

# Alm. Brand Formue

third quarter

# 2013

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## COMPANY INFORMATION

### MANAGEMENT BOARD

**Bo Overvad**, Director

### INTERNAL AUDITOR

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

### BOARD OF DIRECTORS

**Søren Boe Mortensen**, Chairman

**Kim Bai Wadstrøm**, Deputy Chairman

**Poul Juhl Fischer**

**Jacob Schousgaard**

### REGISTRATION

Alm. Brand Formue A/S

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

### AUDITORS

Deloitte

Statsautoriseret Revisionspartnerselskab

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## FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	Q3 2013	Q3 2012	Q1-Q3 2013	Q1-Q3 2012	Year 2012
<b>INCOME</b>					
Interest receivable	6.7	6.2	25.3	17.9	25.2
Interest payable	4.8	4.8	16.3	15.0	19.8
<b>Net interest income</b>	<b>1.9</b>	<b>1.4</b>	<b>9.0</b>	<b>2.9</b>	<b>5.4</b>
Fees and commissions receivable (net) and dividend etc.	-1.2	-1.1	0.4	0.9	-0.2
<b>Net interest and fee income</b>	<b>0.7</b>	<b>0.3</b>	<b>9.4</b>	<b>3.8</b>	<b>5.2</b>
Value adjustments:	27.9	34.8	18.8	61.1	69.4
Interest rate contracts	-1.8	4.7	-19.5	3.3	9.1
Share contracts	29.7	28.7	40.8	55.3	59.1
Foreign exchange contracts	0.0	1.4	-2.5	2.5	1.2
<b>Profit before expenses</b>	<b>28.6</b>	<b>35.1</b>	<b>28.2</b>	<b>64.9</b>	<b>74.6</b>
Staff costs and administrative expenses	0.9	0.7	2.6	2.4	3.1
<b>Profit before tax</b>	<b>27.7</b>	<b>34.4</b>	<b>25.6</b>	<b>62.5</b>	<b>71.5</b>
Tax	0.0	0.0	0.8	0.7	0.8
<b>Profit/loss for the period</b>	<b>27.7</b>	<b>34.4</b>	<b>24.8</b>	<b>61.8</b>	<b>70.7</b>
<b>BALANCE</b>					
Deposits	715	689	715	689	858
Shareholders' equity	318	288	318	288	291
Share capital	31	31	31	31	31
Shareholders' equity	320	309	320	309	315
Total assets	1,041	984	1,041	984	1,158
<b>KEY RATIOS ETC.</b>					
Return on equity before tax p.a. (%)	36.1	47.4	10.8	30.0	25.6
Return on equity after tax p.a. (%)	36.1	47.4	10.4	29.7	25.3
Earnings per share, DKK	9.8	11.9	8.8	21.4	24.7
Financial gearing	2.2	2.2	2.2	2.2	2.7
Bonds as percentage of assets (%)	68.7	70.0	68.7	70.0	74.1
Shares as percentage of assets (%)	30.5	29.2	30.5	29.2	25.2
Dividend per share, DKK	-	-	5.00	-	-
Market price at end of period (B shares), DKK	95.50	92.50	95.50	92.50	87.00
Net asset value per share, DKK	117.43	109.78	117.43	109.78	113.25
Market price/book value	0.81	0.84	0.81	0.84	0.77
Average number of shares	2,827,682	2,896,185	2,827,682	2,884,259	2,861,663

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

### FINANCIAL RESULTS

Alm. Brand Formue A/S generated a profit of DKK 27.7 million after tax in Q3 2013, against a profit of DKK 34.4 million after tax in Q3 2012. For the year to date, the company recognised a profit of DKK 24.8 million after tax, against a profit of DKK 61.8 million after tax in the year-earlier period.

The performance of the third quarter of 2013 was satisfactory, and the company maintains its full-year guidance of a profit of about DKK 50 million after tax.

The profit generated in Q3 was mainly attributable to a DKK 29.7 million value adjustment gain on the equity portfolio. The equity portfolio underperformed the benchmark in the third quarter due to large increases in the share prices of several benchmark stocks, which Alm. Brand Formue does not consider to offer an attractive risk/return ratio. The bond portfolio outperformed the benchmark in the third quarter. Overall, the company's Q3 performance was below benchmark.

