by a nominal amount of DKK 110,000,000 in a directed share buyback at a price of DKK 118.70.

However, as a result of recent developments in the global equity and fixed income markets, the company does not meet the conditions of the

Danish Public Companies Act, since at the current price level the company's shareholders' equity would not be able to fully cover its share capital after a capital reduction.

A capital reduction will be implemented as and when the company meets the conditions of the Danish Public Companies Act. If a capital reduction cannot be implemented by 10 July 2009, the resolution to go through with the capital reduction will lapse.

### Outlook

As announced on 22 October 2008, the bank expects a full-year loss of DKK 250 million.

The unsatisfactory profit forecast is based partly on the adverse equity market developments and rising interest rates, which could result in capital losses on the securities portfolio, and partly on the deteriorating economic conditions in Denmark, which entail writedowns of the bank's portfolio of loans and advances.

Total writedowns, including credit writedowns of mortgage deeds, are expected to amount to DKK 200 million for the full year. As indicated above, the year-to-date writedowns totalled DKK 102 million, and the bank's forecast thus includes additional writedowns of loans and advances in the amount of almost DKK 100 million in the fourth quarter.

Finally, the profit guidance for the bank is reduced by a guarantee commission payment of approximately DKK 20 million to the state-backed scheme to safeguard depositors and simple creditors.

#### **Disclaimer**

Forecasts are based on the level of interest rates prevailing at mid-November 2008. All forward-looking statements are based exclusively on the information available when this interim report was released.

The performance may be affected by major changes in a number of areas. Such impacts include changes in economic conditions, changes in the financial markets, legislative changes, changes in the competitive environment, loans and advances, etc. and guarantees, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

This interim report has been translated from Danish into English. In the event of any discrepancy between the Danish text and the English-language translation, the Danish text shall prevail.

## STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today reviewed and adopted the interim report for the six months ended 30 September 2008 of Alm. Brand Bank A/S.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act and Danish accounting standards. In addition, the interim report has been presented in accordance with additional Danish disclosure requirements for listed financial enterprises.

In our opinion, the accounting policies applied are appropriate, and the interim report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 September 2008 and of the results of the group's and the parent company's operations and the cash flow of the group for the financial period ended 30 September 2008.

The management's review also gives a true and fair view of developments in the activities and financial position of the group.

### Executive Board

Copenhagen, 19 November 2008

**Henrik Nordam**  
Chief Executive

**Peter Reedtz**  
Managing Director

### Board of Directors

Copenhagen, 19 November 2008

**Christian N.B. Ulrich**  
Chairman

**Jørgen H. Mikkelsen**  
Deputy Chairman

**Christian Hjorth-Andersen**

**Søren Boe Mortensen**

**Ole Bach**

**Mark Oswald**

## ACCOUNTING POLICIES GROUP

The interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU. The parent company financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the executive order on financial reports presented by credit institutions and investment companies and Danish accounting standards.

In addition, the interim report has been prepared in accordance with additional Danish disclosure requirements for listed financial companies.

The accounting policies are unchanged as compared with the annual report for 2007.

The interim report for the first nine months of 2008 is unaudited.

## INCOME STATEMENT

DKK '000	Note	Group		
		Q1-Q3 2008	Q1-Q3 2007	Year 2007
Interest receivable	1	1.143.885	890.994	1.237.008
Interest payable	2	809.319	596.191	841.959
<b>Net interest income</b>		<b>334.566</b>	<b>294.803</b>	<b>395.049</b>
Dividend on participating interests		13.398	14.052	15.227
Fees and commissions receivable		179.367	164.477	231.223
Fees and commissions payable		30.685	23.551	39.110
<b>Net interest and fee income</b>		<b>496.646</b>	<b>449.781</b>	<b>602.389</b>
Value adjustments	3	-400.467	76.622	51.803
Other operating income		10.706	9.009	12.498
<b>Profit before expenses</b>		<b>106.885</b>	<b>535.412</b>	<b>666.690</b>
Staff costs and administrative expenses	4	400.624	376.933	518.855
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		1.662	1.793	2.321
Other ordinary expenses		2.048	-	-
Impairment of loans, advances and receivables, etc.	5	38.574	-41.975	-50.240
Profit from participating interests in associated and group undertakings		13.924	-379	-5.365
<b>Profit before tax</b>		<b>-322.099</b>	<b>198.282</b>	<b>190.389</b>
Tax		-47.282	28.519	33.876
<b>Profit for the period</b>		<b>-274.817</b>	<b>169.763</b>	<b>156.513</b>
<b>The profit for the period will be allocated as follows:</b>				
Share attributable to Alm. Brand Bank		-118.174	134.605	147.997
Share attributable to minority interests		-156.643	35.158	8.516
<b>Total</b>		<b>-274.817</b>	<b>169.763</b>	<b>156.513</b>

