

# ALM. BRAND FORMUE A/S



INTERIM REPORT - FIRST HALF OF YEAR 2010



# CONTENT

## **COMPANY INFORMATION**

2 Company information

## **MANAGEMENT'S REVIEW**

3 Financial highlights and key ratios

4 Management's review

## **SIGNATURES**

8 Statement by the board of Directors  
and the Management Board

## **FINANCIAL STATEMENTS**

9 Income statement

10 Balance sheet

11 Statement of changes in equity

12 Cash flow statement

13 Notes to the financial statements

## COMPANY INFORMATION

### MANAGEMENT BOARD

**Bo Overvad**, Chief Executive

### INTERNAL AUDITOR

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

### BOARD OF DIRECTORS

**Søren Boe Mortensen**, Chairman

**Ulla Heurlin**, Deputy Chairman

**Carsten Dinsen Andersen**

**Poul Juhl Fischer**

**Jacob Schousgaard**

### REGISTRATION

Alm. Brand Formue A/S

Company reg. (CVR) no. 27 23 75 25

### AUDITORS

Deloitte

Statsautoriseret Revisionsaktieselskab

### ADDRESS

Midtermolen 7

DK-2100 Copenhagen Ø

Denmark

Phone: +45 35 47 48 49

Fax: +45 35 47 48 60

[www.formue.almbrand.dk](http://www.formue.almbrand.dk)

## FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	Q2 2010	Q2 2009	H1 2010	H1 2009	Year 2009
<b>INCOME</b>					
Interest receivable	7.8	6.3	16.1	12.1	25.9
Interest payable	5.4	5.9	11.1	14.0	25.0
<b>Net interest income</b>	<b>2.4</b>	<b>0.4</b>	<b>5.0</b>	<b>-1.9</b>	<b>0.9</b>
Fees and commissions receivable (net) and dividend etc.	0.7	0.8	2.8	0.9	1.3
<b>Net interest and fee income</b>	<b>3.1</b>	<b>1.2</b>	<b>7.8</b>	<b>-1.0</b>	<b>2.2</b>
Value adjustments	0.2	55.5	30.8	40.2	86.6
Interest rate contracts	6.7	-0.8	9.8	-5.4	-8.1
Share contracts	-8.8	54.9	18.3	40.3	87.3
Foreign exchange contracts	2.3	1.4	2.7	5.3	7.4
<b>Profit before expenses</b>	<b>3.3</b>	<b>56.7</b>	<b>38.6</b>	<b>39.2</b>	<b>88.8</b>
Staff costs and administrative expenses	1.3	1.3	2.5	2.3	4.3
<b>Profit before tax</b>	<b>2.0</b>	<b>55.4</b>	<b>36.1</b>	<b>36.9</b>	<b>84.5</b>
Tax	0.5	0.3	0.6	0.5	0.7
<b>Profit for the period</b>	<b>1.5</b>	<b>55.1</b>	<b>35.5</b>	<b>36.4</b>	<b>83.8</b>
<b>BALANCE</b>					
Deposits	636	364	636	364	642
Shares	290	228	290	228	278
Share capital	310	310	310	310	310
Shareholders' equity	316	233	316	233	280
Total assets	934	628	934	628	929
<b>KEY RATIOS</b>					
Annualised return on equity before tax (%)	2.4	107.9	24.3	34.4	35.4
Annualised return on equity after tax (%)	1.9	107.2	23.8	33.9	35.1
Earnings per share (of DKK 100), DKK	0.5	17.8	11.5	11.8	27.0
Financial gearing	1.9	1.7	1.9	1.7	2.3
Bonds as percentage of assets (%)	68.1	57.9	68.1	57.9	69.1
Shares as percentage of assets (%)	31.0	36.3	31.0	36.3	29.9
Market price at end of period (B shares), DKK	88.00	82.00	88.00	82.00	72.00
Net asset value per share, DKK	101.93	75.19	101.93	75.19	90.46
Market price/book value	0.86	1.09	0.86	1.09	0.80
Average number of shares (of DKK 100)	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000

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.

## MANAGEMENT'S REVIEW

### PERFORMANCE

The company posted a profit of DKK 36.1 million before tax and a profit of DKK 35.5 million after tax in H1 2010. In the same period of last year, the company posted a profit of DKK 36.9 million before tax and DKK 36.4 million after tax.

