Alm. Brand Bank

annual report

2012

Alm. Brand Bank A/S · Midtermolen 7 · DK-2100 Copenhagen Ø · Registration (CVR) no. 81 75 35 12

ALM. BRAND

Contents

Company Information

MANAGEMENT BOARD
Chief Executive
Kim Bai Wadstrøm
Joined Alm. Brand in 2011
Chief Executive of Alm. Brand Bank A/S since 2011

BOARD OF DIRECTORS
Jørgen H. Mikkelsen, Chairman
Boris N. Kjeldsen, Deputy Chairman
Søren Boe Mortensen
Jan Skytte Pedersen
Arne Nielsen
Christian Bundgaard, elected by the employees
Jesper Christiansen, elected by the employees

AUDITORS
Deloitte
Statsautoriseret Revisionspartnerselskab

INTERNAL AUDIT
Poul-Erik Winther, Group Chief Auditor

REGISTRATION
Alm. Brand Bank A/S
Company reg. (CVR) no. 81753512

ADDRESS
Midtermolen 7
DK-2100 Copenhagen Ø
Phone: +45 35 47 48 49
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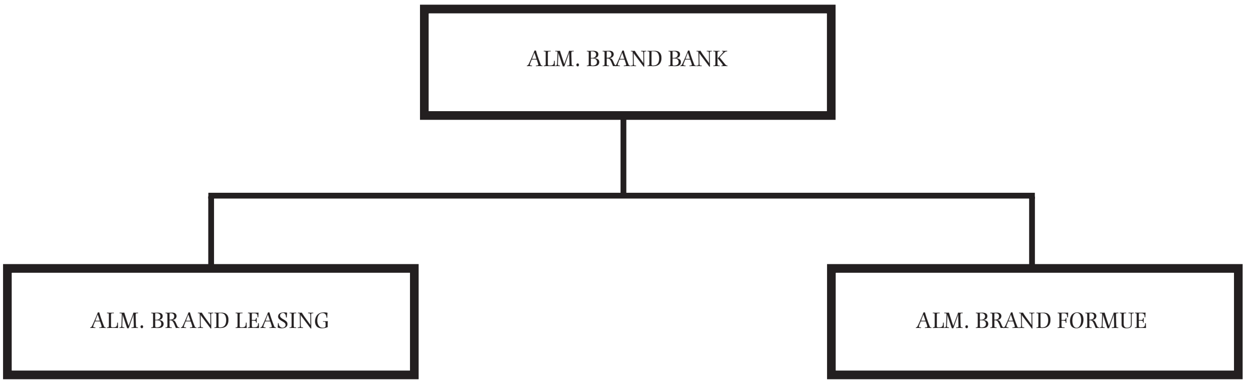
E-mail: bank@almbrand.dk

Group Structure



The bank has two subsidiaries:

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

The group also comprises three wholly-owned subsidiaries, which have been established or acquired in connection with properties taken over temporarily.

In addition, the bank acts as custodian for:

