

# ALM. BRAND BANK A/S

interim report - first half of year 2011



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

**Jørgen H. Mikkelsen**, Chairman  
**Boris N. Kjeldsen**, Deputy Chairman  
**Arne Nielsen**  
**Tage Benjaminsen**  
**Christian Bundgaard**, elected by the employees  
**Jesper Christiansen**, elected by the employees

### AUDITORS

Deloitte  
Statsautoriseret Revisionsaktieselskab

### INTERNAL AUDITOR

**Poul-Erik Winther**, Group Chief Auditor

### MANAGEMENT BOARD

**Kim Bai Wadstrøm**, Chief Executive

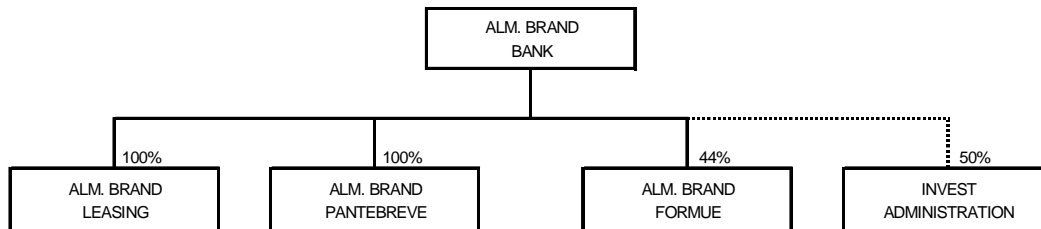
### ADDRESS

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### REGISTRATION

Alm. Brand Bank A/S  
Company registration (CVR) no. 81 75 35 12

## GROUP STRUCTURE



The bank has three subsidiaries:

- Alm. Brand Leasing A/S
- Alm. Brand Pantebreve A/S
- Alm. Brand Formue A/S

The bank also has investments in a joint venture:

- Invest Administration A/S

In addition, the bank acts as depositary bank for:

- Investeringsforeningen Alm. Brand Invest

### OWNERSHIP

The bank is wholly owned by the listed company Alm. Brand 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

DKKkm	PRORATA				GROUP					
	Q2 2011	Q2 2010	H1 2011	H1 2010	Year 2010	Q2 2011	Q2 2010	H1 2011	H1 2010	Year 2010
<b>INCOME STATEMENT</b>										
Interest receivable	221	228	447	453	954	223	233	452	466	974
Interest payable	125	92	245	193	416	126	93	248	196	421
<b>Net interest income</b>	<b>96</b>	<b>136</b>	<b>202</b>	<b>260</b>	<b>538</b>	<b>97</b>	<b>140</b>	<b>204</b>	<b>270</b>	<b>553</b>
Fees and commissions receivable (net) and dividend etc.	35	44	74	90	159	36	43	75	91	158
<b>Net interest and fee income</b>	<b>131</b>	<b>180</b>	<b>276</b>	<b>350</b>	<b>697</b>	<b>133</b>	<b>183</b>	<b>279</b>	<b>361</b>	<b>711</b>
Value adjustments	-127	-60	-171	-79	-350	-138	-71	-187	-84	-351
Other operating income	7	4	18	9	23	7	5	18	10	23
<b>Profit before expenses</b>	<b>11</b>	<b>124</b>	<b>123</b>	<b>280</b>	<b>370</b>	<b>2</b>	<b>117</b>	<b>110</b>	<b>287</b>	<b>383</b>
Staff costs and administrative expenses	120	132	236	252	506	120	134	237	256	513
Depreciation, amortisation and impairment of property, plant and equipment	4	3	8	5	10	4	2	8	5	10
Other operating expenses	18	21	44	42	67	18	23	44	44	76
Impairment of loans, advances and receivables, etc.	68	103	181	173	668	68	103	181	173	660
Profit from investments in associates and group enterprises	0	10	-2	20	12	0	10	-2	20	11
<b>Profit before tax</b>	<b>-199</b>	<b>-125</b>	<b>-348</b>	<b>-172</b>	<b>-869</b>	<b>-208</b>	<b>-135</b>	<b>-362</b>	<b>-171</b>	<b>-865</b>
Tax	-52	-54	-89	-65	-222	-51	-54	-88	-65	-222
<b>Profit for the period</b>	<b>-147</b>	<b>-71</b>	<b>-259</b>	<b>-107</b>	<b>-647</b>	<b>-157</b>	<b>-81</b>	<b>-274</b>	<b>-106</b>	<b>-643</b>
Share attributable to minority interests	-	-	-	-	-	-10	-10	-15	1	4
Profit after tax excluding minority interests	-	-	-	-	-	-147	-71	-259	-107	-647
<i>Profit before tax excluding minority interests</i>	-	-	-	-	-	-199	-125	-348	-172	-869
<b>BALANCE SHEET</b>										
Loans and advances	11,600	14,257	11,600	14,257	12,738	11,358	14,049	11,358	14,049	12,485
Deposits	7,920	10,166	7,920	10,166	8,599	7,920	10,163	7,920	10,163	8,598
Shareholders' equity	1,553	1,255	1,553	1,255	1,564	1,717	1,450	1,717	1,450	1,759
Share attributable to minority interests	-	-	-	-	-	164	195	164	195	195
<b>Total assets</b>	<b>23,512</b>	<b>26,057</b>	<b>23,512</b>	<b>26,057</b>	<b>24,782</b>	<b>23,920</b>	<b>26,394</b>	<b>23,920</b>	<b>26,394</b>	<b>25,597</b>
<b>KEY RATIOS ETC.</b>										
Average number of employees, full-time equivalents	289	347	290	355	327	289	348	290	356	327
Interest margin (%)	-	-	-	-	-	1.7	2.5	1.8	2.4	2.3
Income/cost ratio	0.06	0.52	0.26	0.64	0.31	0.02	0.49	0.23	0.64	0.31
Impairment ratio	0.5	0.6	1.3	1.0	4.3	0.5	0.6	1.3	1.0	4.3
Solvency ratio	-	-	-	-	-	18.6	14.9	18.6	14.9	18.8

Financial highlights and key ratios have been prepared in accordance with IFRS and "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

# REPORT

In order to increase the transparency of Alm. Brand Bank A/S' financial statements, the bank publishes pro rata consolidated figures. The figures are set out in the financial highlights and key ratios above and, unless otherwise indicated, the comments provided in the review below concern pro rata figures. Banking group figures are commented on only when found relevant. To the extent it is deemed relevant, the first half year of 2010 and the first quarter of 2011, respectively, are used as benchmarks for the first half year of 2011 and the second quarter of 2011, respectively.

## Financial results

The bank posted a loss of DKK 122 million before losses and writedowns in H1 2011, which was highly unsatisfactory.

The performance was impacted by negative value adjustments and by the expected expenses paid to the Danish Guarantee Fund for Depositors and Investors as a result of the bankruptcies of Amagerbanken and Fjordbank Mors.

The negative value adjustments were primarily attributable to developments in the fixed income markets and to a capital loss on illiquid shares acquired in connection with the winding up of a number of exposures.