In the first half-year of 2010, the company pursued a prudent investment policy. Gearing was therefore maintained at a low level and the company had an equity gearing of 1.9 at 30 June 2010.

The H1 performance was satisfactory. As a result of positive developments in the beginning of the third quarter of 2010, the company upgrades its full-year forecast to a profit of around DKK 60 million after tax.

The main items for the six months ended 30 June 2010 are reviewed below.

Net interest income for H1 2010 amounted to DKK 5.0 million, against a loss of DKK 1.9 million for the year-earlier period. The positive interest margin was attributable to a normalisation of the yield curve.

In H1 2010, the company received dividends on shares in the amount of DKK 5.6 million, which was higher than the amount received in H1 2009, when dividends received amounted to DKK 2.9 million. The increase in dividend income was due to extraordinary dividends of DKK 2.6 million received by the company in January 2010.

Fees and commissions payable amounted to DKK 2.8 million in H1 2010, against DKK 2.0 million in the same period of last year. The increase in fees and commissions was primarily due to an increase in the value of the portfolio under management.

Value adjustments in the second quarter of 2010 were favourably affected by developments in the bond markets and rising exchange rates on the company's investment portfolio, while equity market developments had a negative effect on value

adjustments. In the second quarter of 2010, value adjustments produced a gain of DKK 0.2 million, against a gain of DKK 30.6 million in Q1 2010. Total value adjustments in H1 2010 amounted to a gain of DKK 30.8 million, against a gain of DKK 40.2 million in the year-earlier period.

Value adjustments on equity-related securities amounted to a gain of DKK 18.3 million in H1 2010, against a gain of DKK 40.3 million in H1 2009. The company only entered into derivative equity contracts to a limited extent in H1 2010. Value adjustments on equity-related securities amounted to a loss of DKK 8.8 million in Q2 2010.

Value adjustments on fixed income securities amounted to a gain of DKK 9.8 million in H1 2010, against a loss of DKK 5.5 million in H1 2009. The company did not enter into derivative fixed income contracts in H1 2010. At 30 June 2010, the company had placed virtually its entire bond portfolio in mortgage bonds. Value adjustments on fixed income securities amounted to a gain of DKK 6.7 million in Q2 2010.

Foreign exchange adjustments amounted to a gain of DKK 2.7 million in H1 2010, as compared with a DKK 5.3 million gain in the year-earlier period. The gain comprised a DKK 3.6 million gain on the company's equity and bond portfolio and a DKK 0.9 million loss on forward exchange contracts. In Q2 2010, foreign exchange adjustments totalled a gain of DKK 2.3 million.

Staff costs and administrative expenses amounted to DKK 2.5 million in H1 2010, an increase of DKK 0.2 million relative to the year-earlier period.

Tax for the first six months of 2010 was an expense of DKK 0.6 million, which was equivalent to the withholding tax paid. In H1 2009, tax was an expense of DKK 0.5 million.

The company's investment portfolio consists of bonds and shares. At 30 June 2010, the company had a bond portfolio of DKK 636 million, corresponding to 68% of total assets.

## MANAGEMENT'S REVIEW

On average, the company expects to place 75% of its investment portfolio in bonds.

The equity portfolio amounted to DKK 290 million at 30 June 2010, corresponding to 31% of the total assets. On average, the company expects to place 25% of its investment portfolio in equities.

The company maintains a lower bond portfolio relative to the benchmark, as the company expects long-term interest rates to increase over time. Moreover, the company has wanted to maintain a low gearing, resulting in an equity gearing of 1.9 at 30 June 2010. Seen over a longer period, the company expects to maintain an average debt/equity ratio of 3.0. The company's articles of association prescribe a maximum debt/equity ratio of 4.0.

At 30 June 2010, the company's bank debt to credit institutions amounted to DKK 615 million, compared with DKK 391 million at the year-earlier date.