- Investeringsforeningen Alm. Brand Invest

OWNERSHIP

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

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

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Management's review

Financial highlights and key ratios

	DKKm	PRO RATA 2012	PRO RATA 2011	CONSOLIDATED FIGURES 2012	2011	2010	2009	2008
INCOME STATEMENT	Interest receivable	720	867	728	877	974	1,114	1,523
	Interest payable	452	506	457	513	421	643	1,077
	Net interest income	**268**	**361**	271	364	553	471	446
	Net fees and commissions receivable and dividends, etc.	125	132	124	131	158	140	195
	Net interest and fee income	**393**	**493**	395	495	711	611	641
	Value adjustments	– 134	– 399	– 96	– 431	– 351	– 257	– 535
	Other operating income	50	36	51	36	23	17	14
	Profit before expenses	**309**	**130**	350	100	383	371	120
	Staff costs and administrative expenses	441	458	443	459	513	558	530
	Depreciation, amortisation, and impairment of property, plant and equipment	33	18	33	18	10	111	2
	Other operating expenses	43	40	43	40	76	81	25
	Writedowns of loans, advances and receivables, etc.	309	768	309	768	660	1,451	340
	Profit/loss from equity investments	– 2	0	– 2	0	11	1	4
	Profit/loss before tax	**– 519**	**– 1,154**	– 480	– 1,185	– 865	– 1,829	– 773
	Tax	– 128	– 236	– 128	– 235	– 222	– 433	– 127
	Profit/loss after tax	**– 391**	**– 918**	– 352	– 950	– 643	– 1,396	– 646
	Share attributable to minority interests	-	-	39	– 32	4	– 71	– 218
	Profit/loss after tax excluding minority interests	-	-	– 391	– 918	– 647	– 1,325	– 428
	Profit/loss before tax excluding minority interests	-	-	– 519	– 1,154	– 869	– 1,758	– 532
BALANCE SHEET	Loans and advances	8,698	10,393	8,396	10,217	12,485	14,823	17,292
	Deposits	11,325	7,995	11,325	7,995	8,598	11,096	11,141
	Shareholders' equity	996	1,093	1,169	1,234	1,759	1,589	1,237
	Share attributable to minority interests	-	-	173	141	195	227	300
	Total assets	17,550	21,053	17,903	21,393	25,597	26,539	24,708
KEY RATIOS	Average no. of employees (full-time equivalents)	275	286	275	286	327	366	381
	Interest margin	-	-	1.4%	1.6%	2.3%	1.9%	1.8%
	Income/cost ratio	0.37	0.10	0.42	0.08	0.31	0.17	0.14
	Impairment ratio	2.8%	5.9%	2.8%	6.0%	4.3%	7.9%	1.7%
	Solvency ratio	-	-	18.5%	16.8%	18.8%	16.0%	12.6%
	Return on equity before tax	– 52.1%	– 106.3%	– 41.6%	– 94.5%	– 67.2%	– 321.7%	– 45.4%
	Return on equity after tax	– 39.3%	– 84.6%	– 30.6%	– 75.8%	– 50.0%	– 243.7%	– 37.2%

Financial highlights and key ratios have been prepared in accordance with IFRS and "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts.
The full pro rata consolidated income statement and balance sheet are set out in note 46.

Alm. Brand Bank

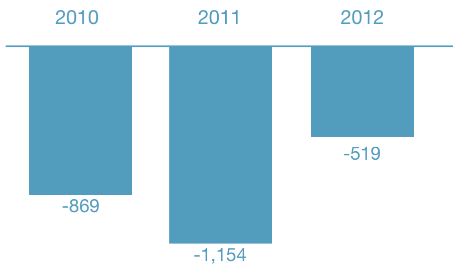
For the purpose of increasing the transparency in Alm. Brand Bank's financial statements, the bank publishes pro rata consolidated figures. The figures are set out in the financial highlights and key ratios above and, unless otherwise indicated, the comments provided in the text below are made for pro rata figures. Banking group figures are commented on only when found relevant. The pro rata figures reflect the bank's proportionate ownership interests in the subsidiaries. See note 49 "Accounting policies" to the financial statements for a more detailed description of consolidation.

Alm. Brand Bank is a nation-wide bank with some 58,000 private customers measured in terms of households. The bank's activities comprise continuing operations and activities that are being wound up.

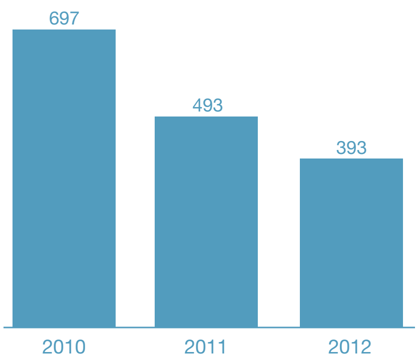
The bank's continuing operations offer products that meet private customer financial needs. Moreover, the bank has activities within leasing, bond, equity and currency trading and research (Markets) as well as asset management (Asset Management).

The bank's portfolio of exposures to small and medium-sized businesses, agricultural customers, property development projects and mortgage deeds is being wound up.

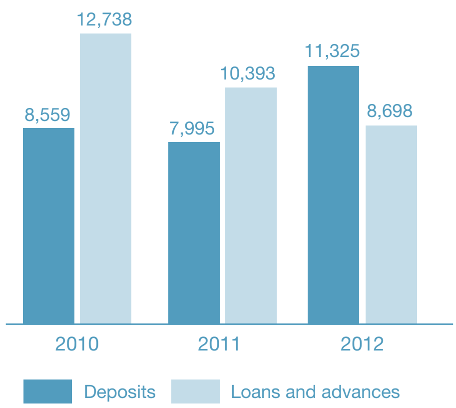
Profit/loss before tax (DKKm)



Net interest and fee income (DKKm)



Deposits, loans and advances (DKKm)



MARKET

Private

The private customer banking market was characterised by subdued consumer spending again in 2012. Private households have to a great extent reduced their banking debt and increased their savings since the crisis broke out. During the financial crisis years, Danish consumers have thus reduced their banking debt by more than DKK 50 billion to around DKK 550 billion, while household bank deposits have grown by DKK 100 billion to around DKK 800 billion. Like other players in the sector, the bank is thus seeing reduced borrowing and increased savings from customers.

