

# ALM. BRAND PANTEBREVE A/S



INTERIM REPORT - FIRST HALF OF YEAR 2009



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## COMPANY INFORMATION

### MANAGEMENT BOARD

**Erik Møller**    **Jan Gauger**

### INTERNAL AUDITOR

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

### BOARD OF DIRECTORS

**Henrik Nordam**, Chairman  
**Søren Boe Mortensen**, Deputy Chairman  
**Peter Nielsen**  
**Mark Thorsen**  
**Peter Aggerholm**  
**Bo Alberg**

### REGISTRATION

Alm. Brand Pantebreve A/S  
(Secondary name: Aktieselskabet Københavns  
Hippodrom)  
Company reg. (CVR) no. 16 26 60 19

### AUDITORS

Deloitte  
Statsautoriseret Revisionsaktieselskab

### ADDRESS

Midtermolen 7  
DK-2100 Copenhagen Ø  
Denmark  
Phone: +45 35 47 70 60  
Fax: +45 35 47 48 60  
[www.pantebreve.almbrand.dk](http://www.pantebreve.almbrand.dk)

**FINANCIAL HIGHLIGHTS AND KEY RATIOS**

DKKm	Q2 2009	Q2 2008	H1 2009	H1 2008	Year 2008
<b>INCOME STATEMENT</b>					
Interest received	30.1	33.7	61.9	67.3	133.8
Interest paid	22.4	27.8	46.6	48.5	105.8
<b>Net interest income</b>	<b>7.7</b>	<b>5.9</b>	<b>15.3</b>	<b>18.8</b>	<b>28.0</b>
Fees and commissions received (net)	-1.1	-1.3	-2.6	-2.6	-5.0
Value adjustment	-26.9	-30.9	-29.3	-29.1	-53.0
Other operating income	0.2	0.0	0.2	0.4	0.5
<b>Profit before expenses</b>	<b>-20.1</b>	<b>-26.3</b>	<b>-16.4</b>	<b>-12.5</b>	<b>-29.5</b>
Staff costs and administrative expenses	2.6	2.1	5.1	3.6	7.0
Other operating income	0.2	0.0	0.8	0	1.5
<b>Profit before tax</b>	<b>-22.9</b>	<b>-28.4</b>	<b>-22.3</b>	<b>-16.0</b>	<b>-38.0</b>
Tax	0.0	-7.1	0.0	-4.0	-9.5
<b>Profit for the period</b>	<b>-22.9</b>	<b>-21.3</b>	<b>-22.3</b>	<b>-12.1</b>	<b>-28.5</b>
<b>BALANCE SHEET</b>					
Loans and advances	1,663	1,752	1,663	1,752	1,754
Share capital	165	165	165	165	165
Shareholders' equity	216	255	216	255	238
Total assets	1,725	1,802	1,725	1,802	1,816
<b>KEY RATIOS ETC.</b>					
Return on equity before tax p.a.	-40.2%	-45.0%	-19.6%	-12.5%	-15.0%
Earnings per share (of DKK 100), DKK	-13.85	-12.90	-13.50	-7.30	-17.26
Shareholders' equity as a percentage of assets	12.5%	14.1%	12.5%	14.1%	13.1%
Financial gearing	6.9	6.0	6.9	6.0	6.5
Market price at end of period (B shares), DKK	122.00	158.00	122.00	158.00	138.00
Book value per share, DKK	130.80	154.27	130.80	154.27	144.30
Market price/book value	0.93	1.02	0.93	1.02	0.96
Average number of shares (of DKK 100)	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000

Financial highlights and key ratios have been prepared on the basis of the recommendations issued by the Danish Society of Financial Analysts

## MANAGEMENT'S REVIEW

### PERFORMANCE

Alm. Brand Pantebreve A/S posted a loss of DKK 22.3 million before tax in H1 2009, against a loss of DKK 16.1 million in the same period of last year.

The performance was not satisfactory.

The performance was the result of several factors, each of which had a positive or negative effect on the financial results.

The first half-year of 2009 was characterised by a sustained fall in property prices in Denmark and by growing unemployment. These factors had an adverse impact on the company's financial performance in H1 2009.

Losses and writedowns on the company's primary segment, residential mortgage deeds, were in line with expectations. A substantial part of the company's losses and writedowns was attributable to commercial mortgage deeds, which constitute a small part of the portfolio.