### MARKET DEVELOPMENTS IN H1 2010

Despite rather decent economic indicators, the first half of 2010 was primarily dominated by two factors: One was the debate about the very large public deficits in euroland; the other was the debate about whether the recovery would be robust enough to continue without fiscal support. The economic indicators generally improved and they all but met expectations. However, uncertainty in the financial markets has been very high and the markets volatile. Economic indicators are expected to weaken in H2 2010 relative to H1 2010, but on a better composition. Accordingly, growth will be driven primarily by the private sector, whereas it was driven mostly by the public sector in H1 2010. Although the markets are talking about a recovery or a double dip, there are a lot of indications that developments will more likely resemble a square root and that we have now reached the flat part.

### US economy awaits labour market stimuli

US economic indicators continued the positive trend in the first half of 2010, driven by very lenient fiscal and monetary policies. Consumer spending developed favourably supported by housing market subsidy schemes and, therefore, a slight setback is to be expected going forward.

Housing market activity thus declined significantly after the subsidy schemes had expired. An increase in consumer spending much greater than general income trends is not sustainable as long as the labour market remains volatile.

The fact that the labour market is showing no signs of recovery remains a cause of concern. The increase in jobless claims, combined with a very slight increase in the number of new jobs in the private sector, creates uncertainty as to the long-term sustainability of the recovery. Consumer spending and investments are the only two factors capable of driving the recovery when fiscal policy easing no longer stimulates the economy. So far, the USA has steered clear of major difficulties resulting from the very substantial budget deficits. However, there is no doubt that the size of the US deficit is comparable to the ones seen in southern Europe and that it will be necessary to signal that the problems are taken seriously.

The timing of a monetary policy tightening has been deferred relative to the company's most recent expectations. There is little evidence that the Fed will raise its key lending rates before 2011.

### Europe hit by budget debate and austerity measures

Driven by German industry, the economic indicators are continuing the positive trends. Due to the relatively weak euro and the very export intensive German industry, both output and order intake have been a very positive surprise. Unfortunately, this is the only bright spot. Consumer spending remains under pressure and is affected by the debate about austerity measures and tax increases.

The overriding topic in the second quarter of 2010 was the very large public deficits, particularly in the southern European countries. Most countries have introduced budget cuts and this seems to have reassured the financial markets, although the effects on the real economy are only just beginning to materialise. There is no doubt that the most severely hit countries will have to accept generally weaker growth in the years ahead in order to finance their deficits.

## MANAGEMENT'S REVIEW

On the short horizon, however, the positive effects of the very low interest rates and the weak euro should not be underestimated, as they will benefit the other countries.

### **China and India tighten up**

Due to sustained strong growth in China and India in the second quarter of 2010, fiscal and monetary policy tightening continues. In addition, China has initiated a revaluation of the renminbi, which is the most obvious sign that the Chinese government is confident that the economy is strong enough to contribute to international developments. The pace at which trading between Asia on the one hand and the USA and Europe on the other has normalised is very impressive.

Asia thus remains a significant contributor to global growth in 2010.

### **Bond market positively affected by debt problems**

Long-term yields in the USA and Europe declined significantly during the second quarter of 2010 despite improved macroeconomic data. The declines were attributable to two factors: First of all, uncertainty and fear concerning the budget deficits have raised expectations that the Fed and the ECB will defer their rate hiking cycle until 2011. Secondly, there has been a flight to safety, resulting in significant declines in long-term government bond yields in the USA and Germany. The company believes that long-term yields have declined too much relative to the development in fundamentals.

Danish long-term yields have also declined significantly as a result of the decline in Germany and a narrowing yield spread. The yield spread is currently at a very low level. The narrowing is attributable to Denmark being viewed as more attractive from an investment perspective than southern European countries. Moreover, Denmark has recently concluded the sale of government bonds to finance this year's public deficit.

The turmoil in the second quarter of 2010 contributed to expectations that initial rate hikes by the

Fed and the ECB will not take place until 2011. However, the company believes that the second half of 2010 will see a gradual absorption of liquidity, which will affect short-term money market rates. The ECB took a major step by phasing out the one-year liquidity injection from 2009.

The company maintained a low gearing in the first half of 2010. This was due to the very low level of interest rates, which does not reflect the fundamental economic conditions. During the reporting period, the company maintained an overweight of Danish high-yield mortgage bonds, primarily with the aim of exploiting the steep yield curve.

As and when long-term yields rise again, the company expects to increase its gearing.