Despite historically low interest rates, the housing market was subdued over the past year. Short-term mortgage bond yields closed the year at around 0.5%. The weak housing market reduced banks' income from property transactions relative to recent years. However, the largest cities are now seeing a slight recovery both in the number of transactions and in prices of commonhold flats, in particular.

The combined effect of declining lending and lower interest rates have put earnings in the private banking market under pressure in the past few years.

Financial Markets

Developments in the financial markets in 2012 can be divided into three phases: In the first three months of the year, market sentiment was generally positive, and equity markets outperformed bond markets by a significant margin. From April to June, attention centred in particular on problems in southern Europe, and global economic indicators were showing signs of weakness. This led to declining equity prices and falling interest rates. The rest of the year was characterised by mounting confidence that central banks and politicians were prepared to kick the economy into gear as equity prices picked up while interest rates remained at a low level.

Developments over the year brought investors back to the market towards the end of 2012, and the bank experienced rising trading activity. The competitive environment was characterised by greater pricing transparency, narrowing trading costs and fierce competition for assets under management.

Photo: Pedro Rufo / Shutterstock.com

Leasing
In the first half of the year, the leasing market was impacted by the bill tabled by the Danish government in late February to change the principles for calculating vehicle registration fees. The bill caused the market for car leases to come to a standstill for a couple of months, and private leases did not revive until the autumn. The market for leases on commercial cars has returned to a reasonable level, while individuals are only just beginning to lease cars again. The declining overall market has made the market more competitive.

STRATEGY

Since the end of 2009, focus has been on securing the bank's continued operations by restructuring the continuing activities and winding up a number of business areas. In the reporting period, lending was reduced by almost DKK 4 billion excluding losses and writedowns. Total lending has declined by DKK 6.3 billion since 2009.

The bank's deposit deficit of DKK 3.9 billion at 31 December 2009 has been turned into a deposit surplus of DKK 2.6 billion at 31 December 2012. This was attributable partly to declining lending, partly to the successful deposit campaign launched at the beginning of 2012. As a result, the bank was able to repay funding in a total amount of DKK 7.7 billion in 2012 alone.

The bank maintains strong focus on minimising losses when winding up discontinued business areas.

Within the organisation, the winding-up portfolio is handled by close to 30 employees. Winding-up activities are handled centrally at headquarters, ensuring that the remaining organisation stays focused on servicing the bank's customers in the best possible way going forward.

Going forward, the bank's strategy is focused on the three following segments:

- Private Customers
- Financial Markets
- Leasing

The strategy supports the Alm. Brand Group's aim of being able to offer its selected customer segments comprehensive financial solutions across insurance, pension and banking. Accordingly, the bank inherently focuses on cross sales between the group's business areas.

Strategy 2013–2016
The bank has defined a number of goals to improve earnings in the three continuing segments.

Target: Income/cost ratio to exceed 1.1 by 2016
Lending to the private customer segment has declined due to the lower domestic borrowing requirement and conversion to mortgage loans, which Alm. Brand Bank handles through Totalkredit. The aim is to induce more existing banking customers to become full-service customers, thereby improving earnings per customer. At the same time, the bank must attract new customers. One aim is to make more of the group's customers aware of the advantages of pooling their financial products with Alm. Brand.

Financial Markets and Leasing also need to improve their earnings. This will be done through existing customer relationships in the private customer segment and through an inflow of new customers.

Target: Increasing the interest margin by more than 1 percentage point by 2016
An improved interest margin is key to ensuring the bank's core earnings. In view of the current low level of interest rates, the bank has relatively expensive deposits, which are largely used to fund the run-off lending portfolio. The need for such deposits will be reduced as the run-off portfolio is reduced. In addition, hybrid core capital from the Danish State has been a part of the bank's capital base since 2010. The hybrid capital is a major strain on the bank's core earnings as it carries interest at a rate of around 11%. The bank has decided to repay DKK 430 million of the state-funded hybrid core capital in 2013, and doing so will improve its earnings.