The slowdown in the buying and selling of properties in Denmark resulted in a significant decline in early redemptions from 17% p.a. in 2008 to 7% p.a. in H1 2009, which impacted favourably on the H1 performance.

The first six months of 2009 were generally characterised by falling yields on maturities up to 10 years, which also had a positive effect on the company's H1 financial results.

By selling part of the property bonds portfolio, the company yielded a gain that strengthened its H1 performance.

As a result of the development in the CHF/DKK exchange rate, the company recorded a foreign exchange gain. The company generally minimised its currency exposure. The company's portfolio of mortgage deeds in SEK is now fully hedged through the raising of corresponding debt financing in SEK. The company reduced its CHF exposure significantly in the first half of 2009.

At 31 December 2008, the company had taken over 11 single-family homes. In the first six months of 2009, the company found it appropriate to take over six properties with a view to a subsequent sale. After having sold two of the properties, the company had a total of 15 single-family homes on its books at 30 June 2009. The company has signed agreements to sell 11 of these properties

but the transactions had not yet been completed at the end of the reporting period.

Going forward, the company will refocus on and allocate additional resources to the treatment of non-performing mortgages in the portfolio. In the future, the company will also defend the individual mortgage deeds if it is deemed advantageous. The lower interest rate provides private debtors with an opportunity to save money on other mortgage lending. Combined, for example, with the tax reductions adopted with respect to earned income from 2010 and the disbursement of SP account balances during the summer of 2009, this provides the company's private debtors with better possibilities for satisfying their obligations in relation to the company's mortgage deeds. The vast majority of the company's mortgage deed portfolio is made up of residential mortgages.

### FINANCIAL RESULTS

The company recorded a loss of DKK 22.3 million before tax in H1 2009, equivalent to a negative return on average equity of 19.6% p.a. In the same period of last year, the company posted a loss of DKK 16.1 million.

The main items of the interim financial statements for the six months ended 30 June 2009 are reviewed below.

Net interest income for H1 2009 amounted to DKK 15.3 million, against DKK 18.8 million for the year-earlier period. Interest income was adversely affected by the smaller mortgage deed portfolio relative to the first six months of 2008 and higher funding costs as compared with H1 2008.

Fees and commissions received were DKK 0.2 million in the first half-year of 2009, which was on a par with the same period of 2008.

Fees and commissions paid were DKK 2.8 million in the first half-year of 2009, which was on a par with the same period of 2008. The performance of this item was mainly attributable to the mortgage deed portfolio.

Total value adjustments in H1 2009 amounted to a loss of DKK 29.3 million, against a loss of DKK 29.1 million in the year-earlier period.

Value adjustments in H1 2009 were comprised of a DKK 41.5 million loss on the mortgage deed portfolio, a DKK 7.6 million foreign exchange gain and a DKK 4.6 million gain on bonds.

## MANAGEMENT'S REVIEW

The mortgage deed portfolio is measured using a model that estimates the present value of expected future cash flows.

The valuation is based in part on market rate data and in part on expected future redemption and loss rates. The following table specifies the company's value adjustments of its mortgage deed portfolio in H1 2009.

The sustained adjustments of values in the property market caused the company to recognise an expense of DKK 59.6 million in H1 2009. This figure is derived by adding changes in loss rates, credit writedowns, recognised losses and losses from the sale of mortgage deeds.

### Value adjustment of mortgage deeds

DKKm	H1 2009
<b>Unrealised value adjustments</b>	
Changes in loss rates	-18,0
Changes in future early redemptions	15,9
Changes in market rates	12,7
Other changes	-8,8
Total valuation model	1,8
Credit writedowns	-16,7
Total unrealised value adjustments	-14,9
<b>Realised value adjustments</b>	
Recognised losses	-22,2
Gains/losses on sale	-2,7
Early redemptions	-2,0
Other adjustments	0,3
Total realised value adjustments	-26,6
Total value adjustments	-41,5

An increase in anticipated loss rates resulted in an unrealised capital loss of DKK 18.0 million in H1 2009.

The substantial decline in early redemptions in the first half of 2009 resulted in a reassessment of anticipated future redemptions, triggering a positive value adjustment of the mortgage deed portfolio of DKK 15.9 million.

Seen in isolation, the drop in interest rates in the first half-year increased the value of the mortgage deed portfolio by DKK 12.7 million.