### **Equity markets uncertain as to H2 2010**

The positive sentiment that prevailed at the end of the first quarter of 2010 could not be sustained in the second quarter of 2010. The global equity markets ended the second quarter of 2010 at a lower level than when the quarter started. This too was a result of the uncertainty as to the effects of measures to tighten fiscal policies in Europe. There were also fears that austerity measures in Asia would be too severe and, towards the end of the quarter, uncertainty about whether growth would subside in the second half of 2010. All of these factors resulted in high volatility.

The Danish market once again outperformed the larger markets, recording marginal improvements in the second quarter of 2010, again with Novo Nordisk as a major contributor.

The equity markets are generally believed to be attractively priced, but high volatility will prevail as long as future economic developments remain uncertain.

The company has made no notable changes to the composition of its portfolio during the first six months of 2010. The majority of investments are still placed in Danish and international companies that benefit from the global economic recovery and thus improve their earnings.

## MANAGEMENT'S REVIEW

### OUTLOOK FOR THE FULL YEAR

As a result of positive developments early in the third quarter of 2010, the company upgrades its full-year forecast to a profit of around DKK 60 million after tax. This represents an upgrade of DKK 10 million relative to the previous guidance of an annual profit of around DKK 50 million after tax.

The company retains its long-term expectations of an average annualised post-tax return of 10% of shareholders' equity seen over a period of at least five years.

Owing to the risk factors affecting the company, the financial performance may fluctuate substantially during certain periods, positively as well as negatively, relative to the long-term return targets.

In the longer term, equities are expected to make a greater contribution to the company's financial results and long-term return expectations than bonds.

The full-year financial performance relies heavily on developments in the financial markets during the remainder of the year.

### EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred in the period from the end of the reporting period until the date of the interim report which would significantly change an assessment of the interim report.

### INFORMATION ABOUT SHARES AND SHAREHOLDERS

The price of the company's B shares rose in H1 2010 from DKK 72.00 to DKK 88.00, equal to an increase of 22%. During the same period, the net asset value rose by 13% to DKK 101.93. An

aggregate of 96,583 B shares were traded in H1 2010 at an average price of DKK 79.65, corresponding to a total market value of DKK 7.7 million.

Alm. Brand Bank A/S's ownership interest amounted to 43.1% at 30 June 2010. Through its holding of A shares, the bank controls 69.3% of the votes in the company.

Alm. Brand Liv og Pension A/S's ownership interest totalled 10.2% at 30 June 2010, representing 5.5% of the votes in the company.

### COMPLETION OF CAPITAL REDUCTION

On 18 August 2010, following the expiry of the three-month deadline set forth in section 19(1) of Executive Order No. 172 of 22 February 2010, the Board of Directors resolved to effect a capital reduction in accordance with the shareholders' resolution described in announcement no. 4 of 26 March 2010 and the request to the company's creditors announced through the IT system of the Danish Commerce and Companies Agency on 29 March 2010.

After registration of the capital reduction with the Danish Commerce and Companies Agency, the changes will be effected with NASDAQ OMX Copenhagen A/S and VP Securities A/S.

### SHARE BUYBACK

The intention is to seek a resolution to implement a share buyback programme covering up to DKK 5 million until 31 January 2011. The programme will be subject to certain restrictions, including a cap on the purchase price per share of 90% of the book value calculated as at the date of acquisition. Further information will be provided when such resolution has been made.



## **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 2010 of Alm. Brand Formue A/S.

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

In our opinion, the interim report gives a true and fair view of the company's assets and liabilities

and financial position at 30 June 2010 and financial position at 30 June 2010 and of the results of the company's operations and cash flows for the six months ended 30 June 2010.

Moreover, in our opinion, the management's review includes a fair review of the developments in the activities and financial position of the company and fairly describes significant risk and uncertainty factors that may affect Alm. Brand Formue A/S.