The net asset value per share rose by 9.4% from DKK 107.31 to DKK 117.43 in Q3 2013. During the same period, the share price rose from DKK 95.00 to DKK 95.50. At 30 September 2013, the price/net asset value ratio was 0.81.

The equity gearing fell from 3.7 at 30 June 2013 to 2.2 at 30 September 2013. In order to lower the risk, the company reduced its bond portfolio by more than DKK 300 million in the third quarter. The company expects to maintain an average debt/equity ratio of 3.0 seen over a longer period of time. The company's articles of association prescribe a maximum debt/equity ratio of 4.0.

The financial highlights for the third quarter of 2013 are reviewed below.

Net interest income was DKK 1.9 million in Q3 2013, against DKK 1.4 million in the same period of last year. For the year to date, net interest income was DKK 9.0 million. The company's bond portfolio was placed mainly in high-yielding Danish mortgage bonds, while a small part of the portfolio was placed in high-yielding corporate bonds.

Share dividends totalled DKK 0.2 million in Q3 2013, against DKK 0.4 million in the same period of last year. For the year to date, the company received share dividends of DKK 5.4 million.

Fees and commissions payable were DKK 1.5 million in Q3 2013, which was on a par with Q3 2012. For the year to date, fees and commissions payable totalled DKK 5.0 million.

Value adjustments were affected by a positive equity market sentiment in Q3 2013. The company's value adjustments totalled DKK 27.9 million in Q3, against DKK 34.8 million in the same period of last year. For the year to date, value adjustments amounted to a gain of DKK 18.8 million.

After the financial turmoil at the end of the second quarter, equity markets rose in the third quarter on the back of strong economic indicators. The value adjustment of equity-related securities produced a gain of DKK 29.7 million in Q3 2013, against a DKK 28.7 million gain in Q3 2012. For the year to date, equity-related securities produced a gain of DKK 40.8 million. The company did not use equity futures in the third quarter. For the year to date, the use of equity futures impacted value adjustments adversely by DKK 0.7 million.

The value adjustment of interest-related securities, like the value adjustment of equities, was significantly impacted by financial market turmoil at the end of the second quarter. Interest rates rose marginally in the third quarter. The value adjustment of interest-related securities produced a loss of DKK 1.8 million in Q3 2013, against a DKK 4.7 million gain in Q3 2012. For the year to date, the value adjustment of interest-related securities was a loss of DKK 19.5 million. The company used interest futures in the third quarter. These futures affected value adjustments favourably by DKK 1.6 million. For the year to date, the use of interest futures impacted value adjustments favourably by DKK 0.1 million. The company's bond portfolio is mainly composed of Danish mortgage bonds.

The exchange rate adjustment is related solely to the company's investment portfolio, as the company did not enter into forward exchange contracts in the first nine months of 2013. Exchange rate adjustments produced a neutral result in Q3 2013, compared with a DKK 1.4 million gain in the year-earlier period. For the year to date, value adjustments produced a loss of DKK 2.5 million.

Payroll costs and administrative expenses totalled DKK 1.0 million in Q3 2013, against DKK 0.7 million for the same period of 2012. For the year to date, payroll costs and administrative expenses totalled DKK 2.6 million.

The company is a tax-exempt investment company, which means that it only pays 15% tax on Danish share dividends. Tax for the third quarter of 2013 was an expense of DKK 0 million. For the year to date, tax was an expense of DKK 0.8 million.

## MANAGEMENT'S REVIEW

In the third quarter of 2013, the company reduced its portfolio of Danish mortgage bonds. At 30 September 2013, the company had a bond portfolio of DKK 715 million, corresponding to 68.7% of total assets. On average, the company expects to place 75% of its investment portfolio in bonds. At 30 September 2013, the company had placed virtually its entire bond portfolio in Danish mortgage bonds.

The company made minor adjustments to its equity portfolio in the third quarter. The company had an equity portfolio of DKK 318 million at 30 September 2013, equivalent to 30.5% of total assets. On average, the company expects to have 25% of its investment portfolio placed in equities.

At 30 September 2013, the company had debt to credit institutions of DKK 719 million, against DKK 1.072 million at 30 June 2013. Debt to credit institutions was raised in Danish kroner.