After losses and writedowns, the bank incurred a loss of DKK 348 million in H1 2011. The bank's total impairment writedowns on loans, including credit-related losses and writedowns on mortgage deeds, amounted to DKK 226 million in H1 2011, of which DKK 129 million was written down in Q1 and DKK 97 million in Q2. Although declining, the level of writedowns was still too high.

### *Net interest and fee income*

Net interest and fee income for H1 2011 amounted to DKK 276 million, against DKK 350 million for the year-earlier period.

In Q2 2011, net interest and fee income totalled DKK 131 million, against DKK 145 million in Q1 2011.

### Interest income

Net interest income amounted to DKK 202 million in H1 2011, against DKK 260 million in the year-earlier period. Net interest income for the second quarter of 2011 amounted to DKK 96 million, against DKK 106 million in Q1 2011.

The decline in net interest income was attributable to a combination of lower interest income from lending caused by a decline in total loans and advances and higher funding costs due, among other things, to a bond issue secured against a government guarantee which was completed at the end of June 2010.

In H1 2011, the interest margin for the parent company and the banking group totalled 1.7% and

1.8%, respectively, against an interest margin of 2.1% and 2.3%, respectively, in 2010.

### Fee income

Net fee income was DKK 74 million in H1 2011, against DKK 69 million in H2 2010. The difference was attributable to dividends received.

### *Value adjustments*

Value adjustments in H1 2011 amounted to a loss of DKK 171 million, against a loss of DKK 79 million in the year-earlier period.

Value adjustments in H1 2011 were adversely affected by credit-related value adjustments of mortgage deeds in the amount of DKK 45 million. Excluding credit-related writedowns on mortgage deeds, the bank incurred a capital loss of DKK 126 million in H1 2011, against a DKK 34 million gain in H1 2010.

Interest-related value adjustments, excluding credit-related writedowns of mortgage deeds, amounted to a loss of DKK 85 million in H1 2011, of which DKK 60 million was related to the second quarter of 2011.

The capital loss of the first half of the year was, among other things, due to the fact that the bank's substantial excess liquidity of almost DKK 7 billion was placed in bonds. Moreover, the bank had taken positions in expectation of rising interest rates in the second quarter.

Equity-related value adjustments amounted to a loss of DKK 33 million in H1 2011. Included in this amount was a DKK 30 million loss on illiquid shares acquired in connection with the winding up of a number of exposures.

The bank's equity portfolio is mainly composed of sector equities, while the trading portfolio of equities makes up only a limited amount. In connection with the winding up of distressed investment exposures, the bank acquired a number of illiquid shares in 2010 and 2011 on which it incurred capital losses in H1 2011. The market value of the illiquid shares was just over DKK 100 million at 30 June 2011.

Foreign exchange adjustments amounted to a loss of almost DKK 8 million in H1 2011.

## REPORT

### Costs

Costs for H1 2011 amounted to DKK 244 million, against DKK 257 million for the same period of last year.

### Other operating expenses

This item mainly comprises the bank's expenses of DKK 41 million paid to the Danish Guarantee Fund for Depositors and Investors due to the bankruptcies of Amagerbanken and Fjordbank Mors. In H1 2010, the item primarily comprised the bank's expenses in connection with Bank Package I.

### Impairment of loans, etc.

The bank's impairment writedowns on loans amounted to DKK 181 million in H1 2011. In H2 2010, impairment writedowns on loans etc. amounted to DKK 495 million.

In addition, the bank incurred credit-related losses and writedowns on its mortgage deed portfolio of DKK 45 million in H1 2011, against DKK 102 million in H2 2010. These losses and writedowns are recognised under value adjustments but have been included in the table in the section "Lending portfolio" below, in which the lending portfolio and the development in losses and writedowns are described in further detail.

Total impairment writedowns on loans, including credit-related losses and writedowns on mortgage deeds, amounted to DKK 226 million in H1 2011, against DKK 597 million in H2 2010.

### Balance sheet

#### Loans and advances, etc.

The bank's loans and advances amounted to DKK 11.6 billion at 30 June 2011. Excluding losses and writedowns, this corresponded to a decline in the bank's lending of DKK 1.0 billion relative to 31 December 2010.

In accordance with its strategy, the bank expects to continue to reduce its total loans and advances going forward.

#### Debt to credit institutions

The bank's debt to credit institutions amounted to DKK 5.9 billion at 30 June 2011, which was DKK 0.4 billion lower than at 31 December 2010.

#### Deposits

The bank's deposits amounted to DKK 7.9 billion at 30 June 2011, against DKK 8.0 billion at 31 March 2011 and DKK 8.6 billion at 31 December 2010.

### Liquidity

At 30 June 2011, the bank had excess liquidity cover of 319% relative to the statutory requirement. This marked an increase relative to 264% at 31 March 2011 and 266% at 31 December 2010, respectively. The increase was attributable to the bank's significant reduction of its lending portfolio and served to compensate for the decline in deposits.

From December 2010 to February 2011, the bank ran a fixed-rate campaign offering attractive deposit rates. Because of the bank's substantial excess liquidity cover, no new fixed-rate campaigns have been run since then.

### Capitalisation

The bank's equity stood at DKK 1.6 billion at 30 June 2011. The capital base totalled DKK 2.5 billion, and the risk-weighted items amounted to DKK 13.9 billion at 30 June 2011. Accordingly, the solvency ratio was 18.0, and the tier 1 capital ratio was 15.7.

As announced on 18 May 2011, Alm. Brand A/S has injected capital in the amount of DKK 250 million into Alm. Brand Bank A/S.

The banking group's equity stood at DKK 1.7 billion at 30 June 2011, and the capital base totalled DKK 2.6 billion. Risk-weighted items in the banking group totalled DKK 13.7 billion at 30 June 2011. Accordingly, the solvency ratio was 18.6, and the tier 1 capital ratio was 16.3.

### Major events

#### Full ownership of Alm. Brand Pantebreve A/S

In Q1 2011, the bank completed a compulsory redemption of the remaining minority shareholders of Alm. Brand Pantebreve, thereby obtaining full ownership. The bank expects to dissolve Alm. Brand Pantebreve A/S in the second half of 2011.

### Events after the balance sheet date

#### New Chief Executive of Alm. Brand Bank

On 1 August 2011, Kim Bai Wadstrøm took up the position as Chief Executive of Alm. Brand Bank.

#### Changes to the board of directors

At a meeting held on 18 August 2011, the bank's board of directors resolved to recommend to the shareholders in general meeting that Chief Executive of Alm. Brand A/S Søren Boe Mortensen be elected to the board of directors of the bank. During the period from 2 May 2011 to 31 July 2011, Søren Boe Mortensen was acting

## REPORT

chief executive of the bank and he therefore resigned from the bank's board of directors on 2 May 2011. The extraordinary general meeting is expected to be held on 7 September 2011.

### Outlook

Based primarily on the negative value adjustments of the first half of 2011 and the sustained turmoil in the financial markets, resulting in additional capital losses at the beginning of the third quarter, the guidance for 2011 is lowered from a profit of DKK 45 million before losses and writedowns to a loss of around DKK 155 million.

Total loans and advances are expected to drop by more than DKK 1.5 billion in 2011.

Following recent months' developments in the financial markets and the resulting effects on the Danish economy, along with developments in the bank's lending portfolio, the bank expects losses and writedowns in the upcoming quarters to be on a par with the two last quarters.