### **MANAGEMENT BOARD**

Copenhagen, 18 August 2010

#### **Bo Overvad**

Chief Executive

### **BOARD OF DIRECTORS**

Copenhagen, 18 August 2010

#### **Søren Boe Mortensen**

Chairman

#### **Ulla Heurlin**

Deputy Chairman

#### **Carsten Dinsen Andersen**

#### **Poul Juhl Fischer**

#### **Jacob Schousgaard**

**INCOME STATEMENT**

DKK '000	Note	Q2 2010	Q2 2009	H1 2010	H1 2009	Year 2009
Interest receivable	1	7,757	6,293	16,148	12,066	25,895
Interest payable		5,422	5,945	11,061	13,959	25,020
<b>Net interest income</b>		<b>2,335</b>	<b>348</b>	<b>5,087</b>	<b>-1,893</b>	<b>875</b>
Dividend on shares, etc.		2,135	1,841	5,566	2,943	5,636
Fees and commissions payable		1,479	974	2,792	2,022	4,295
<b>Net interest and fee income</b>		<b>2,991</b>	<b>1,215</b>	<b>7,861</b>	<b>-972</b>	<b>2,216</b>
Value adjustments	2	224	55,533	30,796	40,179	86,556
<b>Profit before expenses</b>		<b>3,215</b>	<b>56,748</b>	<b>38,657</b>	<b>39,207</b>	<b>88,772</b>
Staff costs and administrative expenses	3	1,287	1,317	2,472	2,278	4,299
<b>Profit/loss before tax</b>		<b>1,928</b>	<b>55,431</b>	<b>36,185</b>	<b>36,929</b>	<b>84,473</b>
Tax		454	273	643	494	688
<b>Profit/loss for the period</b>		<b>1,474</b>	<b>55,158</b>	<b>35,542</b>	<b>36,435</b>	<b>83,785</b>
Comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>1,474</b>	<b>55,158</b>	<b>35,542</b>	<b>36,435</b>	<b>83,785</b>
<b>PROFIT/LOSS ALLOCATION</b>						
Transferred to Retained earnings		1,474	55,158	35,542	36,435	83,785
<b>Total</b>		<b>1,474</b>	<b>55,158</b>	<b>35,542</b>	<b>36,435</b>	<b>83,785</b>
Earnings per share (of DKK 100), DKK		0.5	17.8	11.5	11.8	27.0
Diluted earnings per share (of DKK 100), DKK		0.5	17.8	11.5	11.8	27.0

**BALANCE SHEET**

<b>DKK '000</b>	<b>Note</b>	<b>30.06.2010</b>	<b>30.06.2009</b>	<b>31.12.2009</b>
<b>ASSETS</b>				
Bonds at fair value	4	635,690	363,598	641,572
Shares, etc.	5	290,393	228,314	277,570
Current tax assets		-	28,707	-
Other assets		8,245	7,578	10,217
Prepayments		7	-	-
<b>Total assets</b>		<b>934,335</b>	<b>628,197</b>	<b>929,359</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Payables</b>				
Payables to credit institutions		615,291	390,587	645,698
Other liabilities		3,073	4,531	3,232
<b>Total payables</b>		<b>618,364</b>	<b>395,118</b>	<b>648,930</b>
<b>Shareholders' equity</b>				
Share capital	6	310,000	310,000	310,000
Retained earnings		5,971	-76,921	-29,571
<b>Total shareholders' equity</b>		<b>315,971</b>	<b>233,079</b>	<b>280,429</b>
<b>Total liabilities and equity</b>		<b>934,335</b>	<b>628,197</b>	<b>929,359</b>

**STATEMENT OF CHANGES OF EQUITY**

DKK '000	Share- capital	Retained earnings	Total
<b>Shareholders' equity at 1 January 2009</b>	310,000	-113,356	196,644
<b>Equity changes in H1 2009</b>			
Profit/loss for the period		36,435	36,435
<b>Comprehensive income in H1 2009</b>	-	36,435	36,435
Dividend paid		-	-
<b>Total equity changes in H1 2009</b>	-	36,435	36,435
<b>Shareholders' equity at 30 June 2009</b>	310,000	-76,921	233,079
<b>Shareholders' equity at 31 January 2009</b>	310,000	-113,356	196,644
<b>Equity changes in 2009</b>			
Profit/loss for the period		83,785	83,785
<b>Comprehensive income in 2009</b>	-	83,785	83,785
Dividend paid		-	-
<b>Total equity changes in 2009</b>	-	83,785	83,785
<b>Shareholders' equity at 31 December 2009</b>	310,000	-29,571	280,429
<b>Shareholders' equity at 1 January 2010</b>	310,000	-29,571	280,429
<b>Equity changes in H1 2010</b>			
Profit/loss for the period		35,542	35,542
<b>Comprehensive income in H1 2010</b>	-	35,542	35,542
Dividend paid		-	-
<b>Total equity changes in H1 2010</b>	-	35,542	35,542
<b>Shareholders' equity at 30 June 2010</b>	310,000	5,971	315,971