### MARKET DEVELOPMENTS IN Q3 2013

Economic indicators stole the limelight from political developments in the third quarter. Decent economic indicators from China, Europe and the USA contributed to a strong performance from equity markets in particular. However, political developments kept the markets tense. Due to the general elections in Germany, political turmoil in Italy and, not least, renewed uncertainty about the US budget and debt ceiling, interest rates only edged up slightly in the third quarter. The Federal Reserve was a contributory factor in some of the major market fluctuations in the third quarter due to the uncertainty it created about its own announcements.

#### USA still on the growth track

The US economy continued on the growth track in the third quarter, although the momentum slowed slightly towards the end of the quarter. Both the housing market and the labour market continued the positive trends seen in the first six months of the year, even in spite of the rather steep increase in interest rate levels seen in the second quarter. Business sector confidence in the future continued to build, and economic sentiment indices for the manufacturing and service sectors increased further, which will have a very positive effect on the outlook for the fourth quarter.

The Federal Reserve confused the market by not changing its policy after having indicated for several months that it might taper its bond purchases.

At the end of the third quarter, fears mounted that an agreement on the budget for the next fiscal

year would not be reached and that Congress would not be able to reach consensus on raising the debt ceiling.

#### Asia bouncing back

China in particular reported surprisingly strong economic indicators and a much more optimistic business sector sentiment in the third quarter. In the first half year, emerging markets were impacted by a flight of capital as investors feared US rate hikes. This trend seems to have been reversed in the third quarter.

#### Europe out of recession

The European economy is slowly but surely on the road to recovery. The recovery is mainly driven by exports, as consumer spending still has not kicked into gear. The labour market has stabilised and unemployment has declined slightly in several southern European economies. This is the first step towards ensuring growth in consumer spending. Consumer and business confidence has been increasing in spite of the still very tight fiscal policy.

The ECB continues to support the outlook for low interest rates for a long time to come. The ECB has thus indicated that it may consider fresh liquidity for the banking sector in the event of additional upward pressure on interest rates.

The general elections in Germany resulted in a clear victory for Chancellor Merkel, although she was not able to secure a majority. It will therefore take some time before a new government is formed. Italy is still struggling with political challenges, but the markets have chosen to turn a blind eye for the time being.

#### Denmark keeping pace with Europe

Growth in Denmark is gaining momentum, driven predominantly by stronger economies among Denmark's most important trading partners and by growing domestic optimism. Like in Europe, consumer spending in Denmark still needs to kick into gear, before we can fully shake off the crisis.

The Danish unemployment rate continues to fall, which is very positive, because the labour market and the housing market are the two key drivers of economic recovery. In the third quarter, the housing market continued the positive trends from the preceding months.

#### Large fluctuations in long-term yields

Overall, long-term yields rose slightly but relatively large fluctuations were seen during the third quarter. Long-term yields continued to increase in July but fell quite sharply again, ending the quarter in

## MANAGEMENT'S REVIEW

marginally higher territory than at the beginning of the quarter. The main culprit was the Federal Reserve, which reignited uncertainty about the future monetary policy and about when it would begin tapering its bond purchases.

At the beginning of the quarter, the company reduced its portfolio of bonds in order to lower the risk. Changes were also made to the portfolio in August and September, primarily to reduce the risk on higher-yielding mortgage bonds.

### **Risk appetite supported equity markets**

Equity markets in Denmark and globally benefited from the positive economic indicators, showing impressive growth rates in the third quarter. Equity prices are being driven up mainly by expectations of stronger growth in the years ahead. Investors preferred European over US equity markets, because the potential for growth and earnings is considered to be greater in Europe.

The company maintained the proportion of equities in its portfolio in the third quarter. Several changes were made to the portfolio. Among other things, the small/mid cap shares added in spring were sold again at a handsome profit. The company's equity portfolio underperformed the benchmark in the first three quarters of the year due to large increases in the share prices of several benchmark stocks, which Alm. Brand Formue did not consider to offer an attractive risk/return ratio.

### **Volatile markets in the fourth quarter**

Fears that the controversy about the US budget and debt ceiling will impact adversely on the confidence of business and consumers in the political system could drive down markets in the fourth quarter. Particularly if the future rating of the USA is affected. Fixed income markets are expected to be volatile in the fourth quarter. Depending on whether budget problems or growth prospects get the upper hand, markets could fluctuate considerably in the fourth quarter.