**BALANCE SHEET****Group**

<b>DKK '000</b>	<b>Note</b>	<b>30.09.2008</b>	<b>30.09.2007</b>	<b>31.12.2007</b>
<b>ASSETS</b>				
Cash in hand and receivables at call from central banks		34.905	287.444	441.883
Receivables from credit institutions and central banks		1.916.016	1.957.709	1.711.783
Loans, advances and other receivables at fair value		2.716.384	2.744.903	2.875.667
Loans, advances and other receivables at amortised cost		14.832.960	13.406.873	14.240.784
Bonds at fair value		3.166.554	3.786.574	4.875.107
Shares etc.		640.286	899.409	841.993
Participating interests in associated undertakings		8.225	21.577	24.770
Participating interests in group undertakings		0	2.728	6.316
Intangible assets		73.917	62.300	62.573
Other property, plant and equipment		12.113	9.295	9.166
Current tax assets		101.222	54.706	38.781
Deferred tax assets		60.175	93.711	73.540
Assets acquired temporarily		25.092	9.159	14.320
Other assets		549.504	567.163	555.728
Prepayments		8.795	7.211	12.523
<b>Total assets</b>		<b>24.146.148</b>	<b>23.910.762</b>	<b>25.784.934</b>

## BALANCE SHEET

Group

DKK '000	Note	30.09.2008	30.09.2007	31.12.2007
<b>LIABILITIES AND EQUITY</b>				
<b>Payables</b>				
Payables to credit institutions and central banks		8.818.899	8.151.565	8.852.034
Deposits and other payables		11.077.830	10.531.618	11.758.167
Issued bonds		1.342.614	1.447.710	1.401.799
Current tax liabilities		4.042	-	-
Other liabilities		606.885	1.096.242	1.159.311
Deferred income		14.611	19.703	22.417
<b>Total payables</b>		<b>21.864.881</b>	<b>21.246.838</b>	<b>23.193.728</b>
<b>Provisions</b>				
Provisions for pensions and similar liabilities		5.736	7.805	6.210
<b>Total provisions</b>		<b>5.736</b>	<b>7.805</b>	<b>6.210</b>
<b>Subordinated debt</b>				
	6			
Supplementary capital		500.000	500.000	500.000
Hybrid Tier 1 capital		167.804	167.954	168.028
<b>Total subordinated debt</b>		<b>667.804</b>	<b>667.954</b>	<b>668.028</b>
<b>Shareholders' equity</b>				
Share capital		351.000	351.000	351.000
Retained earnings		895.483	1.000.265	1.013.657
Minority interests		361.244	636.900	552.311
<b>Total shareholders' equity</b>		<b>1.607.727</b>	<b>1.988.165</b>	<b>1.916.968</b>
<b>Total liabilities and equity</b>		<b>24.146.148</b>	<b>23.910.762</b>	<b>25.784.934</b>

## STATEMENT OF CHANGES IN EQUITY

DKK '000	Parent company				Group	
	Share capital	Other reserves	Retained earnings	Total	Minority interests	Total
<b>Shareholders' equity at 1 January 2007</b>	351.000	320.963	544.697	1.216.660	568.672	1.785.332
<b>Equity movements in 2007</b>						
Other change in respect of subsidiaries				-	-24.877	-24.877
Profit for the year		15.659	132.338	147.997	8.516	156.513
<b>Comprehensive income in 2007</b>	-	15.659	132.338	147.997	-16.361	131.636
Dividend paid				-		-
<b>Total equity movements in 2007</b>	-	15.659	132.338	147.997	-16.361	131.636
<b>Shareholders' equity at 31 December 2007</b>	351.000	336.622	677.035	1.364.657	552.311	1.916.968
<b>Shareholders' equity at 1 January 2008</b>	351.000	336.622	677.035	1.364.657	552.311	1.916.968
<b>Equity movements in 2008</b>						
Dividend subsidiaries		-50.000	50.000	-		-
Other change in respect of subsidiaries				-	-34.424	-34.424
Profit for the period			-118.174	-118.174	-156.643	-274.817
<b>Comprehensive income in 2008</b>	-	-50.000	-68.174	-118.174	-191.067	-309.241
Dividend paid				-		-
<b>Total equity movements in 2008</b>	-	-50.000	-68.174	-118.174	-191.067	-309.241
<b>Shareholders' equity at 30 September 2008</b>	351.000	286.622	608.861	1.246.483	361.244	1.607.727