Target: Reducing the winding-up portfolio by 10% annually
Focus remains on winding up the discontinued part of loans and advances. The goal is to reduce this portfolio by an annual average of 10% up to 2016.

Target: Generating a return on equity of 5% plus the money market rate by 2016

The coming years' performance will continue to be impacted by the costs of handling and winding up the discontinued part of the bank and by losses and writedowns on this part of the portfolio. This limits the return the bank can be expected to generate by 2016. The longer-term goal is for the bank to generate a return on equity of 10% plus the money market rate.

PERFORMANCE

The bank incurred a loss before tax of DKK 519 million in 2012, against a loss of DKK 1,154 million in 2011.

Before losses and writedowns, the bank posted a pre-tax loss of DKK 39 million in 2012, against an expected loss of around DKK 50 million. The performance before losses and writedowns was thus DKK 11 million better than the most recent guidance. In 2011, the bank posted a loss of DKK 160 million after losses and writedowns.

The loss for the year remained strongly influenced by impairment writedowns and credit-related value adjustments resulting from the difficult market conditions. Overall, impairment writedowns totalled DKK 480 million in 2012, against DKK 994 million last year.

The performance was not satisfactory.

Net interest and fee income

The bank recorded net interest and fee income of DKK 393 million in 2012, against DKK 493 million in 2011.

Interest income and expenses

The bank's net interest income fell to DKK 268 million from DKK 361 million in 2011.

The decline in net interest income was attributable to a combination of lower interest income from lending due to the bank's strategy of winding up parts of the lending portfolio and generally higher funding costs due, among other things, to the fixed-rate campaign run early in 2012. The smaller bond portfolio compared with last year also contributed to lower interest income.

The interest margin for both the parent company and the banking group was 1.4% in 2012, against an interest margin of 1.6% in 2011. The interest margin level is too low and the bank's strategy is to ensure a higher interest margin, including through efforts to attract more full-service customers in the private customer area and reduce funding costs.

Fee income and expenses

The bank's net fees and dividends amounted to DKK 125 million in 2012, against DKK 132 million in 2011.

The declining fee income was mainly driven by lower fees and commission income due to generally lower customer activity in Financial Markets and the reduced lending portfolio. On the other hand, higher fees from the business partner Totalkredit contributed to fee income in the private customer area increasing by 27% over 2011.

Value adjustments

The bank's value adjustments were negative at DKK 134 million in 2012, against DKK 399 million in 2011.

Credit losses and writedowns on mortgage deeds and equities overall had a negative impact of DKK 171 million in 2012, compared to DKK 226 million in 2011.

Excluding credit-related value adjustments, the bank thus posted a capital gain of DKK 37 million in 2012, against a capital loss of DKK 173 million in 2011.

Interest-related value adjustments, excluding credit losses on mortgage deeds, comprise market value adjustment of mortgage deeds, fixed-income contracts and bonds. In 2012, this item produced a gain of DKK 4 million, against a loss of DKK 90 million in 2011.

Equity-related value adjustments, excluding credit losses on equities, comprise equities and equity contracts. In 2012, this item produced a gain of DKK 34 million, against a loss of DKK 77 million in 2011.

The bank's equity portfolio is mainly composed of sector equities, while the trading portfolio of equities has a relatively low value. In connection with the winding up of distressed investment exposures, the bank acquired a number of illiquid shares in 2010 and 2011, the pricing of which could have a positive or negative impact on the bank's future financial results. The market value of the illiquid shares was DKK 105 million at 31 December 2012.

Exchange rate adjustments amounted to a loss of DKK 1 million in 2012, against a loss of DKK 7 million 2011.

Other operating income

Other operating income amounted to DKK 50 million in 2012, against DKK 36 million in 2011.

Other operating income is primarily attributable to Alm. Brand Leasing A/S, which has expanded its operating lease activities.

Costs

The bank's staff costs and administrative expenses totalled DKK 441 million in 2012, against DKK 458 million in 2011. The bank's cost savings from the organisational restructuring implemented at the end of May 2012 did not feed through fully in the 2012 financial statements. The full effect will materialise in 2013.

Total depreciation, amortisation and impairment charges amounted to DKK 33 million in 2012, against DKK 18 million in 2011. The increase was attributable to the higher level of activity in Alm. Brand Leasing.