As a result of the downgraded forecast for the bank's performance for 2011, an injection of additional capital equivalent to the downgrade is expected.

The guidance is based on unchanged financial and economic conditions.

### Disclaimer

The forecasts are based on the level of interest rates prevailing at medio-August 2011. All forward-looking statements are based exclusively on the information available when this interim report was released.

The actual performance may be affected by major changes in a number of factors. Such impacts include changes in conditions in the financial market, 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.

## LENDING PORTFOLIO

The bank's total writedowns and losses on the lending and guarantee portfolio amounted to an expense of DKK 226 million in H1 2011. Of this amount, identified losses amounted to DKK 47 million.

In addition, losses in the amount of DKK 341 million were realised, but since provisions have previously been made to cover these losses, they will have no impact on operations in 2011. Identified losses, for which provisions have previously been made, were attributable to lending commitments on which the bank is close to incurring or has already incurred a loan loss as well as to the guarantee provided in connection with Bank Package II. As a result, the banking group's accumulated impairment ratio dropped from 9.2 at 31 December 2010 to 8.9 at 30 June 2011.

The table below shows a consolidated segment-by-segment breakdown of the bank's lending portfolio. The individual segments have been calculated for the banking group.

The table also shows pro rata consolidated loans and advances which are reviewed in the report on the bank.

The table reflects the bank's strategy by breaking down loans and advances on a continuing portfolio and a winding-up portfolio.

Total losses and writedowns charged to the income statement represented 1.9% of the average lending portfolio for the banking group excluding reverse transactions in H1 2011.

The overall lending portfolio of DKK 11.6 billion declined by DKK 1.1 billion relative to 31 December 2010. DKK 750 million of this decline was attributable to the winding-up portfolio. At 30 June 2011, DKK 8.0 billion was being wound up, equivalent to approximately 70% of the overall lending portfolio.

The performance of the individual lending segments in the first half year of 2011 is reviewed in the following sections. The loss and impairment ratio is calculated relative to average lending during the period.

DKKm	Loans		Share of portfolio (%)	Total loss and writedowns				Loss ratio *)
	31.12.2010	30.06.2011		2010	Q1 2011	Q2 2011	H1 2011	
<u>Continuing portfolio</u>								
Lending to private customers	3,318	3,085	26.6%	29	25	11	36	1.1%
Other lending **)	176	159	1.4%	0	0	0	0	0.0%
<u>Winding-up portfolio</u>								
Agriculture	1,199	1,231	10.6%	74	35	11	46	3.8%
Car finance	736	543	4.7%	13	2	2	4	0.6%
Commercial lending	2,230	1,988	17.1%	57	14	-4	10	0.5%
Property development projects	492	408	3.5%	61	0	8	8	1.8%
Mortgage deed financing	1,936	961	8.3%	380	36	40	76	5.2%
Mortgage deeds	2,190	2,904	25.0%	264	16	29	45	1.8%
Bank packages etc.	-	-	-	46	1	0	1	-
<b>Total - excl. Reverse Transactions</b>	<b>12,277</b>	<b>11,279</b>	<b>97.2%</b>	<b>924</b>	<b>129</b>	<b>97</b>	<b>226</b>	<b>1.9%</b>
Reverse Transactions including intercompany transactions	207	79	0.7%	-	-	-	-	-
<b>Total group lending</b>	<b>12,484</b>	<b>11,358</b>	<b>97.9%</b>	<b>924</b>	<b>129</b>	<b>97</b>	<b>226</b>	<b>1.9%</b>
Minority interests	254	242	2.1%	-16	-	-	-	-
<b>Total pro rata</b>	<b>12,738</b>	<b>11,600</b>	<b>100.0%</b>	<b>908</b>	<b>129</b>	<b>97</b>	<b>226</b>	<b>1.9%</b>

\*) Losses and writedowns as a percentage of the average portfolio in H1 2011. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.

\*\*) Fleet management (operating leases) is not included, as it is recognised as other property, plant and equipment and not as loans and advances.

### Continuing portfolio

#### *Lending to private customers*

The portfolio consists of loans and advances to private customers and is geographically

diversified across Denmark. The portfolio is calculated inclusive of car loans to private customers and represents the majority of the bank's continuing loans and advances.

## LENDING PORTFOLIO

Total loans and advances to private customers declined by DKK 233 million from 31 December 2010 to 30 June 2011. In H1 2011, losses and writedowns amounted to DKK 36 million, equivalent to 1.1% of the average portfolio.

### *Other lending*

This segment covers loans to investment credit facilities for which the investment mandate is placed with Alm. Brand Markets. These investment credit facilities form part of the bank's continuing loans and advances, whereas other investment credit facilities are being wound up.

Other loans and advances declined by DKK 17 million relative to 31 December 2010. No losses or writedowns were identified on this segment in the first half year of 2011.

### **Winding-up portfolio**

Consistent with the bank's strategy, new customers are not accepted in these segments, and the business volume with existing customers is expected to be wound up over an extended period of time.

Focus is on completing a controlled and efficient winding-up process for the lending segments being discontinued.

### *Agriculture*

At 30 June 2011, the portfolio was on a par with 31 December 2010. In H1 2011, losses and writedowns amounted to DKK 46 million, equivalent to 3.8% of the average portfolio. The level of losses and writedowns reflects the continuing difficult conditions affecting agricultural customers.

### *Car finance*

This portfolio has declined as a result of the cessation of financing through car dealers etc. These loans typically have a term to maturity of no more than five years.

The overall portfolio declined by DKK 193 million during the period from 31 December 2010 to 30 June 2011 to stand at DKK 543 million. In H1 2011, losses and writedowns amounted to DKK 4 million, equivalent to 0.6% of the average portfolio.

### *Commercial customer segment*

This portfolio consists of loans for financing of investment properties, loans to small businesses and syndicated loans to medium-sized Danish businesses.

The overall portfolio declined by DKK 242 million during the period from 31 December 2010 to 30 June 2011. In H1 2011, losses and writedowns amounted to DKK 10 million, equivalent to 0.5% of the average portfolio.

### *Property development projects*

The portfolio consists of a limited number of property development projects. The bank will only finance the completion of ongoing projects pursuant to existing agreements.

The portfolio declined by DKK 84 million during the period from 31 December 2010 to 30 June 2011. In H1 2011, losses and writedowns amounted to DKK 8 million, equivalent to 1.8% of the average portfolio.

### *Mortgage deed financing*

This portfolio consists of investment exposures secured against mortgage deeds.

The portfolio declined by DKK 975 million during the period from 31 December 2010 to 30 June 2011. The decline was primarily attributable to the bank winding up a number of investment exposures. In that connection, the bank has taken over the mortgage deeds provided as security.

In H1 2011, losses and writedowns amounted to DKK 76 million, equivalent to 5.2% of the average portfolio.

The writedowns were attributable to mortgage deed debtors defaulting on their loans and to a declining excess cover on the exposures as a result of price falls on mortgage deeds provided as security.

### *Mortgage deeds*

This segment comprises the bank's own portfolio of private and commercial mortgage deeds.