**CASH FLOW STATEMENT**

DKK '000	Group		
	Q1-Q3 2008	Q1-Q3 2007	Year 2007
<b>Operating activities</b>			
Profit for the period before tax	-322.099	198.282	190.389
Tax paid during the period	-	-	28.685
Adjustment for amounts with no cash flow impact:			
Other adjustments to cash flows from operating activities	261.704	-214.938	-157.003
Total, operating activities	-60.395	-16.656	62.071
<b>Working capital</b>			
Loans and advances, etc.	-589.765	-2.978.189	-3.933.408
Deposits	-680.337	983.325	2.209.875
Bonds	1.105.942	1.166.713	37.964
Shares	45.564	86.130	67.718
Total, working capital	-118.596	-742.021	-1.617.851
<b>Investing activities</b>			
Investments in associates	30.469	-11.384	-10.556
Investments in group enterprises	6.317	-2.555	-6.066
Intangible assets	-11.344	-10.574	-10.847
Property, plant and equipment	-4.608	-841	-1.239
Total, investing activities	20.834	-25.354	-28.708
<b>Financing activities</b>			
Payables to credit institutions	-44.588	1.435.659	2.144.629
Bonds issued	-	327.033	327.033
Hybrid Tier 1 capital	-	200.000	200.000
Total, financing activities	-44.588	1.962.692	2.671.662
<b>Change in cash and cash equivalents</b>	-202.745	1.178.661	1.087.174
Cash and cash equivalents, beginning of period	2.153.666	1.066.492	1.066.492
Change in cash and cash equivalents	-202.745	1.178.661	1.087.174
Cash and cash equivalents, end of period	1.950.921	2.245.153	2.153.666
<b>Cash and cash equivalents, end of period</b>			
Cash and balances due from central banks	34.905	287.444	441.883
Balances due from credit institutions less than 3 months	1.916.016	1.957.709	1.711.783
Cash and cash equivalents, end of period	1.950.921	2.245.153	2.153.666

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Group		
	Q1-Q3 2008	Q1-Q3 2007	Year 2007
<b>NOTE 1 Interest receivable</b>			
Receivables from credit institutions and central banks	55.669	47.512	66.256
Loans, advances and other receivables	894.836	676.468	943.747
Bonds	153.244	142.282	190.312
Total derivatives	40.136	24.386	36.613
Of which:			
Currency contracts	39.543	29.940	41.253
Interest rate contracts	593	-5.554	-4.640
Other interest receivable	0	346	80
Total interest receivable	1.143.885	890.994	1.237.008
Interest receivable from genuine purchase and resale transactions:			
Balances due from credit institutions and central banks	4.890	15.108	17.695
Loans, advances and other receivables	7.094	7.857	10.195
<b>NOTE 2 Interest payable</b>			
Credit institutions and central banks	312.392	253.542	359.721
Deposits and other payables	397.574	269.750	379.725
Issued bonds	67.316	48.501	68.501
Subordinated debt	31.063	22.708	32.701
Other interest payable	974	1.690	1.311
Total interest payable	809.319	596.191	841.959
Interest payable from genuine sale and repurchase transactions:			
Payables to credit institutions and central banks	9.712	20.079	22.483
Deposits and other payables	847	10	222
<b>NOTE 3 Value adjustments</b>			
Loans, advances and other receivables at fair value	-118.195	19.612	26.798
Bonds	-133.970	-105.977	-97.877
Shares etc.	-166.363	171.207	136.316
Foreign exchange	-37.759	16.720	15.165
Derivatives	55.346	-26.015	-31.269
Other commitments	474	1.075	2.670
Total value adjustments	-400.467	76.622	51.803

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Group		
	Q1-Q3 2008	Q1-Q3 2007	Year 2007
<b>NOTE 4 Staff costs and administrative expenses</b>			
Remuneration to the Executive Board and Board of Directors:			
Remuneration to the Executive Board			
Salaries and wages	4.736	4.243	5.030
Pensions	634	586	772
Total	5.370	4.829	5.802
Remuneration to the Board of Directors			
Fees	338	338	450
Total remuneration to the Executive Board and Board of Directors	5.708	5.167	6.252
Staff costs:			
Salaries and wages	154.779	143.650	199.164
Pensions	15.560	14.197	19.089
Social security costs	15.035	13.755	18.505
Total	185.374	171.602	236.758
Other administrative expenses	209.542	200.164	275.845
Total staff costs and administrative expenses	400.624	376.933	518.855
<b>Number of employees</b>			
Average number of employees during the period, full-time equivalents	383	373	374
<b>NOTE 5 Impairment of loans, advances and receivables, etc.</b>			
Individual assessment:			
Impairment and value adjustments, respectively, during the year	97.277	20.878	66.184
Reversal of impairment in previous years	51.876	50.058	92.529
Total individual assessment	45.401	-29.180	-26.345
Group assessment:			
Impairment and value adjustments, respectively, during the year	6.358	10.808	1.415
Reversal of impairment in previous years	15.135	23.866	18.853
Total group assessment	-8.777	-13.058	-17.438
Losses not previously provided for	9.448	8.593	11.148
Bad debts recovered	7.498	8.330	17.605
Total impairment of loans, advances and receivables, etc.	38.574	-41.975	-50.240

## NOTES TO THE FINANCIAL STATEMENTS

Group

DKK '000	Q1-Q3 2008	Q1-Q3 2007	Year 2007
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**NOTE 6 Subordinated debt**

## Supplementary capital

Variable rate bullet loans in DKK maturing 9 May 2012	100.000	100.000	100.000
Variable rate bullet loans in DKK maturing 9 May 2013	100.000	100.000	100.000
Variable rate bullet loans in DKK maturing 9 May 2014	100.000	100.000	100.000
Variable rate bullet loans in DKK maturing 3 December 2015	200.000	200.000	200.000
Total supplementary capital	500.000	500.000	500.000

## Hybrid Tier 1 capital

Fixed rate bullet loans in DKK with indefinite terms	175.000	175.000	175.000
Total hybrid Tier 1 capital	175.000	175.000	175.000

## Hedging of interest rate risk at fair value

	-7.196	(7.046)	-6.972
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Total subordinated debt	667.804	667.954	668.028
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Interest on subordinated debt	31.063	22.708	32.701
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Of this, amortisation of costs incurred on raising the debt	156	63	84
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As part of the risk management, the fair value of the hybrid Tier 1 capital is hedged by means of derivative financial instruments.