Other changes include the net effect resulting from other changes in the mortgage deed portfolio.

Changes in the market rate and in the assumptions used had an aggregate favourable effect on the H1 2009 financial results of DKK 1.8 million. When deducting the credit writedowns of DKK 16.7 million, total unrealised value adjustments for the first six months of 2009 amounted to a loss of DKK 14.9 million.

In the year-earlier period, the unrealised value adjustments totalled a loss of DKK 6.6 million.

Realised value adjustments on the mortgage deed portfolio reduced the H1 financial results by DKK 26.6 million. This was mainly attributable to recognised losses on mortgage deeds in the amount of DKK 22.2 million, losses of DKK 2.7 million from the sale of mortgage deeds and losses on early redemptions of DKK 2.0 million. The company posted a loss of DKK 4.2 million in H1 2008, while total realised value adjustments produced a loss of DKK 9.5 million at 30 June 2008.

Primarily as a result of changes in the CHF/DKK exchange rate, the company recorded a foreign exchange gain of DKK 7.6 million in H1 2009.

The company realised a DKK 4.6 million gain from the sale of part of the property bond portfolio.

The company generated earnings and gains in the amount of DKK 0.2 million on properties temporarily taken over.

Payroll costs and administrative expenses totalled DKK 5.1 million in H1 2009, against DKK 3.6 million for the same period of 2008. The increase in administrative expenses was attributable to higher debt collection costs.

The cost of operating the properties temporarily taken over by the company was DKK 0.8 million in the first half-year of 2009.

The company's tax status has been changed as a result of a legislative amendment to the effect that, in the future, the company will be taxed as an investment company. As a result, the company will be tax-exempt with effect from 1 January 2009. Tax on the loss for the period represented an income of DKK 4.0 million.

The loss after tax was DKK 22.3 million in H1 2009, as compared with a loss of DKK 12.1 million in the same period of last year.

## MANAGEMENT'S REVIEW

### BALANCE SHEET

At 30 June 2009, the fair value of the company's loans and advances totalled DKK 1,663 million, against DKK 1,752 million at the year-earlier date. At 31 December 2008, the fair value of the company's loans and advances was DKK 1,754 million.

After selling part of its bond portfolio, the company still has a small portfolio of listed property bonds. The fair value of this portfolio was DKK 15 million at 30 June 2009, against DKK 23.7 million at 30 June 2008.

Debt financing totalled DKK 1,498 million, equivalent to an equity gearing of 6.9 at 30 June 2009. At 30 June 2008, the company had an equity gearing of 6.0, corresponding to debt financing of DKK 1,535 million, while the equity gearing was 6.5 at 31 December 2008. The company's equity gearing remains below the maximum gearing of 7 fixed by the Board of Directors.

The company will not buy any more mortgage deeds for the time being, and, depending of the financial results, the company's equity gearing may exceed the maximum gearing of 7 previously fixed by the Board of Directors.

### OUTLOOK

The company downgrades its guidance from a full-year profit before tax of around DKK 0–25 million to a loss of between DKK 25 million and DKK 35 million. The company retains its long-term goal of achieving a return on equity of 10.5% p.a.

The company's projections are based on developments in a number of factors which, separately and combined, may affect its financial results. Factors of particular importance to the future

earnings of the company include developments in market rates and the amount of bad debts. The interest margin, the volume of redemptions and exchange rate changes also have a significant impact on the company's financial results. Developments in these factors are subject to some uncertainty and changes in one or more of these factors could cause the financial results to deviate from the forecasts made.

### INFORMATION ABOUT SHARES AND SHAREHOLDERS

The net asset value of the company's shares declined in the first half of 2009 from DKK 144.30 to DKK 130.80, equal to a fall of 9.4%. During the same period, the price of the company's B shares fell from DKK 138.00 to DKK 122.00. An aggregate of 104,205 B shares were traded in H1 2009 at an average price of DKK 143.82, corresponding to a total market value of DKK 15.0 million.

Alm. Brand Bank A/S's ownership interest amounted to 22.3% at 30 June 2009. Through the A shares, the bank controls 62.8% of the votes in the company.

The following companies had notified the company in mid-August 2009 that they hold more than 5% of the share capital:

- Capinordic Bank A/S
- Investeringselskabet Søndergade A/S
- Liberty Pantebreve A/S
- Danske Pantebreve A/S
- Phønix Invest A/S

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

# 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 of Alm. Brand Pantebreve A/S for the six months ended 30 June 2009.