**CASH FLOW STATEMENT**

<b>DKK '000</b>	<b>H1 2010</b>	<b>H1 2009</b>	<b>Year 2009</b>
<b>Operating activities</b>			
Profit for the period before tax	36,184	36,929	84,473
Tax paid for the period	-643	-494	27,456
Adjustment for amounts with no cash flow impact:			
Other adjustments to cash flows from operating activities	-3,646	-36,628	-87,624
<b>Total, operating activities</b>	<b>31,895</b>	<b>-193</b>	<b>24,305</b>
<b>Working capital</b>			
Bonds	-2,962	-34,055	-313,394
Shares	1,474	73,789	73,519
<b>Total, working capital</b>	<b>-1,488</b>	<b>39,734</b>	<b>-239,875</b>
<b>Financing activities</b>			
Payables to credit institutions	-30,407	-39,956	215,155
<b>Total, financing activities</b>	<b>-30,407</b>	<b>-39,956</b>	<b>215,155</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>	<b>-415</b>	<b>-415</b>
Cash and cash equivalents, beginning of year	-	415	415
Change in cash and cash equivalents	-	-415	-415
<b>Cash and cash equivalents, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>			
Balances due from credit institutions less than 3 months	-	-	-
<b>Cash and cash equivalents, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	H1 2010	H1 2009	Year 2009
<b>NOTE 1 Interest receivable</b>			
Balances due from credit institutions	-	22	22
Bonds	15,943	11,476	25,008
Total derivatives	205	568	865
Of which:			
Foreign exchange contracts	205	568	865
<b>Total interest receivable</b>	<b>16,148</b>	<b>12,066</b>	<b>25,895</b>
<b>NOTE 2 Value adjustments</b>			
Bonds	9,846	3,861	6,366
Shares, etc.	17,812	35,715	81,741
Foreign currency	2,545	3,929	5,757
Total derivatives	593	-3,326	-7,308
Of which:			
Foreign exchange contracts	153	1,389	1,603
Interest rate contracts	-	-9,320	-14,430
Share contracts	440	4,605	5,519
<b>Total value adjustments</b>	<b>30,796</b>	<b>40,179</b>	<b>86,556</b>
<b>NOTE 3 Staff costs and administrative expenses</b>			
Remuneration to the Management Board and Board of Directors:			
Remuneration to the Management Board:			
Salaries and wages	136	114	217
Pensions	12	10	20
<b>Total remuneration to the Management Board</b>	<b>148</b>	<b>124</b>	<b>237</b>
Remuneration to the Board of Directors:			
Fees	105	220	325
<b>Total remuneration to the Management Board and Board of Directors</b>	<b>253</b>	<b>344</b>	<b>562</b>
Other administrative expenses	2,219	1,934	3,737
<b>Total staff costs and administrative expenses</b>	<b>2,472</b>	<b>2,278</b>	<b>4,299</b>

### Terms applicable to the Management Board

The Management Board and Alm. Brand Formue A/S have agreed on a mutual extension of the period of notice applicable to salaried employees of three months.

In Alm. Brand Formue A/S, the Chief Executive earns a defined contribution pension plan. The company's costs for the Chief Executive's plan appear from the note above.