The entire subordinated debt may be included in the statement of the capital base.

**NOTE 7 Off-balance sheet items****Guarantees etc.**

Financial guarantees	908.220	867.751	949.729
Mortgage finance guarantees	302.821	238.116	317.094
Other guarantees	256.505	411.964	328.872
Total guarantees etc.	1.467.546	1.517.831	1.595.695

**Other commitments**

Irrevocable standby letters of credit	295.000	-	-
Other commitments	57.022	301.854	115.613
Total other commitments	352.022	301.854	115.613

Total off-balance sheet items	1.819.568	1.819.685	1.711.308
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## NOTES TO THE FINANCIAL STATEMENTS

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### **NOTE 7 Off-balance sheet items - continued**

#### **Contingent liabilities**

The bank has entered into a property lease with Henton Group A/S in respect of the headquarters at Silkeborg. The lease is non-terminable for six years and three months from 1 January 2008. In addition to rent, the lease also covers joint expenses and canteen. The capitalised value of the lease has been calculated at DKK 5 million.

Being an active financial services group, the group is a party to a number of lawsuits. The cases are reviewed on an ongoing basis, and the necessary provisions are made. Management believes that these cases will not inflict further losses on the group.

#### **Collateral security**

Monetary-policy counterparties with the Danish Central Bank can obtain credit only against security through the mortgaging of approved securities.

As part of the ongoing business, at end September 2008 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 480 million (Q3 2007: DKK 665 million).

## NOTES TO THE FINANCIAL STATEMENTS

Group  
Q3 2008

DKK '000	Retail banking	Whole- sale banking	Alm. Brand Finans	Alm. Brand Pante- breve	Alm. Brand Formue	Other/ Elimina- tions	Alm. Brand Bank Group
<b>NOTE 8 Segment information</b>							
Interest receivable	607.505	739.768	93.761	100.180	55.065	-1.596.279	1.143.885
Interest payable	457.316	566.329	60.496	75.297	64.460	-1.223.898	809.319
Net interest income	150.189	173.439	33.265	24.883	-9.395	-372.381	334.566
Net fee and commission income, etc.	22.659	128.037	7.118	-3.644	4.762	-158.932	162.080
Value adjustments	505	-53.771	-	-43.070	-269.005	365.341	-400.467
Other operating income	30	4.942	5.106	411	-	-10.489	10.706
Profit on ordinary activities before expenses (Net income)	173.383	252.647	45.489	-21.420	-273.638	-176.461	106.885
Operating expenses	103.336	96.360	34.694	6.639	2.532	-243.561	404.334
Write-downs of loans, advances and receivables, etc.	2.841	50.625	-14.892	-	-	0	38.574
Profit/loss on participating interests	-	-7.999	3.196	-	-	4.803	13.924
Profit on activities before tax	67.206	97.663	28.883	-28.059	-276.170	71.903	-322.099

Q3 2007

DKK '000	Retail banking	Whole- sale banking	Alm. Brand Finans	Alm. Brand Pante- breve	Alm. Brand Formue	Other/ Elimina- tions	Alm. Brand Bank Group
Interest receivable	374.176	619.797	89.250	64.115	50.199	-306.543	890.994
Interest payable	269.691	476.599	54.497	39.622	59.660	-303.878	596.191
Net interest income	104.485	143.198	34.753	24.493	-9.461	-2.665	294.803
Net fee and commission income, etc.	26.961	120.033	8.221	-3.468	3.640	-409	154.978
Value adjustments	367	63.181	-	-1.241	17.553	-3.238	76.622
Other operating income	-	2.908	6.025	-	-	76	9.009
Profit on ordinary activities before expenses (Net income)	131.813	329.320	48.999	19.784	11.732	-6.236	535.412
Operating expenses	43.757	100.142	29.222	3.737	2.065	199.803	378.726
Write-downs of loans, advances and receivables, etc.	6.944	-	-23.774	-	-	-25.145	-41.975
Profit/loss on participating interests	-	652	272	-	-	-1.303	-379
Profit on activities before tax	81.112	229.830	43.823	16.047	9.667	-182.197	198.282

## ACCOUNTING POLICIES PARENT COMPANY

The parent company financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the executive order on financial reports presented by credit institutions and investment companies, etc. and Danish accounting standards.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies of the parent company on the recognition and measurement are in accordance with the accounting policies of the group, except for the following point:

Investments in group enterprises are measured according to the equity method, implying that the investments are measured at the parent company's proportionate share of the net asset value of the associates and group enterprises at the balance sheet date.