Private mortgage deeds amounted to DKK 2,130 million, comprising the bank's portfolio of mortgage deeds secured primarily against single-family houses, commonhold flats and summer houses. The properties are located throughout Denmark.

Commercial mortgage deeds amounted to DKK 774 million, comprising the bank's portfolio of commercial mortgage deeds secured against residential rental property, commercial property for office, trade and industrial use as well as land and mixed residential/commercial property.

## LENDING PORTFOLIO

This portfolio is being wound up, but new mortgage deeds may be added when the bank winds up an investment facility whose collateral security consists wholly or partly of mortgage deeds.

The portfolio is marked to market on a current basis using a cash flow-based pricing model, which considers factors such as estimated early redemptions and credit losses. Individual writedowns are taken on all mortgages in arrears or known to be showing signs of weakness.

The portfolio increased by DKK 714 million during the period from 31 December 2010 to 30 June 2011. In H1 2011, losses and writedowns amounted to DKK 45 million, equivalent to 1.8% of the average portfolio.

*Bank packages etc.*

The guarantee of DKK 107 million provided to Finansielt Stabilitet A/S was settled in the first half year of 2011.

## **STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD**

The Board of Directors and the Management Board have today considered and adopted the interim report for the six months ended 30 June 2011 of Alm. Brand Bank A/S.

The consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and the interim financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. In addition, the consolidated and parent company interim financial statements have been presented in accordance with additional Danish disclosure requirements for the interim financial statements of listed financial companies.

In our opinion, the consolidated and parent company interim financial statements give a true and fair view of the group's and the parent company's assets and liabilities and financial position at 30 June 2011 and of the results of the group's and the parent company's operations and the cash flows of the group for the six months ended 30 June 2011.

Moreover, in our opinion, the management's review includes a fair review of developments in the activities and financial position of the group and the parent company and fairly describes significant risk and uncertainty factors that may affect the group and the bank.

### **MANAGEMENT BOARD**

Copenhagen, 25 August 2011

**Kim Bai Wadstrøm**  
Chief Executive

### **BOARD OF DIRECTORS**

Copenhagen, 25 August 2011

**Jørgen H. Mikkelsen**  
Chairman

**Boris N. Kjeldsen**  
Deputy Chairman

**Arne Nielsen**

**Tage Benjaminsen**

**Christian Bundgaard**

**Jesper Christiansen**

**INCOME STATEMENT AND COMPREHENSIVE INCOME**

Parent company

DKK '000	Note	Q2 2011	Q2 2010	H1 2011	H1 2010	Year 2010
Interest receivable	1	214,332	216,594	433,015	430,224	909,198
Interest payable	2	123,427	90,545	241,770	191,044	412,393
<b>Net interest income</b>		<b>90,905</b>	<b>126,049</b>	<b>191,245</b>	<b>239,180</b>	<b>496,805</b>
Dividend on participating interests		3,101	7,164	6,856	7,176	7,176
Fees and commissions receivable		40,519	43,182	85,435	96,823	188,850
Fees and commissions payable		10,698	9,389	21,728	19,167	43,089
<b>Net interest and fee income</b>		<b>123,827</b>	<b>167,006</b>	<b>261,808</b>	<b>324,012</b>	<b>649,742</b>
Value adjustments	3	-118,210	-43,285	-157,925	-65,101	-298,302
Other operating income		938	2,037	3,238	4,311	10,473
<b>Profit before expenses</b>		<b>6,555</b>	<b>125,758</b>	<b>107,121</b>	<b>263,222</b>	<b>361,913</b>
Staff costs and administrative expenses	4	113,458	122,101	221,680	234,005	471,089
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		226	437	468	899	1,671
Other ordinary expenses		18,197	21,061	43,423	41,319	65,158
Impairment of loans, advances and receivables, etc.	5	65,861	101,215	177,232	164,223	678,803
Profit from participating interests in associated and group undertakings		-7,741	-5,949	-12,799	5,869	-13,628
<b>Profit before tax</b>		<b>-198,928</b>	<b>-125,005</b>	<b>-348,481</b>	<b>-171,355</b>	<b>-868,436</b>
Tax		-51,190	-53,749	-89,213	-64,416	-221,462
<b>Profit for the period</b>		<b>-147,738</b>	<b>-71,256</b>	<b>-259,268</b>	<b>-106,939</b>	<b>-646,974</b>

# INCOME STATEMENT AND COMPREHENSIVE INCOME

Group

DKK '000	Note	Q2 2011	Q2 2010	H1 2011	H1 2010	Year 2010
Interest receivable	1	223,427	233,125	452,208	465,726	974,323
Interest payable	2	126,781	92,720	248,324	195,482	421,241
<b>Net interest income</b>		<b>96,646</b>	<b>140,405</b>	<b>203,884</b>	<b>270,244</b>	<b>553,082</b>
Dividend on participating interests		6,648	9,299	11,452	12,743	13,744
Fees and commissions receivable		40,569	43,035	85,396	97,036	187,216
Fees and commissions payable		10,759	9,462	21,795	19,241	43,465
<b>Net interest and fee income</b>		<b>133,104</b>	<b>183,277</b>	<b>278,937</b>	<b>360,782</b>	<b>710,577</b>
Value adjustments	3	-137,143	-71,029	-186,468	-83,562	-351,099
Other operating income		6,441	5,043	17,858	9,898	23,282
<b>Profit before expenses</b>		<b>2,402</b>	<b>117,291</b>	<b>110,327</b>	<b>287,118</b>	<b>382,760</b>
Staff costs and administrative expenses	4	120,790	133,528	237,592	256,452	513,028
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		4,012	2,370	7,931	4,706	10,379
Other ordinary expenses		18,480	22,194	44,286	43,296	75,596
Impairment of loans, advances and receivables, etc.	5	67,730	103,505	180,864	173,402	659,772
Profit from participating interests in associated and group undertakings		764	9,639	-1,749	19,661	11,145
<b>Profit before tax</b>		<b>-207,846</b>	<b>-134,667</b>	<b>-362,095</b>	<b>-171,077</b>	<b>-864,870</b>
Tax		-50,745	-53,126	-88,328	-64,580	-221,972
<b>Profit for the period</b>		<b>-157,101</b>	<b>-81,541</b>	<b>-273,767</b>	<b>-106,497</b>	<b>-642,898</b>
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		<b>-157,101</b>	<b>-81,541</b>	<b>-273,767</b>	<b>-106,497</b>	<b>-642,898</b>
<b>PROFIT/LOSS ALLOCATION</b>						
Share attributable to Alm. Brand Bank		-147,738	-71,256	-259,268	-106,939	-646,974
Share attributable to minority interests		-9,363	-10,285	-14,499	442	4,076
<b>Transferred to Total shareholders' equity</b>		<b>-157,101</b>	<b>-81,541</b>	<b>-273,767</b>	<b>-106,497</b>	<b>-642,898</b>