However, favourable growth prospects for 2014 and neutral equity market pricing ought to boost equity markets.

### **OUTLOOK FOR THE FULL YEAR**

The performance for the nine months ended 30 September 2013 was satisfactory, and the company maintains its full-year guidance of a profit of about DKK 50 million after tax.

The company maintains its long-term expectations of an average annualised post-tax return of 10%

of shareholders' equity seen over a minimum period of five years. Owing to the risk factors affecting the company, the financial performance may fluctuate substantially from time to time, in a positive or a negative direction, relative to the long-term return target.

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

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

### **EVENTS AFTER THE BALANCE SHEET DATE**

No events have occurred from the end of the financial year until the date of the interim report which would significantly change an assessment of the interim report.

### **SHARE INFORMATION**

At 30 September 2013, the price of the company's class B shares was DKK 95.50, and net asset value was 117.43. An aggregate of 54,231 class B shares were traded in the third quarter at an average price of DKK 96.19, corresponding to a total market value of DKK 5.2 million. For the year to date, an aggregate of 971,159 class B shares were traded at an average price of DKK 87.93, corresponding to a total market value of DKK 85.4 million.

In accordance with the adopted share buyback programme, commencing on 7 February 2013 and ending on 31 January 2014, the company is currently buying back own shares. Under the current share buyback programme, the company has acquired 41,991 own shares for a total of DKK 4.3 million, corresponding to an average price of about DKK 102 per share. The company bought 500 own shares in the third quarter.

At 30 September 2013, the company had acquired a total of 372,200 own shares at a cost of DKK 31.9 million. The company's portfolio of own shares equals approximately 12.0% of the shares issued.

The company acquired own shares at a price below net asset value. This means that net asset value for the remaining shareholders will increase. In compliance with the accounting rules, the holding of own shares is charged directly to equity.

## MANAGEMENT'S REVIEW

Alm. Brand Bank A/S' ownership interest amounted to 43.3% at 30 September 2013. Through its holding of class A shares, the bank controls 69.4% of the votes in the company.

Alm. Brand Liv og Pension A/S' ownership interest totalled 11.5% at 30 September 2013, representing 5.5% of the votes in the company.



## 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 nine months ended 30 September 2013 of Alm. Brand Formue A/S.

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. In addition, the interim financial statements have been presented in accordance with additional Danish disclosure requirements for the interim financial statements of 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 September 2013 and of the results of the company's operations and cash flows for the nine months ended 30 September.

Moreover, in our opinion, the management's review includes a fair review of 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, 15 November 2013

#### **Bo Overvad**

Director

### BOARD OF DIRECTORS

Copenhagen, 15 November 2013

#### **Søren Boe Mortensen**

Chairman

#### **Kim Bai Wadstrøm**

Deputy Chairman

#### **Poul Juhl Fischer**

#### **Jacob Schousgaard**

**INCOME STATEMENT AND COMPREHENSIVE INCOME**

DKK '000	Note	Q3 2013	Q3 2012	Q1-Q3 2013	Q1-Q3 2012	Year 2012
Interest receivable	1	6,702	6,240	25,328	17,850	25,199
Interest payable		4,757	4,806	16,354	15,028	19,806
<b>Net interest income</b>		<b>1,945</b>	<b>1,434</b>	<b>8,974</b>	<b>2,822</b>	<b>5,393</b>
Dividend on shares, etc.		232	358	5,398	5,083	5,473
Fees and commissions payable		1,480	1,501	4,986	4,150	5,693
<b>Net interest and fee income</b>		<b>697</b>	<b>291</b>	<b>9,386</b>	<b>3,755</b>	<b>5,173</b>
Value adjustments	2	27,904	34,804	18,763	61,145	69,352
<b>Profit before expenses</b>		<b>28,601</b>	<b>35,095</b>	<b>28,149</b>	<b>64,900</b>	<b>74,525</b>
Staff costs and administrative expenses	3	921	686	2,599	2,392	3,058
<b>Profit/loss before tax</b>		<b>27,680</b>	<b>34,409</b>	<b>25,550</b>	<b>62,508</b>	<b>71,467</b>
Tax		25	28	777	714	794
<b>Profit/loss for the period</b>		<b>27,655</b>	<b>34,381</b>	<b>24,773</b>	<b>61,794</b>	<b>70,673</b>
Comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>27,655</b>	<b>34,381</b>	<b>24,773</b>	<b>61,794</b>	<b>70,673</b>
<b>PROFIT/LOSS ALLOCATION AND COMPREHENSIVE INCOME</b>						
Transferred to Retained earnings		27,655	34,381	24,773	61,794	55,173
Transferred to Dividend proposed		-	-	-	-	15,500
<b>Total</b>		<b>27,655</b>	<b>34,381</b>	<b>24,773</b>	<b>61,794</b>	<b>70,673</b>
Earnings per share, DKK		9.8	11.9	8.8	21.4	24.7
Diluted earnings per share, DKK		9.8	11.9	8.8	21.4	24.7