The interim report is presented in accordance with IAS 34, Interim Financial Reporting. In addition, the interim report is presented in accordance with additional Danish disclosure requirements for listed companies.

We consider the accounting policies to be appropriate to the effect that the interim report

gives a true and fair view of the company's assets, liabilities and financial position at 30 June 2009 and of the results of the company's operations and the cash flows for the six months ended 30 June 2009.

The management's review also gives a true and fair view of developments in the activities and financial position of the company and fairly describes significant risk and uncertainty factors that may affect Alm. Brand Pantebreve A/S.

The interim report is unaudited.

## MANAGEMENT BOARD

Copenhagen, 18 August 2009

**Erik Møller**

**Jan Gauger**

## BOARD OF DIRECTORS

Copenhagen, 18 August 2009

**Henrik Nordam**  
Chairman

**Søren Boe Mortensen**  
Deputy Chairman

**Peter Aggerholm**

**Peter Nielsen**

**Mark Thorsen**

**Bo Alberg**



## ACCOUNTING POLICIES

The interim report of Alm. Brand Pantebreve A/S is presented in accordance with International Financial Reporting Standards (IFRS) and additional Danish disclosure requirements for interim reports of listed companies.

### **ACCOUNTING POLICY CHANGES**

As from 1 January 2009, the financial statements of Alm. Brand Pantebreve A/S will be presented in accordance with IFRS. The company's financial statements were previously presented in accordance with the provisions of the Danish Financial Statements Act for reporting class D and Danish accounting standards.

The transition, which has been completed in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, did not result in any changes in the recognition and measurement of the company's assets and liabilities. The transition to IFRS only required the incorporation of a cash flow statement. The company forms part of a group whose financial statements are prepared in accordance with IFRS and the accounting policies were previously in accordance therewith.

**INCOME STATEMENT**

<b>DKK '000</b>	<b>Note</b>	<b>Q2 2009</b>	<b>Q2 2008</b>	<b>H1 2009</b>	<b>H1 2008</b>	<b>Year 2008</b>
<b>INCOME STATEMENT</b>						
Interest receivable	1	30,091	33,695	61,929	67,331	133,771
Interest payable	2	22,417	27,793	46,584	48,503	105,741
<b>Net interest and fee income</b>		<b>7,674</b>	<b>5,902</b>	<b>15,345</b>	<b>18,828</b>	<b>28,030</b>
Fees and commissions receivable		119	104	214	217	421
Fees and commissions payable	3	1,228	1,393	2,786	2,779	5,406
<b>Net interest and fee income</b>		<b>6,565</b>	<b>4,613</b>	<b>12,773</b>	<b>16,266</b>	<b>23,045</b>
Value adjustments	4	-26,850	-30,906	-29,343	-29,096	-52,987
Other operating income		203	-	219	353	449
Staff costs and administrative expenses	5	2,581	2,095	5,097	3,572	6,975
Other operating expenses		187	-	826	-	1,508
<b>Profit/loss before tax</b>		<b>-22,850</b>	<b>-28,388</b>	<b>-22,274</b>	<b>-16,049</b>	<b>-37,976</b>
Tax		-	-7,097	-	-4,012	-9,489
<b>Profit/loss for the period</b>		<b>-22,850</b>	<b>-21,291</b>	<b>-22,274</b>	<b>-12,037</b>	<b>-28,487</b>
Comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-22,850</b>	<b>-21,291</b>	<b>-22,274</b>	<b>-12,037</b>	<b>-28,487</b>
Earnings per share, 100 kr.		-13.85	-12.90	-13.50	-7.30	-17.26
Diluted earnings per share, 100 kr.		-13.85	-12.90	-13.50	-7.30	-17.26