The accounting policies are unchanged as compared with the annual report for 2007.

The interim report for the first nine months of 2008 is unaudited.

## INCOME STATEMENT

DKK '000	Note	Parent company		
		Q1-Q3 2008	Q1-Q3 2007	Year 2007
Interest receivable	1	1.079.829	828.728	1.151.815
Interest payable	2	794.016	583.711	825.146
<b>Net interest income</b>		<b>285.813</b>	<b>245.017</b>	<b>326.669</b>
Dividend on participating interests		2.585	2.510	2.906
Fees and commissions receivable		180.598	163.844	233.609
Fees and commissions payable		29.340	19.769	35.175
<b>Net interest and fee income</b>		<b>439.656</b>	<b>391.602</b>	<b>528.009</b>
Value adjustments	3	-88.391	60.310	79.489
Other operating income		5.189	2.984	4.345
<b>Profit before expenses</b>		<b>356.454</b>	<b>454.896</b>	<b>611.843</b>
Staff costs and administrative expenses	4	358.807	341.908	470.570
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		1.662	1.793	2.321
Impairment of loans, advances and receivables, etc.	5	53.465	-18.201	-34.671
Profit from participating interests in associated and group undertakings		-83.011	48.440	22.187
<b>Profit before tax</b>		<b>-140.491</b>	<b>177.836</b>	<b>195.810</b>
Tax		-22.317	43.231	47.813
<b>Profit for the period</b>		<b>-118.174</b>	<b>134.605</b>	<b>147.997</b>

**BALANCE SHEET**Parent company

<b>DKK '000</b>	<b>Note</b>	<b>30.09.2008</b>	<b>30.09.2007</b>	<b>31.12.2007</b>
<b>ASSETS</b>				
Cash in hand and receivables at call from central banks		34.905	287.444	441.883
Receivables from credit institutions and central banks		1.915.851	1.957.709	1.711.722
Loans, advances and other receivables at fair value		974.552	1.068.324	1.104.178
Loans, advances and other receivables at amortised cost		16.562.297	16.045.247	17.272.269
Bonds at fair value		2.613.740	2.239.267	3.005.925
Shares etc.		234.414	183.632	161.194
Participating interests in associated undertakings		8.225	20.756	23.949
Participating interests in group undertakings		498.965	559.877	605.334
Intangible assets		73.917	62.300	62.573
Other property, plant and equipment		12.113	9.295	9.166
Deferred tax assets		1.201	5.361	4.863
Assets acquired temporarily		-	-	-
Other assets		522.328	535.068	506.019
Prepayments		8.795	7.170	12.386
<b>Total assets</b>		<b>23.461.303</b>	<b>22.981.450</b>	<b>24.921.461</b>

**BALANCE SHEET**Parent company

<b>DKK '000</b>	<b>Note</b>	<b>30.09.2008</b>	<b>30.09.2007</b>	<b>31.12.2007</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Payables</b>				
Payables to credit institutions and central banks		8.511.974	7.850.165	8.545.109
Deposits and other payables		11.078.458	10.531.712	11.759.307
Issued bonds		1.342.614	1.447.710	1.401.799
Current tax liabilities		1.600	30.236	18.318
Other liabilities		605.660	1.090.210	1.153.625
Deferred income		974	4.393	4.408
<b>Total payables</b>		<b>21.541.280</b>	<b>20.954.426</b>	<b>22.882.566</b>
<b>Provisions</b>				
Provisions for pensions and similar liabilities		5.736	7.805	6.210
<b>Total provisions</b>		<b>5.736</b>	<b>7.805</b>	<b>6.210</b>
<b>Subordinated debt</b>				
	6			
Supplementary capital		500.000	500.000	500.000
Hybrid Tier 1 capital		167.804	167.954	168.028
<b>Total subordinated debt</b>		<b>667.804</b>	<b>667.954</b>	<b>668.028</b>
<b>Shareholders' equity</b>				
Share capital		351.000	351.000	351.000
Other reserves		286.622	320.963	336.622
Retained earnings		608.861	679.302	677.035
<b>Total shareholders' equity</b>		<b>1.246.483</b>	<b>1.351.265</b>	<b>1.364.657</b>
<b>Total liabilities and equity</b>		<b>23.461.303</b>	<b>22.981.450</b>	<b>24.921.461</b>

## STATEMENT OF CHANGES IN EQUITY

DKK '000	Parent company			
	Share capital	Other reserves	Retained earnings	Total
<b>Shareholders' equity at 1 January 2007</b>	351.000	320.963	544.697	1.216.660
<b>Equity movements in 2007</b>				
Profit for the year		15.659	132.338	147.997
<b>Comprehensive income in 2007</b>	-	15.659	132.338	147.997
Dividend paid				-
<b>Total equity movements in 2007</b>	-	15.659	132.338	147.997
<b>Shareholders' equity at 31 December 2007</b>	351.000	336.622	677.035	1.364.657
<b>Shareholders' equity at 1 January 2008</b>	351.000	336.622	677.035	1.364.657
<b>Equity movements in 2008</b>				
Dividend subsidiaries		-50.000	50.000	-
Profit for the period			-118.174	-118.174
<b>Comprehensive income in 2008</b>	-	-50.000	-68.174	-118.174
Dividend paid				-
<b>Total equity movements in 2008</b>	-	-50.000	-68.174	-118.174
<b>Shareholders' equity at 30 September 2008</b>	351.000	286.622	608.861	1.246.483