**BALANCE SHEET**

<b>DKK '000</b>	<b>Note</b>	<b>30.09.2013</b>	<b>30.09.2012</b>	<b>31.12.2012</b>
<b>ASSETS</b>				
Bonds at fair value	4	715,441	689,270	857,604
Shares, etc.	5	317,848	287,821	291,483
Other assets		7,530	6,974	8,445
Prepayments		11	11	11
<b>Total assets</b>		<b>1,040,830</b>	<b>984,076</b>	<b>1,157,543</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Payables</b>				
Payables to credit institutions		718,563	672,307	839,946
Other liabilities		1,893	2,978	3,045
<b>Total payables</b>		<b>720,456</b>	<b>675,285</b>	<b>842,991</b>
<b>Shareholders' equity</b>				
Share capital	6	31,000	31,000	31,000
Special reserve		139,500	139,500	139,500
Retained earnings		149,874	138,291	128,552
Dividend proposed		-	-	15,500
<b>Total shareholders' equity</b>		<b>320,374</b>	<b>308,791</b>	<b>314,552</b>
<b>Total liabilities and equity</b>		<b>1,040,830</b>	<b>984,076</b>	<b>1,157,543</b>

**STATEMENT OF CHANGES OF EQUITY**

DKK '000	Share-capital	Special reserve	Retained earnings	Dividend	Total
<b>Shareholders' equity at 1. january 2012</b>	31,000	139,500	87,365	-	257,865
<b>Equity changes in Q1-Q3 2012</b>					
Profit/loss for the period		-	61,794	-	61,794
<b>Comprehensive income in Q1-Q3 2012</b>	-	-	61,794	-	61,794
Acquisition of treasury shares			-10,868		-10,868
<b>Total changes in equity in Q1-Q3 2012</b>	-	-	50,926	-	50,926
<b>Shareholders' equity at 30 September 2012</b>	31,000	139,500	138,291	-	308,791
<b>Shareholders' equity at 1 January 2012</b>	31,000	139,500	87,365	-	257,865
<b>Equity changes in 2012</b>					
Profit for the year			55,173	15,500	70,673
<b>Comprehensive income in 2012</b>	-	-	55,173	15,500	70,673
Acquisition of treasury shares			-13,986		-13,986
<b>Total changes in equity in 2012</b>	-	-	41,187	15,500	56,687
<b>Shareholders' equity at 31 December 2012</b>	31,000	139,500	128,552	15,500	314,552
<b>Shareholders' equity at 1. january 2013</b>	31,000	139,500	128,552	15,500	314,552
<b>Equity changes in Q1-Q3 2013</b>					
Profit/loss for the period			24,773	-	24,773
<b>Comprehensive income in Q1-Q3 2013</b>	-	-	24,773	-	24,773
Acquisition of treasury shares			-4,999	-	-4,999
Dividend, treasury shares			1,548		1,548
Dividend paid			-	-15,500	-15,500
<b>Total changes in equity in Q1-Q3 2013</b>	-	-	21,322	-15,500	5,822
<b>Shareholders' equity at 30 September 2013</b>	31,000	139,500	149,874	-	320,374