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	H1 2010	H1 2009	Year 2009
<b>NOTE 4 Bonds at fair value</b>			
Mortgage credit bonds	583,288	294,416	592,410
Corporate bonds	52,402	69,182	49,162
<b>Bonds at fair value, end of period</b>	<b>635,690</b>	<b>363,598</b>	<b>641,572</b>
<b>NOTE 5 Shares, etc.</b>			
Listed on NASDAQ OMX Copenhagen A/S	253,892	196,232	239,395
Listed on other stock exchanges	36,501	32,082	38,175
<b>Other shares, etc., end of period</b>	<b>290,393</b>	<b>228,314</b>	<b>277,570</b>
<b>NOTE 6 Shareholders' equity</b>			
Share capital, unlisted	29,450	29,450	29,450
Share capital, listed	280,550	280,550	280,550
<b>Total share capital, nominal value, end of period</b>	<b>310,000</b>	<b>310,000</b>	<b>310,000</b>
Share capital, unlisted:			
Share capital juli 2003	10,000	10,000	10,000
Capital increase september 2003	9,000	9,000	9,000
Capital increase marts 2005	9,500	9,500	9,500
Capital increase juni 2005	950	950	950
<b>Nominal value, end of period</b>	<b>29,450</b>	<b>29,450</b>	<b>29,450</b>
Share capital, listed:			
Capital increase september 2003	181,000	181,000	181,000
Capital increase marts 2005	90,500	90,500	90,500
Capital increase juni 2005	9,050	9,050	9,050
<b>Nominal value, end of period</b>	<b>280,550</b>	<b>280,550</b>	<b>280,550</b>

The share capital consists of 294.500 A shares of DKK 100 each and 2.805.500 B shares of DKK 100 each.

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000

---

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

Other contingent liabilities

The asset management agreement made with Alm. Brand Bank may be terminated giving 60 months' notice in writing to the end of a month. If the asset management agreement is terminated, Alm. Brand Bank may, pursuant to the articles of association, without notice demand that the company redeem Alm. Brand Bank's shares in whole or in part at the higher of the market value of the B shares and the net asset value of the shares.

Collateral

The Company has provided securities with a market value of DKK 926 million (H1 2009: DKK 592 million).



## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.06.2010	30.06.2009	Year 2009
<b>NOTE 8 Breakdown of bonds</b>			
<b>Mortgage bonds:</b>			
5 % Nordea 38	47,658	-	49,656
6 % Nordea OA 38	34,158	50,925	68,263
6 % Nordea SDRO 41	31,253	-	46,853
6 % Nordea SDRO 41	103,615	-	194,345
4 % RD 43D OA 38	59,098	-	55,803
5 % RD 23.S D.A 35	19,169	-	20,179
5 % RD 43.S.OA 38	-	47,457	-
6 % RD SDRO OA 41	21,834	-	36,730
7 % RD SDRO 41	-	51,600	-
5 % Nykredit 02D 28	106,989	-	-
6 % Nykredit 03D 38	59,236	144,434	-
6 % Nykredit SDO OA 41	38,221	-	51,325
Nykredit SDO 21E OA 18	39,259	-	38,340
6 % Nykredit 01E SDO 31	22,798	-	30,916
6 % Nykredit 73D OA 38	-	-	-
Listed mortgage bonds, end of period	583,288	294,416	592,410
<b>Corporate bonds:</b>			
ISS Global	-	3,167	6,312
Nordea Bank Vol Note 2011	15,263	-	-
Nykredit15 variabel	12,010	-	11,811
Spintab	-	35,214	-
Preps	25,129	25,707	25,524
Northern Offshore	-	1,604	1,440
Nordic Telephone	-	3,491	-
Wind Acquisition	-	-	4,075
Listed corporate bonds	52,402	69,182	49,162
Bonds at fair value, end of period	635,690	363,598	641,572

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.06.2010	30.06.2009	Year 2009
<b>NOTE 9 Breakdown of shares</b>			
<b>Listed on NASDAQ OMX Copenhagen A/S:</b>			
Nordea Bank AB	12,994	10,742	13,784
Danske Bank A/S	36,991	28,659	36,959
Independent New Global	-	10,706	13,033
AB Invest Miljøteknologi	4,545	3,752	4,526
AB Invest Global	14,288	-	-
Independent Basicenergy Global	-	3,202	3,716
Investeringsforeningen Investin, AMBER Nordic Alpha	-	6,515	8,500
Ø.K. A/S	793	1,071	1,101
Carlsberg A/S	10,785	7,866	8,870
B&O Holding B	2,700	-	-
Danisco A/S	13,067	6,598	11,055
FLSmidt & Co. A/S	7,690	3,656	7,118
A.P. Møller - Mærsk A	6,446	4,292	4,871
A.P. Møller - Mærsk B	36,927	24,232	27,889
Topdanmark	4,287	3,973	4,505
DSV A/S	21,455	15,967	22,829
Vestas Wind Systems A/S	11,512	17,158	14,294
Dampskibsselskabet Norden A/S	3,387	2,904	3,352
GN Store Nord A/S	3,010	1,498	1,964
Novo-Nordisk A/S	35,102	20,389	23,586
Dampskibsselskabet Torm A/S	1,836	2,160	2,040
H. Lundbeck A/S	5,498	6,666	6,254
NKT Holding A/S	6,906	4,510	7,343
Coloplast A/S	9,657	5,812	7,531
TrygVesta A/S	4,018	3,904	4,275
Listed on NASDAQ OMX Copenhagen A/S, end of period	253,892	196,232	239,395