## NOTES TO THE FINANCIAL STATEMENTS

### Parent company

DKK '000	Q1-Q3 2008	Q1-Q3 2007	Year 2007
<b>NOTE 1 Interest receivable</b>			
Receivables from credit institutions and central banks	55.669	47.399	66.249
Loans, advances and other receivables	891.313	667.366	934.363
Bonds	100.496	94.910	122.625
Total derivatives	32.351	18.737	28.535
Of which:			
Currency contracts	31.758	24.291	33.175
Interest rate contracts	593	-5.554	-4.640
Other interest receivable	0	316	43
Total interest receivable	1.079.829	828.728	1.151.815
Interest receivable from genuine purchase and resale transactions:			
Balances due from credit institutions and central banks	4.890	15.108	17.695
Loans, advances and other receivables	24.202	11.283	21.012
<b>NOTE 2 Interest payable</b>			
Credit institutions and central banks	297.110	241.154	342.991
Deposits and other payables	397.607	269.800	379.784
Issued bonds	67.316	48.501	68.501
Subordinated debt	31.063	22.708	32.701
Other interest payable	920	1.548	1.169
Total interest payable	794.016	583.711	825.146
Interest payable from genuine sale and repurchase transactions:			
Payables to credit institutions and central banks	9.712	20.079	22.483
Deposits and other payables	847	10	222
<b>NOTE 3 Value adjustments</b>			
Loans, advances and other receivables at fair value	-88.913	28.829	40.376
Bonds	-54.950	-22.305	-11.000
Shares etc.	-19.036	61.110	53.715
Foreign exchange	-2.474	5.796	4.244
Derivatives	76.508	-14.195	-10.516
Other commitments	474	1.075	2.670
Total value adjustments	-88.391	60.310	79.489

## NOTES TO THE FINANCIAL STATEMENTS

## Parent company

DKK '000	Q1-Q3 2008	Q1-Q3 2007	Year 2007
<b>NOTE 4 Staff costs and administrative expenses</b>			
Remuneration to the Executive Board and Board of Directors:			
Remuneration to the Executive Board			
Salaries and wages	4.736	4.243	5.030
Pensions	634	586	772
Total	5.370	4.829	5.802
Remuneration to the Board of Directors			
Fees	338	338	450
Total remuneration to the Executive Board and Board of Directors	5.708	5.167	6.252
Staff costs:			
Salaries and wages	153.841	142.865	198.129
Pensions	15.506	14.147	19.023
Social security costs	14.973	13.703	18.436
Total	184.320	170.715	235.588
Other administrative expenses	168.779	166.026	228.730
Total staff costs and administrative expenses	358.807	341.908	470.570
<b>Number of employees</b>			
Average number of employees during the period, full-time equivalents	382	372	374
<b>NOTE 5 Impairment of loans, advances and receivables, etc.</b>			
Individual assessment:			
Impairment and value adjustments, respectively, during the year	84.462	8.578	48.091
Reversal of impairment in previous years	35.324	36.425	76.990
Total individual assessment	49.138	-27.847	-28.899
Group assessment:			
Impairment and value adjustments, respectively, during the year	6.103	10.808	1.415
Reversal of impairment in previous years	1.993	835	0
Total group assessment	4.110	9.973	1.415
Losses not previously provided for	6.811	5.948	7.058
Bad debts recovered	6.594	6.275	14.245
Total impairment of loans, advances and receivables, etc.	53.465	-18.201	-34.671

## NOTES TO THE FINANCIAL STATEMENTS

## Parent company

DKK '000	Q1-Q3 2008	Q1-Q3 2007	Year 2007
<b>NOTE 6 Subordinated debt</b>			
Supplementary capital			
Variable rate bullet loans in DKK maturing 9 May 2012	100.000	100.000	100.000
Variable rate bullet loans in DKK maturing 9 May 2013	100.000	100.000	100.000
Variable rate bullet loans in DKK maturing 9 May 2014	100.000	100.000	100.000
Variable rate bullet loans in DKK maturing 3 December 2015	200.000	200.000	200.000
Total supplementary capital	500.000	500.000	500.000
Hybrid Tier 1 capital			
Fixed rate bullet loans in DKK with indefinite terms	175.000	175.000	175.000
Total hybrid Tier 1 capital	175.000	175.000	175.000
Hedging of interest rate risk at fair value			
	-7.196	(7.046)	-6.972
Total subordinated debt	667.804	667.954	668.028
Interest on subordinated debt			
	31.063	22.708	32.701
Of this, amortisation of costs incurred on raising the debt	156	63	84
As part of the risk management, the fair value of the hybrid Tier 1 capital is hedged by means of derivative financial instruments.			
The entire subordinated debt may be included in the statement of the capital base.			
<b>NOTE 7 Off-balance sheet items</b>			
<b>Guarantees etc.</b>			
Financial guarantees	908.220	867.751	949.729
Mortgage finance guarantees	302.821	238.116	317.094
Other guarantees	256.505	411.964	328.872
Total guarantees etc.	1.467.546	1.517.831	1.595.695
<b>Other commitments</b>			
Irrevocable standby letters of credit	295.000	-	-
Other commitments	57.022	301.854	115.613
Total other commitments	352.022	301.854	115.613
Total off-balance sheet items	1.819.568	1.819.685	1.711.308