**CASH FLOW STATEMENT**

<b>DKK '000</b>	<b>Q1-Q3 2013</b>	<b>Q1-Q3 2012</b>	<b>Year 2012</b>
<b>Operating activities</b>			
Profit for the period before tax	25,550	62,508	71,467
Tax paid for the period	-777	-714	-839
Adjustment for amounts with no cash flow impact:			
Other adjustments to cash flows from operating activities	-37,423	-50,718	-62,751
<b>Total, operating activities</b>	<b>-12,650</b>	<b>11,076</b>	<b>7,877</b>
<b>Working capital</b>			
Bonds	148,298	-64,406	-219,728
Shares	6,235	41,905	35,905
<b>Total, working capital</b>	<b>154,533</b>	<b>-22,501</b>	<b>-183,823</b>
<b>Financing activities</b>			
Distribution of dividends	-15,500	-	-
Acquisition of treasury shares	-4,999	-10,868	-13,986
Payables to credit institutions	-121,384	22,293	189,932
<b>Total, financing activities</b>	<b>-141,883</b>	<b>11,425</b>	<b>175,946</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-	-
Change in cash and cash equivalents	-	-	-
<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	Q1-Q3 2013	Q1-Q3 2012	Year 2012
<b>NOTE 1 Interest receivable</b>			
Bonds	25,209	17,748	25,057
Total derivatives	119	102	142
Of which:			
Foreign exchange contracts	119	102	142
<b>Total interest receivable</b>	<b>25,328</b>	<b>17,850</b>	<b>25,199</b>
<b>NOTE 2 Value adjustments</b>			
Bonds	-19,583	5,405	10,806
Shares, etc.	41,472	56,404	61,193
Foreign currency	-2,510	2,474	1,151
Total derivatives	-616	-3,138	-3,798
Of which:			
Interest rate contracts	100	-2,032	-1,710
Share contracts	-716	-1,106	-2,088
<b>Total value adjustments</b>	<b>18,763</b>	<b>61,145</b>	<b>69,352</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	256	255	336
Pensions	23	23	31
Total remuneration to the Management Board	279	278	367
Remuneration to the Board of Directors:			
Fees	105	158	175
Total remuneration to the Management Board and Board of Directors	384	436	542
Other administrative expenses	2,215	1,956	2,516
<b>Total staff costs and administrative expenses</b>	<b>2,599</b>	<b>2,392</b>	<b>3,058</b>

### Terms applicable to the Management Board

extension of the period of notice applicable to salaried employees of three months.

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

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.09.2013	30.09.2012	Year 2012
<b>NOTE 4 Bonds at fair value</b>			
Mortgage credit bonds	688,184	682,248	844,221
Corporate bonds	27,257	7,022	13,383
<b>Bonds at fair value, end of period</b>	<b>715,441</b>	<b>689,270</b>	<b>857,604</b>
<b>NOTE 5 Shares, etc.</b>			
Listed on NASDAQ OMX Copenhagen A/S	225,338	208,349	206,969
Listed on other stock exchanges	91,776	78,738	83,780
Other shares	734	734	734
<b>Other shares, etc., end of period</b>	<b>317,848</b>	<b>287,821</b>	<b>291,483</b>
<b>NOTE 6 Share capital</b>			
Share capital, unlisted	2,945	2,945	2,945
Share capital, listed	28,055	28,055	28,055
<b>Total share capital, nominal value, end of period</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>
Share capital, unlisted:			
Share capital July 2003	10,000	10,000	10,000
Capital increase September 2003	9,000	9,000	9,000
Capital increase March 2005	9,500	9,500	9,500
Capital increase June 2005	950	950	950
Capital reduction August 2010	-26,505	-26,505	-26,505
<b>Unlisted share capital, end of period</b>	<b>2,945</b>	<b>2,945</b>	<b>2,945</b>
Share capital, listed:			
Capital increase September 2003	181,000	181,000	181,000
Capital increase March 2005	90,500	90,500	90,500
Capital increase June 2005	9,050	9,050	9,050
Capital reduction in August 2010	-252,495	-252,495	-252,495
<b>Listed share capital, end of period</b>	<b>28,055</b>	<b>28,055</b>	<b>28,055</b>

The share capital consists of 294,500 A shares of DKK 10 each and 2,805,500 B shares of DKK 10 each.