**BALANCE SHEET**

DKK '000	Note	30.06.2009	30.06.2008	31.12.2008
<b>ASSETS</b>				
<b>Securities and investments</b>				
Loans, advances and other receivables at fair value	6.7	1,663,291	1,752,041	1,754,242
Bonds at fair value		15,000	23,700	16,500
<b>Total securities and investments</b>		<b>1,678,291</b>	<b>1,775,741</b>	<b>1,770,742</b>
<b>Receivables</b>				
Current tax assets		9,490	4,983	9,210
Deferred tax assets		-	-	280
Assets held temporarily	8	14,986	4,812	10,569
Other assets	9	21,521	16,268	23,845
Prepayments and accrued income		18	-	16
<b>Total receivables</b>		<b>46,015</b>	<b>26,063</b>	<b>43,920</b>
<b>Cash and cash equivalents</b>				
Amounts due from credit institutions		1,012	49	1,212
<b>Total cash and cash equivalents</b>		<b>1,012</b>	<b>49</b>	<b>1,212</b>
<b>Total current assets</b>		<b>1,725,318</b>	<b>1,801,853</b>	<b>1,815,874</b>
<b>Total assets</b>		<b>1,725,318</b>	<b>1,801,853</b>	<b>1,815,874</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Shareholders' equity</b>				
Share capital	10	165,000	165,000	165,000
Retained earnings		50,823	89,547	73,097
<b>Total shareholders' equity</b>		<b>215,823</b>	<b>254,547</b>	<b>238,097</b>
<b>Current liabilities other than provisions</b>				
Amounts due to credit institutions		1,497,685	1,535,249	1,556,009
Current tax liabilities			3,805	-
Liabilities temporarily acquired		8,754	2,460	6,027
Other liabilities	11	3,056	5,792	15,741
<b>Total current liabilities other than provisions</b>		<b>1,509,495</b>	<b>1,547,306</b>	<b>1,577,777</b>
<b>Total liabilities</b>		<b>1,725,318</b>	<b>1,801,853</b>	<b>1,815,874</b>

**STATEMENT OF CHANGES IN EQUITY**

DKK '000	Share capital	Retained earnings	Total
<b>Shareholders' equity at 1 January 2008</b>	165,000	101,584	266,584
<b>Equity changes in first half of year 2008</b>			
Profit for the period	-	-12,037	-12,037
<b>Comprehensive income in first half of year 2008</b>	-	-12,037	-12,037
<b>Total equity changes in first half of year 2008</b>	-	-12,037	-12,037
<b>Shareholders' equity at 30 June 2008</b>	165,000	89,547	254,547
<b>Shareholders' equity at 1 January 2008</b>	165,000	101,584	266,584
<b>Equity changes in 2008</b>			
Profit for the period	-	-28,487	-28,487
<b>Comprehensive income in 2008</b>	-	-28,487	-28,487
<b>Total equity changes in 2008</b>	-	-28,487	-28,487
<b>Shareholders' equity at 31 December 2008</b>	165,000	73,097	238,097
<b>Shareholders' equity at 1 January 2009</b>	165,000	73,097	238,097
<b>Equity changes in first half of year 2009</b>			
Profit for the period	-	-22,274	-22,274
<b>Comprehensive income in first half of year 2009</b>	-	-22,274	-22,274
<b>Total equity changes in first half of year 2009</b>	-	-22,274	-22,274
<b>Shareholders' equity at 30 June 2009</b>	165,000	50,823	215,823

**CASH FLOW STATEMENT**

<b>DKK '000</b>	<b>H1 2009</b>	<b>H1 2008</b>	<b>Year 2008</b>
<b>Operating activities</b>			
Profit/loss before tax	-22,274	-16,049	-37,976
Tax paid for the year	-	-	-2,835
Adjustment for amounts with no cash flow impact:			
Operating items with no cash flow impact	-8,648	10,230	52,633
Total, operating activities	<u>-30,922</u>	<u>-5,819</u>	<u>11,822</u>
<b>Working capital</b>			
Inflow of mortgage deeds	-233,461	-335,060	-817,678
Outflow of mortgage deeds	317,051	341,391	796,907
Bonds	6,073	-	-
Assets held temporarily	-617	-1,552	-11,689
Total, working capital	<u>89,046</u>	<u>4,779</u>	<u>-32,460</u>
<b>Financing activities</b>			
Amounts due to credit institutions	-58,324	-71	20,690
Total, financing activities	<u>-58,324</u>	<u>-71</u>	<u>20,690</u>
<b>Change in cash and cash equivalents</b>			
	-200	-1,111	52
Cash and cash equivalents, beginning of period	1,212	1,160	1,160
Change in cash and cash equivalents	-200	-1,111	52
Cash and cash equivalents, end of period	<u>1,012</u>	<u>49</u>	<u>1,212</u>
<b>Cash and cash equivalents, end of period</b>			
Balances due from credit institutions less than 3 months	1,012	49	1,212
Cash and cash equivalents, end of period	<u>1,012</u>	<u>49</u>	<u>1,212</u>