**BALANCE SHEET**

DKK '000	Note	Parent company			Group		
		30.06.2011	30.06.2010	31.12.2010	30.06.2011	30.06.2010	31.12.2010
<b>ASSETS</b>							
Cash in hand and receivables at call from central banks		46,920	26,437	15,568	46,920	26,437	15,568
Receivables from credit institutions and central banks		898,342	2,377,250	1,471,926	898,341	2,377,249	1,471,926
Loans, advances and other receivables at fair value		2,904,426	1,144,769	2,189,952	2,904,426	2,502,619	2,189,952
Loans, advances and other receivables at amortised cost	6	8,817,356	13,164,265	10,657,867	8,453,856	11,546,468	10,294,724
Bonds at fair value		8,724,719	7,267,899	8,211,900	9,500,244	7,903,588	9,021,581
Shares etc.		327,770	288,598	303,708	648,951	581,492	654,291
Participating interests in associated undertakings		34,395	35,403	35,266	34,395	35,403	35,266
Participating interests in group undertakings		361,378	390,795	381,181	-	-	-
Other property, plant and equipment		4,528	9,168	5,845	71,650	47,368	47,298
Current tax assets		209,662	143,150	130,817	187,207	119,703	115,640
Deferred tax assets		405,786	345,539	394,794	519,374	444,312	501,309
Assets held temporarily		116,871	65,272	82,301	162,818	104,800	513,351
Other assets		470,779	674,402	698,326	485,013	694,261	728,390
Prepayments		7,105	10,375	7,488	7,116	10,382	7,496
<b>Total assets</b>		<b>23,330,037</b>	<b>25,943,322</b>	<b>24,586,939</b>	<b>23,920,311</b>	<b>26,394,082</b>	<b>25,596,792</b>

**BALANCE SHEET**

DKK '000	Note	Parent company			Group		
		30.06.2011	30.06.2010	31.12.2010	30.06.2011	30.06.2010	31.12.2010
<b>LIABILITIES AND EQUITY</b>							
<b>Payables</b>							
Payables to credit institutions and central banks		5,744,708	6,212,327	6,168,047	6,118,433	6,448,552	6,541,772
Deposits and other payables		7,934,235	10,178,870	8,608,910	7,920,054	10,162,513	8,598,444
Issued bonds		6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Liabilities temporarily acquired		32,641	31,215	39,067	63,968	43,366	454,488
Other liabilities		613,388	756,470	665,154	649,209	780,345	700,953
Deferred income		2,145	2,771	2,558	2,145	2,771	2,558
<b>Total payables</b>		<b>20,327,117</b>	<b>23,181,653</b>	<b>21,483,736</b>	<b>20,753,809</b>	<b>23,437,547</b>	<b>22,298,215</b>
<b>Provisions</b>							
Provisions for pensions and similar liabilities		2,324	2,671	2,324	2,324	2,671	2,324
Provisions for losses on guarantees		7,853	65,789	107,910	7,853	65,789	107,910
Other provisions		10,427	-	-	10,427	-	-
<b>Total provisions</b>		<b>20,604</b>	<b>68,460</b>	<b>110,234</b>	<b>20,604</b>	<b>68,460</b>	<b>110,234</b>
<b>Subordinated debt</b>							
Supplementary capital	7	400,000	399,960	399,983	400,000	399,960	399,983
Hybrid tier 1 capital	7	1,029,332	1,037,985	1,029,076	1,029,332	1,037,985	1,029,076
<b>Total subordinated debt</b>		<b>1,429,332</b>	<b>1,437,945</b>	<b>1,429,059</b>	<b>1,429,332</b>	<b>1,437,945</b>	<b>1,429,059</b>
<b>Shareholders' equity</b>							
Share capital	8	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000
Other reserves		13,394	74,449	23,158	-	-	-
Retained earnings		518,590	159,815	519,752	531,984	234,264	542,910
Minority interests		-	-	-	163,581	194,866	195,374
<b>Total shareholders' equity</b>		<b>1,552,984</b>	<b>1,255,264</b>	<b>1,563,910</b>	<b>1,716,565</b>	<b>1,450,130</b>	<b>1,759,284</b>
<b>Total liabilities and equity</b>		<b>23,330,037</b>	<b>25,943,322</b>	<b>24,586,939</b>	<b>23,920,311</b>	<b>26,394,082</b>	<b>25,596,792</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 2010</b>	1,021,000	74,449	266,754	1,362,203	227,324	1,589,527
<b>Equity movements in H1 2010</b>						
Other change in respect of subsidiaries				-	-32,900	-32,900
Profit/loss for the period		-	-106,939	-106,939	442	-106,497
<b>Comprehensive income in H1 2010</b>	-	-	-106,939	-106,939	-32,458	-139,397
Dividend paid			-	-		-
<b>Total equity movements in H1 2010</b>	-	-	-106,939	-106,939	-32,458	-139,397
<b>Shareholders' equity at 30 June 2010</b>	1,021,000	74,449	159,815	1,255,264	194,866	1,450,130
<b>Shareholders' equity at 1 January 2010</b>	1,021,000	74,449	266,754	1,362,203	227,324	1,589,527
<b>Equity movements in 2010</b>						
Other change in respect of subsidiaries				-	-33,745	-33,745
Profit/loss for the year		-24,773	-622,201	-646,974	4,076	-642,898
<b>Comprehensive income 2010</b>	-	-24,773	-622,201	-646,974	-29,669	-676,643
Capital increases			850,000	850,000		850,000
Other change in respect of subsidiaries		-26,958	25,199	-1,759	-2,281	-4,040
Tax of equity entries		440		440		440
Dividend paid			-	-		-
<b>Total changes in equity in 2010</b>	-	-51,291	252,998	201,707	-31,950	169,757
<b>Shareholders' equity at 31 December 2010</b>	1,021,000	23,158	519,752	1,563,910	195,374	1,759,284
<b>Shareholders' equity at 1 January 2011</b>	1,021,000	23,158	519,752	1,563,910	195,374	1,759,284
<b>Equity movements in H1 2011</b>						
Dividend subsidiaries		-8,106	8,106	-		-
Other change in respect of subsidiaries				-	-17,294	-17,294
Profit for the period		-	-259,268	-259,268	-14,499	-273,767
<b>Comprehensive income in H1 2011</b>	-	-8,106	-251,162	-259,268	-31,793	-291,061
Capital increases			250,000	250,000		250,000
Other change in respect of subsidiaries		-2,283		-2,283		-2,283
Tax of equity entries		625		625		625
Dividend paid			-	-		-
<b>Total equity movements in H1 2011</b>	-	-9,764	-1,162	-10,926	-31,793	-42,719
<b>Shareholders' equity at 30 June 2011</b>	1,021,000	13,394	518,590	1,552,984	163,581	1,716,565