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 Off-balance sheet items - continued

#### Contingent liabilities

The bank has entered into a property lease with Henton Group A/S in respect of the headquarters at Silkeborg. The lease is non-terminable for six years and three months from 1 January 2008. In addition to rent, the lease also covers joint expenses and canteen. The capitalised value of the lease has been calculated at DKK 5 million.

Being an active part of a financial services group, the company is a party to a number of lawsuits. The cases are reviewed on an ongoing basis, and the necessary provisions are made. Management believes that these cases will not inflict further losses on the group.

#### Collateral security

Monetary-policy counterparties with the Danish Central Bank can obtain credit only against security through the mortgaging of approved securities.

As part of the ongoing business, at end September 2008 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 480 million (Q3 2007: DKK 665 million).

Parent company

DKK '000	30.09.2008	30.09.2007	30.09.2006	30.09.2005	30.09.2004
<b>NOTE 8 Financial highlights and key ratios</b>					
Net interest and fee income	439.656	391.602	320.940	325.860	272.912
Value adjustments	-88.391	60.310	46.263	48.338	35.744
Staff costs and administrative expenses	358.807	341.908	281.878	237.807	223.793
Impairment of loans, advances and receivables, etc.	53.465	-18.201	-15.789	6.305	9.995
Profit from investments in associates and group enterprises	-83.011	48.440	34.444	39.064	33.568
Profit for the financial year	-140.491	177.836	136.618	168.957	106.014
Loans and advances	17.536.849	17.113.571	13.169.564	10.445.240	8.390.919
Shareholders' equity	1.246.483	1.351.265	1.188.276	1.051.015	840.560
Total assets	23.461.303	22.981.450	19.495.313	16.717.233	13.156.408
Solvency ratio *	10,2%	10,4%	8,8%	9,7%	10,6%
Tier 1 ratio *	7,4%	7,5%	6,8%	7,4%	7,5%
Return on equity for the period before tax	-10,8%	13,9%	12,0%	18,0%	13,7%
Return on equity for the period after tax	-9,1%	10,5%	8,7%	12,3%	13,5%
Income/cost ratio	0,66	1,55	1,53	1,69	1,46
Interest rate risk *	1,2%	6,8%	9,8%	7,0%	7,5%
Foreign exchange position *	11,6%	14,8%	12,8%	7,7%	3,3%
Foreign exchange risk *	0,1%	0,1%	0,0%	0,1%	0,0%
Loans and advances as a percentage of deposits	159,5%	163,4%	132,1%	110,2%	92,1%
Gearing of loans and advances	14,1	12,7	11,1	10,0	10,0
Growth in lending for the period	-4,6%	20,9%	15,9%	16,3%	2,1%
Excess cover relative to statutory liquidity requirement *	79,0%	102,1%	100,7%	52,4%	113,4%
Total amount of large exposures *	127,2%	313,2%	328,5%	270,4%	232,9%
Impairment ratio for the period	0,3%	-0,1%	-0,1%	0,1%	1,6%

Financial highlights and key ratios have been prepared in accordance with IFRS.

\* Comparative figures for 2004 have not been restated in respect of these ratios.

## APPENDIKS A – Lending portfolio and credit losses

DKKm	Loans at 30 June 2008	Share of portfolio (%)	Total loss and write-down		Pro rata
			Q3	Q1 -Q3	Q3 2008
			Q3	Q1 -Q3	Loss ratio
<b>Segments</b>					
Retail lending	3.599	20%	1	7	0,2%
Car finance	1.331	8%	-3	-12	-0,9%
Agriculture	885	5%	-3	-11	-1,2%
Other commercial lending	1.142	6%	6	10	0,9%
Security financing	5.004	28%	27	28	0,6%
Lending to Alm. Brand Formue and Alm. Brand Pantebreve	1.461	8%	0	0	0,0%
Investment property	2.391	14%	0	-2	-0,1%
Residential mortgage deeds	992	6%	6	12	1,2%
Commercial mortgage deeds	359	2%	25	51	14,2%
Property development projects	471	3%	7	19	4,0%
<b>Total</b>	<b>17.635</b>	<b>100%</b>	<b>66</b>	<b>102</b>	<b>0,6%</b>

\*) The items Value adjustments, Write-downs of loans, advances and receivables, etc in the Income Statement includes total loss and write-down.