**NOTES TO THE FINANCIAL STATEMENTS**

DKK '000	Q2 2009	Q2 2008	H1 2009	H1 2008	Year 2008
<b>NOTE 1 Interest received</b>					
Amounts due from credit institutions	2	2	5	8	24
Loans, advances and other receivables at fair value	28,847	31,815	58,678	63,615	126,187
Bonds	444	448	763	895	1,775
Total derivative financial instruments	798	1,430	2,483	2,813	5,785
Of which:					
Foreign exchange contracts	798	1,430	2,483	2,813	5,785
Total Interest received	30,091	33,695	61,929	67,331	133,771

**NOTE 2 Interest paid**

Credit institutions	22,417	27,793	46,584	48,503	105,741
Total interest payable	22,417	27,793	46,584	48,503	105,741

**NOTE 3 Fees and commissions payable**

Custody fees	1,079	1,371	2,549	2,619	5,156
Other fees payable	149	22	237	160	250
Total fees and commissions payable	1,228	1,393	2,786	2,779	5,406

**NOTE 4 Value adjustments**

Loans, advances and other receivables at fair value	-35,571	-41,078	-41,521	-16,073	-8,737
Bonds at fair value	5,873	-1,187	4,573	-1,350	-8,550
Foreign currency	2,389	10,650	4,896	-13,475	-38,631
Total derivative financial instruments	459	709	2,709	1,802	2,931
Of which:					
Foreign exchange contracts	459	709	2,709	1,802	2,931
Total value adjustments	-26,850	-30,906	-29,343	-29,096	-52,987

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Q2 2009	Q2 2008	H1 2009	H1 2008	Year 2008
<b>NOTE 5 Staff costs and administrative expenses</b>					
Remuneration to the Management Board and Board of Directors:					
Remuneration to the Management Board					
Saleries and wages	151	142	291	391	652
Pensions	13	12	26	24	50
	<u>164</u>	<u>154</u>	<u>317</u>	<u>415</u>	<u>702</u>
Remuneration to the Board of Directors					
Fees	15	37	53	75	150
Total remuneration to the Management Board and Board of Directors	<u>179</u>	<u>191</u>	<u>370</u>	<u>490</u>	<u>852</u>
Other administrative expenses	<u>2,402</u>	<u>1,904</u>	<u>4,727</u>	<u>3,082</u>	<u>6,123</u>
Total staff costs and administrative expenses	<u>2,581</u>	<u>2,095</u>	<u>5,097</u>	<u>3,572</u>	<u>6,975</u>

### Terms applicable to the Management Board

The Management Board and Alm. Brand Pantebreve A/S have agreed on a mutual two-month extension of the period of notice applicable to salaried employees.

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.06.2009	30.06.2008	31.12.2008
<b>NOTE 6 Loans, advances and other receivables at fair value</b>			
<b>Danish mortgage deeds</b>			
Fair value, beginning of period	1,553,112	1,632,234	1,632,234
Additions during the period	6,107	266,701	704,222
Disposals during the period	-51,249	-292,466	-771,401
Value adjustment	-5,456	-12,547	-11,943
Fair value, end of period	<u>1,502,514</u>	<u>1,593,922</u>	<u>1,553,112</u>
<b>Swedish mortgage deeds</b>			
Fair value, beginning of period	197,177	137,444	137,444
Additions during the period	6,777	68,063	111,068
Disposals during the period	-41,555	-48,895	-25,261
Value adjustment	-7,361	-570	-26,074
Fair value, end of period	<u>155,038</u>	<u>156,042</u>	<u>197,177</u>
<b>Debt instruments</b>			
Fair value, beginning of period	3,953	1,811	1,811
Additions during the period	1,915	296	2,388
Disposals during the period	-129	-30	-246
Fair value, end of period	<u>5,739</u>	<u>2,077</u>	<u>3,953</u>
Total loans, advances and other receivables at fair value	<u>1,663,291</u>	<u>1,752,041</u>	<u>1,754,242</u>
Average carryind amount per mortgage deed, Danish	254	260	257
Average carryind amount per mortgage deed, Swedish	267	308	271
Average carryind amount per debt instrument	113	74	91
Average nominal interest rate, Danish mortgage deeds (fixed-rate)	7.6%	6.8%	7.6%

Mortgage deeds are measured at fair value using a valuation model which estimates the present value of expected future cash flows. The valuation is based in part on observable market data (interest rates) and partly on expectations of future redemption and loss percentages.