**CASH FLOW STATEMENT****Group**

<b>DKK '000</b>	<b>H1 2011</b>	<b>H1 2010</b>	<b>Year 2010</b>
<b>Operating activities</b>			
Profit for the period before tax	-362,095	-171,077	-864,870
Tax paid during the period	-680	-643	104,255
Adjustment for amounts with no cash flow impact:			
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	7,931	4,706	-5,237
Impairment of loans, advances and receivables, etc.	144,436	172,275	431,124
Other adjustments to cash flows from operating activities	29,797	83,467	181,113
<b>Total, operating activities</b>	<b>-180,611</b>	<b>88,728</b>	<b>-153,615</b>
<b>Working capital</b>			
Loans and advances	928,269	569,123	1,701,056
Deposits	-678,390	-933,410	-2,497,479
Bonds	-400,340	743,143	-482,761
Shares	-12,803	-82,339	-32,736
<b>Total, working capital</b>	<b>-163,264</b>	<b>296,517</b>	<b>-1,311,920</b>
<b>Investing activities</b>			
Investments in associates	-	-	-
Investments in group enterprises	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	-23,389	-3,932	6,080
<b>Total, investing activities</b>	<b>-23,389</b>	<b>-3,932</b>	<b>6,080</b>
<b>Financing activities</b>			
Net proceeds from capital increase	250,000	-	850,000
Payables to credit institutions	-424,969	-4,857,175	-4,782,599
Bonds issued	-	6,000,000	6,000,000
Supplementary capital	-	-	-
<b>Total, financing activities</b>	<b>-174,969</b>	<b>1,142,825</b>	<b>2,067,401</b>
<b>Change in cash and cash equivalents</b>	<b>-542,233</b>	<b>1,524,138</b>	<b>607,946</b>
Cash and cash equivalents, beginning of year	1,487,494	879,548	879,548
Change in cash and cash equivalents	-542,233	1,524,138	607,946
<b>Cash and cash equivalents, end of period</b>	<b>945,261</b>	<b>2,403,686</b>	<b>1,487,494</b>
<b>Cash and cash equivalents, end of period</b>			
Cash in hand and balances at call with central banks	46,920	26,437	15,568
Balances due from credit institutions less than 3 months	898,341	2,377,249	1,471,926
<b>Cash and cash equivalents, end of period</b>	<b>945,261</b>	<b>2,403,686</b>	<b>1,487,494</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	H1 2011	H1 2010	Year 2010	H1 2011	H1 2010	Year 2010
<b>NOTE 1 Interest receivable</b>						
Balances due from credit institutions and central banks	4,805	3,294	6,477	4,805	3,294	6,477
Loans, advances and other receivables	318,556	345,529	696,022	318,908	364,881	728,313
Bonds	135,331	114,097	266,521	154,108	130,041	299,123
Total derivatives	-25,677	-32,696	-59,822	-25,613	-32,491	-59,591
Of which:						
Foreign exchange contracts	-1,024	6,598	7,364	-960	6,803	7,595
Interest rate contracts	-24,653	-39,294	-67,186	-24,653	-39,294	-67,186
Other interest income	-	-	0	-	1	1
<b>Total interest receivable</b>	<b>433,015</b>	<b>430,224</b>	<b>909,198</b>	<b>452,208</b>	<b>465,726</b>	<b>974,323</b>
Interest receivable from genuine purchase and resale transactions:						
Balances due from credit institutions and central banks	-25	189	454	-25	189	454
Loans, advances and other receivables	0	208	2,442	0	208	2,442
<b>NOTE 2 Interest payable</b>						
Credit institutions and central banks	45,055	43,277	81,231	51,458	47,509	89,661
Deposits and other payables	61,221	89,321	152,460	61,214	89,319	152,409
Bonds issued	76,908	-	61,167	76,908	-	61,167
Total subordinated debt	57,891	57,836	116,094	57,891	57,836	116,094
Other interest expenses	695	610	1,441	853	818	1,910
<b>Total interest payable</b>	<b>241,770</b>	<b>191,044</b>	<b>412,393</b>	<b>248,324</b>	<b>195,482</b>	<b>421,241</b>
Interest payable on genuine sale and repurchase transactions:						
Payables to credit institutions and central banks	5,622	2,841	13,140	5,622	2,841	13,140
Deposits and other payables	0	5	201	0	5	201
<b>NOTE 3 Value adjustments</b>						
Loans, advances and other receivables at fair value	-54,032	-38,328	-169,003	-54,032	-83,323	-276,710
Bonds	-61,828	28,830	-73,222	-72,476	38,674	-81,672
Shares, etc.	-27,323	-25,626	-72,523	-43,307	-13,445	-14,426
Foreign currency	-11,330	-2,633	-7,341	-12,900	1,282	-2,949
Total derivatives	-3,412	-27,344	23,440	-3,753	-26,750	24,311
Other liabilities	-	-	347	-	-	347
<b>Total value adjustments</b>	<b>-157,925</b>	<b>-65,101</b>	<b>-298,302</b>	<b>-186,468</b>	<b>-83,562</b>	<b>-351,099</b>

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	H1 2011	H1 2010	Year 2010	H1 2011	H1 2010	Year 2010
<b>NOTE 4 Staff costs and administrative expenses</b>						
Remuneration to the Management Board and Board of Directors:						
Remuneration to the Management Board:						
Salaries and wages	2,036	2,588	5,052	2,036	2,588	5,052
Pensions	307	470	857	307	470	857
<b>Total remuneration to the Management Board</b>	<b>2,343</b>	<b>3,058</b>	<b>5,909</b>	<b>2,343</b>	<b>3,058</b>	<b>5,909</b>
Remuneration to the Board of Directors:						
Fees	150	150	300	150	150	300
<b>Total remuneration to the Management Board and Board of Directors</b>	<b>2,493</b>	<b>3,208</b>	<b>6,209</b>	<b>2,493</b>	<b>3,208</b>	<b>6,209</b>
Staff costs:						
Salaries and wages	88,123	97,441	192,131	88,396	98,001	193,009
Pensions	9,301	10,124	21,215	9,316	10,160	21,262
Social security costs	8,614	9,622	18,940	8,630	9,657	18,992
<b>Total staff costs</b>	<b>106,038</b>	<b>117,187</b>	<b>232,286</b>	<b>106,342</b>	<b>117,818</b>	<b>233,263</b>
Other administrative expenses	113,149	113,610	232,594	128,757	135,426	273,556
<b>Total staff costs and administrative expenses</b>	<b>221,680</b>	<b>234,005</b>	<b>471,089</b>	<b>237,592</b>	<b>256,452</b>	<b>513,028</b>
<b>Number of employees</b>						
Average number of employees during the financial year, full-time equivalents						
	290	355	365	290	356	327
<b>NOTE 5 Impairment of loans, advances and receivables, etc.</b>						
Individual assessment:						
Impairment and value adjustments, respectively, during the year	216,011	399,676	678,102	220,965	413,621	660,538
Reversal of impairment in previous years	79,311	232,190	135,759	82,706	241,991	145,832
<b>Total individual assessment</b>	<b>136,700</b>	<b>167,486</b>	<b>542,343</b>	<b>138,259</b>	<b>171,630</b>	<b>514,706</b>
Group assessment:						
Impairment and value adjustments, respectively, during the year	43,920	22,763	48,526	48,542	27,143	53,108
Reversal of impairment in previous years	37,743	21,763	28,526	42,365	26,643	34,194
<b>Total group assessment</b>	<b>6,177</b>	<b>1,000</b>	<b>20,000</b>	<b>6,177</b>	<b>500</b>	<b>18,914</b>
Losses not previously provided for	46,620	10,897	141,035	49,894	16,828	151,996
Bad debts recovered	12,265	15,160	24,575	13,466	15,556	25,844
<b>Total impairment of loans, advances and receivables, etc., end of period</b>	<b>177,232</b>	<b>164,223</b>	<b>678,803</b>	<b>180,864</b>	<b>173,402</b>	<b>659,772</b>