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.09.2013	30.09.2012	Year 2012
<b>NOTE 6 Share capital - continued</b>			
Treasury shares:			
Cost, beginning of period	26,816	12,830	12,830
Acquisition of B shares	4,999	10,868	13,986
Cost, period-end	31,815	23,698	26,816
No. of shares, beginning of period	322,470	153,886	153,886
Acquisition of B shares	49,730	133,365	168,584
No. of shares, period-end	372,200	287,251	322,470
Per cent of share capital, beginning of period	10.4%	5.0%	5.0%
Acquisition of B shares	1.6%	4.3%	5.4%
Per cent of share capital, period-end	12.0%	9.3%	10.4%

**NOTE 7 Off-balance sheet items**

## Other contingent liabilities

The asset management agreement made with Alm. Brand Bank may be terminated giving 12 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 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 the 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 1.033 million (Q3 2012: 933 million).



## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.09.2013	30.09.2012	Year 2012
<b>NOTE 8 Breakdown of bonds</b>			
<b>Mortgage bonds:</b>			
4% Nordea SDRO 34	36,497	-	-
4 % Nordea SDRO 41	22,853	-	104,225
4 % Nordea SDRO OA 41	47,582	51,426	51,243
5 % Nordea ANN 35	-	6,471	-
5 % Nordea 38	-	20,600	1,934
5 % Nordea SDRO OA 41	-	11,709	-
3 % Realkredit Danmark SDRO 22s 34	28,399	-	-
3 % Realkredit Danmark S D.A 35	-	30,037	-
3 % Realkredit Danmark SDRO 22s 44	-	-	30,247
4 % Realkredit Danmark OA 27s 44	-	25,602	25,537
5 % Realkredit Danmark 23.S D.A 35	-	9,189	2,170
2 % Nykredit O1E A29	-	1,020	183
3 % Nykredit (TK) 34	18,561	19,980	20,169
3,5 % Nykredit OA 44	-	115,070	17,080
4 % Nykredit O1E OA 41	222,711	51,310	155,885
4 % Nykredit 73D OA 38	40,116	-	49,016
4 % Nykredit OA44	-	102,161	-
4 % Nykredit O1E 31	-	58,050	-
4 % Nykredit (TK) 41	-	-	103,836
4 % Nykredit 03D 35	88,480	-	-
5 % Nykredit 03A 32	-	11,729	10,504
5 % Nykredit 03D 35	-	57,190	161,628
5 % Nykredit 02D 28	46,994	79,537	76,479
6 % Nykredit O1E SDO 31	-	5,227	4,458
2 % BRFkredit 2017	51,155	-	-
Nykredit CF5 OA21	-	20	-
4 % Totalkredit 111C S 35	84,836	25,920	29,627
Listed mortgage bonds, end of period	688,184	682,248	844,221

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.09.2013	30.09.2012	Year 2012
<b>NOTE 8 Breakdown of bonds - continued</b>			
<b>Corporate bonds:</b>			
Barclays Bank	-	-	5,643
3,625 % Standard Chartered Bank	3,639	-	3,804
UBS var 23	6,915	-	-
Bank of America	-	4,889	-
Allianz var. perp	356	-	-
Aviva var. perp	3,862	-	-
Nordea 22 VRN	-	1,175	-
Dong energy var.	3,753	-	-
8,125 % Agricole 3	8,223	-	-
GE Cap TR II notes 15.09.67 variabel	509	-	-
Muenchener Rueckver 12.06.49 variabel	-	959	3,936
Listed corporate bonds, end of period	27,257	7,022	13,383
Bonds at fair value, end of period	715,441	689,270	857,604

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.09.2013	30.09.2012	Year 2012
<b>NOTE 9 Breakdown of shares</b>			
<b>Listed on NASDAQ OMX Copenhagen A/S</b>			
Nordea Bank AB	17,162	14,884	14,017
Danske Bank A/S	25,475	25,088	22,919
AB Invest Miljøteknologi	-	4,679	4,789
AB Invest Global	18,854	17,038	16,841
Carlsberg A/S	18,574	18,864	20,332
FLSmidt & Co. A/S	15,747	14,476	14,076
A.P. Møller - Mærsk A	6,580	5,426	5,526
A.P. Møller - Mærsk B	16,783	15,861	16,273
Topdanmark	9,099	7,279	7,773
DSV A/S	9,384	-	-
Vestas Wind Systems A/S	5,285	3,629	2,803
Dampskibsselskabet Norden A/S	3,720	2,477	2,610
GN Store Nord A/S	3,110	2,393	2,193
Novo-Nordisk A/S	46,839	50,446	50,446
H. Lundbeck A/S	-	2,156	-
NKT Holding A/S	-	4,673	4,707
Coloplast A/S	18,555	14,281	16,344
Novozymes B	7,635	-	-
TrygVesta A/S	2,536	4,699	5,320
Listed on NASDAQ OMX Copenhagen A/S, end of period	225,338	208,349	206,969