The measurement of mortgage deeds at fair value is based on an estimate of the assumptions applied.



## NOTES TO THE FINANCIAL STATEMENTS

DKK '000

30.06.2009 30.06.2008 31.12.2008

**NOTE 7 Breakdown of lending (mortgage deeds)**

Floating-interest loans (cibor + interest margin, % of portfolio)

Less than 5%	0%	0%	0%
5% - 5.99%	0%	0%	0%
6% - 6.99%	6%	1%	0%
7% - 7.99%	5%	6%	5%
8% - 8.99%	1%	6%	5%
9% or more	0%	1%	2%
Total	12%	14%	12%

Fixed-interest loans (nominal interest rate, % of portfolio)

Less than 5%	1%	0%	1%
5% - 5.99%	1%	1%	1%
6% - 6.99%	17%	19%	18%
7% - 7.99%	36%	39%	37%
8% - 8.99%	25%	22%	24%
9% or more	8%	5%	7%
Total	88%	86%	88%

Total breakdown of lending

100% 100% 100%

Property types, % of portfolio:

Single-family houses	46%	45%	45%
Owner-occupied flats	11%	11%	11%
Weekend cottages	13%	13%	13%
Rental properties	6%	7%	6%
Mixed residential/commercial	3%	3%	4%
Commercial properties	5%	7%	5%
Other	16%	14%	16%
Total	100%	100%	100%

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000

30.06.2009 30.06.2008 31.12.2008

**NOTE 7 Breakdown of lending (mortgage deeds) - continued**

Security ranking, % of the portfolio

Guaranteed	1%	1%	1%
Within 65%	5%	5%	5%
Within 80%	8%	7%	8%
Within 95%	41%	41%	41%
Within 100%	28%	30%	28%
In excess of 100%	17%	16%	17%
Other mortgage deeds	0%	0%	0%
Total	100%	100%	100%

Term to maturity, % of portfolio:

Less than 10 years	7%	7%	7%
10 - 15 years	4%	4%	4%
15 - 20 years	10%	12%	10%
20 - 25 years	23%	25%	24%
More than 25 years	56%	52%	55%
Total	99%	101%	100%

**NOTE 8 Assets held temporarily**

Carrying amount at the beginning of the period	10,569	-	-
Additions during the period	5,799	4,812	12,364
Disposals during the period	-1,382	-	-675
Writedown	-	-	-1,120
Total assets held temporarily	14,986	4,812	10,569

**NOTE 9 Other assets**

Positive market value of derivatives financial instruments	2,454	1,714	6,631
Interest and commission receivable	18,989	13,393	17,195
Other assets	78	1,161	19
Total other assets	21,521	16,268	23,845

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.06.2009	30.06.2008	31.12.2008
<b>NOTE 10 Share capital</b>			
Unlisted share capital	20,000	20,000	20,000
Listed share capital	145,000	145,000	145,000
Total share capital, nominal value at end of period	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>
Unlisted share capital			
Share capital at 31 December 2001	20,000	20,000	20,000
Capital increase February 2002	-	-	-
Capital increase August 2007	-	-	-
Total unlisted share capital	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Listed share capital			
Share capital at 31 December 2001	50,000	50,000	50,000
Capital increase February 2002	35,000	35,000	35,000
Capital increase August 2007	60,000	60,000	60,000
Total listed share capital	<u>145,000</u>	<u>145,000</u>	<u>145,000</u>

The Company's share capital consists of one A share of DKK 20,000,000 and 1,450,000 B shares of DKK 100 each, representing a total nominal value of DKK 165,000,000.

**NOTE 11 Other liabilities**

Miscellaneous creditors	1,744	1,228	7,643
Negative market value of derivatives	-	885	6,160
Interest and commission payable	1,312	3,679	1,938
Total other payables	<u>3,056</u>	<u>5,792</u>	<u>15,741</u>

**NOTE 12 Collateral security**

The company's mortgage deeds representing a carryind amount of DKK 1,663 million (H1 2008: DKK 1,752 million) and bonds representing a market value of DKK 15 mill. (H1 2008: DKK 24 million) have been provided as security for amounts due to credit institutions