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	30.06.2011	30.06.2010	Year 2010	30.06.2011	30.06.2010	Year 2010
<b>NOTE 6 Loans, advances and other receivables at amortised cost</b>						
Loans and advances	10,016,285	15,013,159	11,951,642	9,528,877	13,173,171	11,388,784
Leases	-	-	-	140,947	252,906	192,815
Total before impairment, etc.	10,016,285	15,013,159	11,951,642	9,669,824	13,426,077	11,581,599
Impairment, etc.	1,198,929	1,848,894	1,293,775	1,215,968	1,879,609	1,286,875
<b>Loans, advances and other receivables at amortised cost, end of period</b>	<b>8,817,356</b>	<b>13,164,265</b>	<b>10,657,867</b>	<b>8,453,856</b>	<b>11,546,468</b>	<b>10,294,724</b>
<b>NOTE 7 Subordinated debts</b>						
Supplementary capital:						
Floating rate bullet loans in DKK maturing 9 May 2013	100,000	100,000	100,000	100,000	100,000	100,000
Floating rate bullet loans in DKK maturing 9 May 2014	100,000	99,960	99,983	100,000	99,960	99,983
Floating rate bullet loans in DKK maturing 3 December 2015	200,000	200,000	200,000	200,000	200,000	200,000
Supplementary capital, end of period	400,000	399,960	399,983	400,000	399,960	399,983
Hybrid Tier 1 capital:						
Fixed rate bullet loans in DKK with indefinite terms	175,000	175,000	175,000	175,000	175,000	175,000
State-funded capital injection, bullet loan in DKK with an indefinite term	854,332	853,816	854,076	854,332	853,816	854,076
Hedging of interest rate risk at fair value	-	9,169	-	-	9,169	-
Hybrid Tier 1 capital, end of period	1,029,332	1,037,985	1,029,076	1,029,332	1,037,985	1,029,076
<b>Subordinated debt, end of period</b>	<b>1,429,332</b>	<b>1,437,945</b>	<b>1,429,059</b>	<b>1,429,332</b>	<b>1,437,945</b>	<b>1,429,059</b>
Interest on subordinated debt	57,891	57,836	116,094	57,891	57,836	116,094
Of this, amortisation of costs incurred on raising the debt	272	300	583	272	300	583
Extraordinary instalments	-	-	-	-	-	-
Costs incurred in raising subordinated debt	-	-	-	-	-	-

Persuant to section 136 of the Danish Financial Business Act, the full amount of subordinated debt may be included in the statement of the capital base.

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	30.06.2011	30.06.2010	Year 2010	30.06.2011	30.06.2010	Year 2010
<b>NOTE 8 Share capital</b>						
Unlisted share capital:						
Nominal value at 1 January 2008	351,000	351,000	351,000	351,000	351,000	351,000
Capital increase April 2009	300,000	300,000	300,000	300,000	300,000	300,000
Capital increase September 2009	90,000	90,000	90,000	90,000	90,000	90,000
Capital increase November 2009	280,000	280,000	280,000	280,000	280,000	280,000
Nominal value, end of period	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000
The share capital consists of 1,021,000 shares of DKK 1,000 nominal value and is paid up in full.						
<b>NOTE 9 Capital Base</b>						
Shareholders' equity	1,552,984	1,255,264	1,563,910	1,716,565	1,450,130	1,759,284
Proposed dividends	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Deferred tax assets	-405,786	-345,539	-394,794	-519,374	-444,312	-501,309
Tier 1 capital after deductions	1,147,198	909,725	1,169,116	1,197,191	1,005,818	1,257,975
Hybrid Tier 1 capital	1,029,332	1,037,985	1,029,076	1,029,332	1,037,985	1,029,076
Transferred to Supplementary capital (section 129 of the Danish Financial Business Act)	-	-128,260	-	-	-43,199	-
Tier 1 capital including hybrid Tier 1 capital after deduction	2,176,530	1,819,450	2,198,192	2,226,523	2,000,604	2,287,051
Supplementary capital	400,000	399,960	399,983	400,000	399,960	399,983
Transferred from Hybrid Tier 1 capital (section 129 of the Danish Financial Business Act)	-	128,260	-	-	43,199	-
25%-Reduction (section 136 of the Danish Financial Business Act)	-75,000	-25,000	-25,000	-75,000	-25,000	-25,000
Capital base	2,501,530	2,322,670	2,573,175	2,551,523	2,418,763	2,662,034
Risk-weighted items:						
Weighted items involving credit risk	10,979,248	13,466,633	12,048,005	10,723,391	12,788,563	11,764,619
Weighted items involving market risk	2,171,090	2,008,063	1,538,070	2,411,151	2,726,138	1,815,156
Weighted items involving operational risk	756,380	896,646	756,380	558,163	714,584	558,163
Risk-weighted items, end of period	13,906,718	16,371,342	14,342,455	13,692,705	16,229,285	14,137,938
The solvency requirement represents minimum 8% of the risk-weighted items						
	1,112,537	1,309,707	1,147,396	1,095,416	1,298,343	1,131,035
Core capital including hybrid Tier 1 capital and capital base is calculated in accordance with part 10 of the Danish Financial Business Act.						

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	30.06.2011	30.06.2010	Year 2010	30.06.2011	30.06.2010	Year 2010
<b>NOTE 10 Off-balance sheet items</b>						
Contingent liabilities:						
Financial guarantees	524,799	893,395	801,399	524,799	893,395	801,399
Loss guarantees for mortgage loans	337,387	326,040	324,960	337,387	326,040	324,960
Other contingent liabilities	255,456	426,774	220,822	255,456	426,774	220,822
Contingent liabilities, end of period	1,117,642	1,646,209	1,347,181	1,117,642	1,646,209	1,347,181
Other commitments:						
Irrevocable loan commitments	-	60,000	-	-	60,000	-
Other miscellaneous commitments	-	17,534	-	-	17,534	-
Other commitments, end of period	-	77,534	-	-	77,534	-
Off-balance sheet items, end of period	1,117,642	1,723,743	1,347,181	1,117,642	1,723,743	1,347,181

**Other contingent liabilities**

Alm. Brand Bank A/S is jointly and severally liable with the other jointly taxed and jointly registered group companies for the total tax liability of these companies for income years up till 2004. As from 2005, Alm. Brand Bank A/S is only jointly and severally liable for the indirect tax liability.

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 Danmarks Nationalbank can obtain credit only against security through the pledging of approved securities.

As part of the ongoing business, at end H1 2011 the bank provided bonds as security vis-à-vis Danmarks Nationalbank at a market value of DKK 1,261 million (H1 2010: DKK 1,729 million).

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 0 million was received and cash in the amount of DKK 414 million was paid at H1 2011 (H1 2010: DKK 2 million and DKK 329 million).