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.06.2010	30.06.2009	Year 2009
<b>NOTE 9 Breakdown of shares (continued)</b>			
<b>Listed on other stock exchanges:</b>			
HSBC Holdings plc	1,589	1,266	1,657
Renewable Energy	68	111	125
Scandium Absolute Return Fund	1,500	7,138	4,334
Hess Corporation	2,722	2,524	2,784
General Electric Co.	879	620	797
UBS N	698	560	691
Nestle N	6,752	4,616	5,777
Bridgestone	3,292	-	3,108
Telefonica SA	2,251	2,420	2,905
BHP Billiton PLC	2,906	2,157	2,955
Acergy SA	345	197	309
Conocophillips	3,782	2,780	3,308
Stora Enso	260	164	212
Fortum	552	495	579
Nokia	570	886	757
StatoilHydro ASA	862	763	945
Yara International	540	465	737
Orkla ASA	372	366	483
Ericsson	839	641	586
H&M	632	497	539
Assa Abloy	667	402	540
SSAB	221	165	236
ABB Ltd.	565	439	524
Sandvik AB	385	202	320
Teliasonera AB	276	195	262
Volvo AB	610	293	396
SKF	850	504	688
Allianz SE	1,515	1,216	1,621
Listed on other stock exchanges, end of period	36,501	32,082	38,175
Shares, etc., end of period	290,393	228,314	277,570

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	H1 2010	H1 2009	H1 2008	H1 2007	H1 2006
<b>NOTE 10 Financial highlights and key ratios</b>					
Net interest and fee income	7,861	-972	-821	-1,945	7,185
Value adjustments	30,796	40,179	-180,746	418	-87,952
Staff costs and administrative expenses	2,472	2,278	1,675	1,321	1,405
Profit for the period	35,542	36,435	-153,021	15,645	-68,436
Shareholders' equity	315,971	233,079	381,469	558,345	437,405
Total assets	934,335	628,197	1,844,074	1,659,784	1,877,698
Return on equity before tax p.a. (%)	24.3	34.4	-80.1	-1.0	-34.8
Return on equity after tax p.a. (%)	23.8	33.9	-66.9	5.7	-29.0
Interest rate risk (%)	6.7	9.2	0.6	17.4	18.2
Foreign exchange position (%)	9.7	57.2	105.4	39.2	59.0
Foreign exchange risk (%)	0.7	0.6	1.6	0.6	0.1
Earnings per share (of DKK 100), DKK	11.5	11.8	-49.4	5.0	-22.1
Financial gearing	1.9	1.7	3.8	2.0	3.3
Bonds as percentage of assets (%)	68.1	57.9	67.8	52.7	67.3
Shares as percentage of assets (%)	31.0	36.3	27.6	44.2	30.5
Market price at end of period (B shares), DKK	88.00	82.00	123.50	175.00	135.00
Net asset value per share, DKK	101.93	75.19	123.05	180.11	141.10
Market price/book value	0.86	1.09	1.00	0.97	0.98
Average number of shares (of DKK 100)	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000

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.

**NOTE 11 Accounting policies**

The interim report of Alm. Brand Formue A/S is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by EU. In addition, the interim report is presented in accordance with additional Danish disclosure requirements for listed companies.

The accounting policies are unchanged from the policies applied in the annual report for 2009.

The interim report for the first half of 2010 is unaudited.