The table above sets out a detailed breakdown on a prorata consolidated basis of the bank's lending portfolio at 30 September 2008.

Relevant comments on the individual segments:

### *Retail customers*

Includes lending to the bank's private customers. The portfolio is well diversified geographically through the bank's 25 branches located across Denmark. Just over 80% of the portfolio is secured against a mortgage on real property. In the home loan portfolio, 82% of loans have a loan-to-value ratio of less than 80%. For a number of years, the bank has applied credit-scoring models for this lending segment.

### *Car finance*

The car finance portfolio is operated by Alm. Brand Finans A/S, which offers car financing through car dealers. The portfolio consists mainly of marketable standard cars, typically with a 20% down payment. Alm. Brand Finans has extensive knowledge of the car market and the portfolio is characterised by being well diversified and its borrowers have documented stable repayment ability.

### *Agriculture*

The bank has built up its agricultural portfolio over the last seven years using the substantial market position and industry know-how available to the Alm. Brand Group in the agricultural sector. The target group is large, productive farms in the traditional lines of cattle and pig breeding and

plant growing. The distribution among the three lines is about 40%, 40% and 20%, respectively. The bank pursues a selective credit policy and only approves loans to farms with good efficiency ratios.

### *Other commercial lending*

The bank is currently building its commercial lending portfolio, having been an active player in this market for only the last two or three years. The portfolio consists in part of loans to small businesses typically anchored in Alm. Brand Bank's branches (the SME market) and in part of large syndicated loans to medium-sized Danish businesses. In most cases, the latter type of loans has been established as part of the bank's strategic cooperation with DMC A/S, a provider of corporate finance services.

In addition, the portfolio consists of car and equipment leases established with Alm. Brand Finans. The typical debtor is a small or medium-sized enterprise.

### *Security financing*

This portfolio consists of investment commitments secured against bonds, equities or mortgage deeds. The bank requires overcollateralisation by an amount that varies with the quality of the securities involved and their expected volatility. The bank's risk management function monitors all commitments on an ongoing basis. In the event that overcollateralisation falls to an insufficient level, debtors are required to post supplementary security or to sell securities.

## APPENDIKS A – Lending portfolio and credit losses

As a result of the adverse developments in the securities markets resulting in significant capital losses over a very short period of time combined with low marketability in many types of securities, this lending segment was written down by DKK 27 million in the third quarter.

### *Lending to Alm. Brand Formue and Alm. Brand Pantebreve*

These loans are granted to the bank's two partly-owned listed subsidiaries. The loans indicated reflect the share of the bank's lending attributable to minority shareholders. At 30 September 2008, minority interests had 58% ownership of Alm. Brand Formue and 78% ownership of Alm. Brand Pantebreve. Both companies have an investment strategy based on relatively low gearing, and the bank controls the credit risk of these commitments through portfolio management agreements and its management influence on the two companies.

### *Investment properties*

This portfolio consists of loans for prime-location investment properties. The bank's business model for this business area is based on in-depth market knowledge built up over many years. Key factors are location and reliable tenants, mainly in the retail trade and rental housing. Debtors are professional property investors and limited partnerships (K/S) provided by recognised market players. Danish properties make up some 75% of the portfolio, while 25% is made up by German properties with Danish debtors.

This portfolio is characterised by a certain amount of interest rate sensitivity.

### *Residential mortgage deeds*

This category represents the bank's trading portfolio of marketable mortgage deeds secured against single-family houses, freehold flats and summer houses. The portfolio is well diversified geographically as well as in terms of property types and debtors. Generally, the mortgage deeds are acquired in collaboration with estate agents throughout Denmark.

The portfolio of mortgage deeds is marked to market on a current basis using a cash flow-based

pricing model. The model considers factors such as estimated prepayments and credit losses. Currently, the model assumes average credit losses of about 1% per annum. This is believed to be a conservative assumption, as actual historical credit losses through a full business cycle have amounted to about 0.5% per annum.

The current level of losses on residential mortgage deeds is above average as a result of the significant economic slowdown and its derived impacts on the housing market.

### *Commercial mortgage deeds*

This portfolio consists largely of mortgage deeds secured mainly against residential rental property and to a minor extent actual commercial properties (offices, trade and industry). This is a trading portfolio generally acquired through other players in the mortgage deed market. This portfolio has a lower turnover rate than the portfolio of residential mortgage deeds. Market terms deteriorated substantially during 2008. A large part of the debtors in this market have been affected by a combination of rising market rates, falling property prices and impaired financing opportunities.

The sustained adverse market developments resulted in losses and writedowns of DKK 25 million in Q3 2008.

### *Property development projects*

This portfolio consists of a limited number of projects established within the last couple of years. It consists exclusively of prime-location freehold flat projects with small proportions of commercial property. Projects are only started up when a substantial proportion of the flats has been sold.

The portfolio is gradually increasing in step with the completion of construction projects, but it will continue to account for a moderate part of the bank's portfolio of loans and advances. The portfolio was written down by DKK 7 million in the third quarter.