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000							Group	
	Banking activities	Markets & Asset Management	Alm. Brand Leasing	Alm. Brand Pantebreve	Alm. Brand Formue	Other/ Eliminations	Alm. Brand Bank Group	H1 2011
<b>NOTE 11 Segment information</b>								
Interest receivable	406,359	33,435	19,032	1	18,841	-25,460	452,208	
Interest payable	243,027	8,379	9,759	409	15,068	-28,317	248,324	
Net interest income	163,332	25,056	9,273	-408	3,773	2,857	203,884	
Net fee and commission income, etc.	19,953	52,773	3,161	-23	1,351	-2,163	75,053	
Value adjustments	-53,892	-16,984	-	-	-28,543	-87,049	-186,468	
Other operating income	486	701	12,792	1,829	-	2,051	17,858	
Profit/loss on ordinary activities before expenses (Net income)	129,879	61,546	25,226	1,398	-23,419	-84,304	110,327	
Operating expenses	110,644	32,266	21,150	332	1,893	79,238	245,523	
Other operating expenses	-	-	195	667	-	43,423	44,286	
Impairment of loans, advances and receivables, etc.	177,015	-	3,632	-	-	217	180,864	
Profit/loss on participating interests	-	-101	-	-	-	-1,648	-1,749	
Profit/loss on activities before tax	-157,780	29,179	249	399	-25,312	-208,830	-362,095	

DKK '000							Group	
	Banking activities	Markets & Asset Management	Alm. Brand Leasing	Alm. Brand Pantebreve	Alm. Brand Formue	Other/ Eliminations	Alm. Brand Bank Group	H1 2010
<b>NOTE 11 Segment information - continued</b>								
Interest receivable	435,825	5,161	30,518	49,952	16,148	-71,878	465,726	
Interest payable	265,042	2,487	17,168	37,325	11,061	-137,601	195,482	
Net interest income	170,783	2,674	13,350	12,627	5,087	65,723	270,244	
Net fee and commission income, etc.	26,126	39,944	5,298	-2,367	2,774	18,763	90,538	
Value adjustments	-23,772	52,425	-	-49,256	30,796	-93,755	-83,562	
Other operating income	2,099	2,092	4,810	778	-	119	9,898	
Profit/loss on ordinary activities before expenses (Net income)	175,236	97,135	23,458	-38,218	38,657	-9,150	287,118	
Operating expenses	107,492	41,559	17,504	6,278	2,472	85,853	261,158	
Other operating expenses	-	-	-	1,977	-	41,319	43,296	
Impairment of loans, advances and receivables, etc.	165,726	-	9,179	-	-	-1,503	173,402	
Profit/loss on participating interests	-	114	-	-	-	19,547	19,661	
Profit/loss on activities before tax	-97,982	55,690	-3,225	-46,473	36,185	-115,272	-171,077	

## NOTES TO THE FINANCIAL STATEMENTS

Group

DKK '000	H1 2011	H1 2010	H1 2009	H1 2008	H1 2007
<b>NOTE 12 Financial highlights and key ratios</b>					
Net interest and fee income	278,937	360,782	308,188	335,725	305,591
Value adjustments	-186,468	-83,562	-1,766	-283,609	22,690
Staff costs and administrative expenses	237,592	256,452	263,286	281,256	260,351
Impairment of loans, advances and receivables, etc.	180,864	173,402	1,002,614	3,823	-41,757
Profit/loss from investments in associates group enterprises	-1,749	19,661	-295	5,838	-1,541
Profit for the year	-273,767	-106,497	-746,282	-178,577	91,284
Loans and advances	11,358,282	14,049,087	15,768,338	17,607,854	15,822,930
Shareholders' equity	1,716,565	1,450,130	789,238	1,717,417	1,826,097
Total assets	23,920,311	26,394,082	26,542,678	25,899,758	23,757,322
Solvency ratio	18.6	14.9	13.2	11.3	13.0
Tier 1 ratio	16.3	12.3	8.8	8.8	10.1
Return on equity before tax (%)	-23.4	-11.3	-107.9	-12.1	8.8
Return on equity after tax (%)	-17.7	-7.0	-81.1	-9.8	6.0
Income/cost ratio	0.23	0.64	0.24	0.23	1.51
Interest rate risk (%)	-1.2	1.0	24.9	4.9	10.9
Foreign exchange position (%)	6.8	9.2	34.4	8.3	27.7
Foreign exchange risk (%)	0.2	0.1	1.3	0.7	0.4
Loans and advances as a percentage of deposits (%)	158.8	156.7	137.9	150.4	159.7
Gearing of loans and advances	6.6	9.7	20.0	10.3	8.7
Annual growth in lending (%)	-9.0	-5.2	-8.8	2.9	20.5
Excess cover relative to statutory liquidity requirement (%)	310.6	266.9	119.9	107.0	156.0
Impairment ratio for the year	1.3	1.0	5.2	0.0	-0.2

Financial highlights and key ratios have been prepared in accordance with IFRS and "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

## NOTES TO THE FINANCIAL STATEMENTS

Parent company

DKK '000	H1 2011	H1 2010	H1 2009	H1 2008	H1 2007
<b>NOTE 12 Financial highlights and key ratios - continued</b>					
Net interest and fee income	261,808	324,012	273,040	291,556	265,194
Value adjustments	-157,925	-65,101	-12,604	-73,766	26,045
Staff costs and administrative expenses	221,680	234,005	235,259	253,114	237,397
Impairment of loans, advances and receivables, etc.	177,232	164,223	977,871	15,234	-23,783
Profit/loss from investments in associates group enterprises	-12,799	5,869	-5,236	-50,051	31,701
Profit for the year	-259,268	-106,939	-750,058	-78,086	75,726
Loans and advances	11,721,782	14,309,034	15,564,085	18,316,577	16,260,887
Shareholders' equity	1,552,984	1,255,264	486,668	1,286,571	1,292,386
Total assets	23,330,037	25,943,322	25,912,968	25,143,108	22,908,553
Solvency ratio	18.0	14.2	11.3	9.8	10.4
Tier 1 ratio	15.7	11.1	7.1	7.2	7.6
Return on equity before tax (%)	-25.5	-13.1	-160.2	-7.4	8.8
Return on equity after tax (%)	-19.0	-8.2	-121.2	-5.9	6.0
Income/cost ratio	0.21	0.61	0.21	0.64	1.51
Interest rate risk (%)	-2.8	3.0	23.3	1.2	2.0
Foreign exchange position (%)	5.5	5.4	69.2	10.5	5.0
Foreign exchange risk (%)	0.2	0.1	1.4	0.1	-
Loans and advances as a percentage of deposits (%)	162.8	158.7	135.9	156.2	179.0
Gearing of loans and advances	7.5	11.4	32.0	14.2	12.6
Annual growth in lending (%)	-8.8	-5.0	-8.4	-0.3	14.8
Excess cover relative to statutory liquidity requirement (%)	318.7	270.6	117.8	103.1	159.6
Impairment ratio for the year	1.3	0.9	5.2	0.1	-0.1

Financial highlights and key ratios have been prepared in accordance with the Danish Financial Business Act.

## NOTES TO THE FINANCIAL STATEMENTS

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### **NOTE 13 Accounting policies group**

The consolidated interim financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The parent company interim financial statements are 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.

In addition, the interim consolidated financial statements are presented in accordance with additional Danish disclosure requirements for interim financial statements of listed financial companies.

The accounting policies are unchanged from the policies applied in the financial statements for 2010.

The interim financial statements for H1 of 2011 are unaudited.