**NOTE 9 Breakdown of shares - continued****Listed on other stock exchanges**

HSBC Holdings plc	3,185	2,856	3,169
Renew able Energy	-	10	5
Koninklijke DSM NV	3,744	2,603	3,059
Daimler AG	1,289	-	-
Nestle N	8,875	8,404	8,466
PVH Corp	3,600	2,963	3,368
Bridgestone	2,630	4,571	4,970
BHP Billiton PLC	-	3,237	3,525
Mastercard Inc	4,141	2,868	3,007
SUBSEA	-	5,855	5,879

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	30.09.2013	30.09.2012	Year 2012
<b>NOTE 9 Breakdown of shares - continued</b>			
CIE Finansiere	3,869	-	-
Antofagasta	2,190	-	-
Technip	3,236	-	-
StatoilHydro ASA	916	1,092	1,032
BG Group Plc	3,265	2,452	1,933
Richemont	-	2,433	3,087
Fresenius A	3,013	2,964	2,859
Ericsson	906	650	698
H&M	8,114	6,795	6,602
Elekta AB	1,648	-	1,635
Sandvik AB	4,599	4,729	5,423
Volvo AB	11,862	11,718	11,158
SKF	5,656	4,588	5,219
SAP AG	3,262	3,287	3,622
TJX Cos Inc	3,430	-	-
Autoliv	6,353	4,663	5,064
Siemens AG	1,993	-	-
Listed on other stock exchanges, end of period	91,776	78,738	83,780
<b>Other shares</b>			
Scandium Absolute Return Fund	734	734	734
Other shares, end of period	734	734	734
Shares, etc., end of period	317,848	287,821	291,483

## NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Q1-Q3 2013	Q1-Q3 2012	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2009
<b>NOTE 10 Financial highlights and key ratios</b>					
Net interest and fee income	9,386	3,755	4,311	9,805	-972
Value adjustments	18,763	61,145	-76,663	49,685	40,179
Staff costs and administrative expenses	2,599	2,392	2,679	3,644	2,278
Profit for the year	24,773	61,794	-75,980	55,058	36,435
Shareholders' equity	320,374	308,791	240,397	334,783	233,079
Total assets	1,040,830	984,076	940,693	1,023,089	628,197
Return on equity before tax (%)	10.8	30.0	-34.7	24.2	34.4
Return on equity after tax (%)	10.4	29.7	-35.2	23.9	33.9
Interest rate risk (%)	9.4	11.5	7.7	5.0	9.2
Foreign exchange position (%)	42.9	32.8	36.9	28.1	57.2
Foreign exchange risk (%)	0.6	0.4	0.5	0.3	0.6
Earnings per share, DKK	8.8	21.4	-25.3	17.8	11.8
Financial gearing	2.2	2.2	2.9	2.0	1.7
Bonds as percentage of assets (%)	68.7	70.0	72.3	68.3	57.9
Shares as percentage of assets (%)	30.5	29.2	27.0	30.8	36.3
Dividend per share, DKK	5.0	-	6.0	-	-
Market price at end of period (B shares), DKK	95.50	92.50	72.00	87.00	74.50
Net asset value per share, DKK	117.43	109.78	81.11	108.03	89.56
Market price/book value	0.81	0.84	0.89	0.81	0.83
Average number of shares	2,827,682	2,884,259	3,004,436	3,099,549	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 financial statements of Alm. Brand Formue A/S are prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by EU. In addition, the interim financial statements are presented in accordance with additional Danish disclosure requirements for the interim financial statements of listed companies.

IFRS 13 "Fair value measurement" was implemented with effect from 1 January 2013, when the standard entered into force. The standard provides a single framework for measuring fair value and provides guidance on how to measure fair value along with disclosure requirements. The implementation did not have any significant effect on the financial results. The accounting policies are otherwise unchanged from the policies applied in the financial statements for

The interim financial statements for Q1-Q3 of 2012 is unaudited.