Other operating expenses

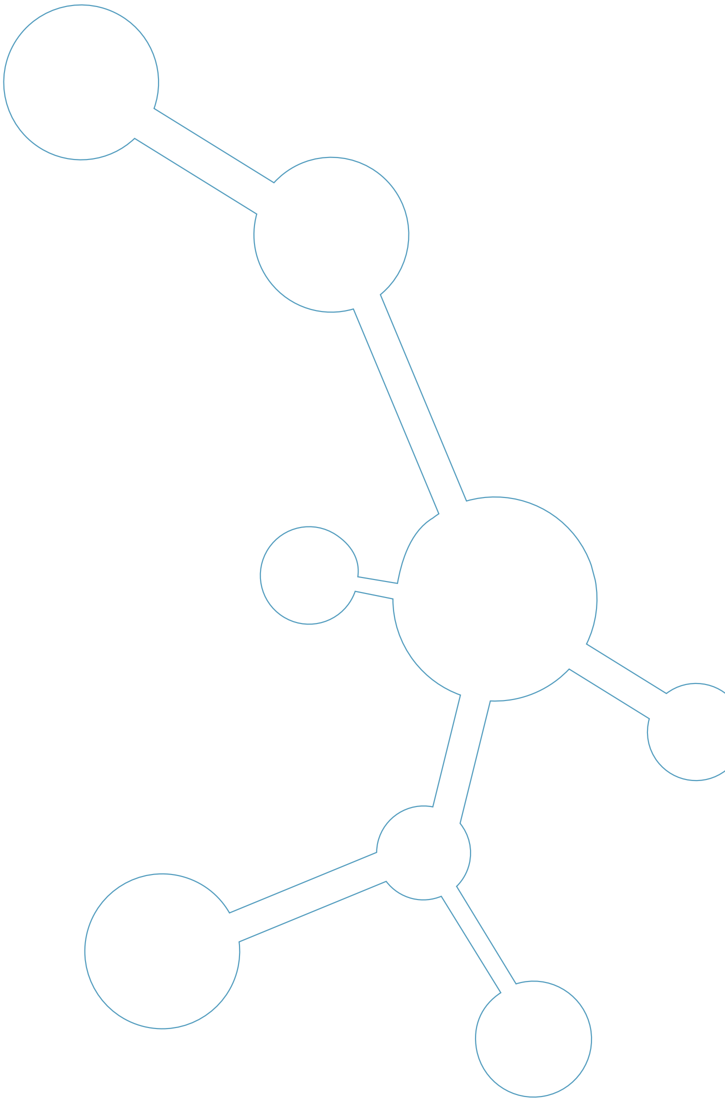
Other operating expenses amounted to DKK 43 million in 2012, compared to DKK 40 million in 2011. In 2012, this item comprised the bank's expenses for the Danish Guarantee Fund for Depositors and Investors of DKK 18 million and costs and value adjustment of properties taken over temporarily totalling DKK 25 million.

Impairment of loans, etc.

Impairment for 2012 amounted to an expense of DKK 309 million, against an expense of DKK 768 million in 2011. In addition, the bank incurred credit writedowns of DKK 171 million in 2012, against DKK 226 million in 2011. Total writedowns on the lending and guarantee portfolio, including credit-related value adjustments, thus amounted to an expense of DKK 480 million, compared to DKK 994 million in 2011.

Out of the total impairment of loans, advances and receivables, etc., identified losses amounted to DKK 51 million in 2012, against DKK 210 million in 2011. Identified losses on the mortgage deed portfolio represented DKK 18 million of this amount in 2012, against DKK 58 million last year.

The performance of losses and writedowns is described in detail under "Lending portfolio".



FINANCIAL RESULTS FOR Q4

- Loss before tax: DKK 146 million (2011: DKK 650 million loss)
- Profit/loss before losses and writedowns: DKK 2 million profit (2011: DKK 13 million loss)
- Losses and writedowns: DKK 148 million (2011: DKK 637 million)
- Reduction in lending: DKK 0.4 billion (2011: DKK 0.3 billion)
- Costs: DKK 104 million (2011: DKK 114 million)

Before losses and writedowns, the bank reported a profit of 2 million before tax, which was around DKK 10 million better than the most recent guidance.

Net interest and fee income
The bank recorded net interest and fee income of DKK 92 million, compared to DKK 98 million in 2011.

The bank's net interest income totalled DKK 60 million, against DKK 68 million in Q4 2011, while net fees and dividends amounted to DKK 32 million, compared to DKK 30 million in the year-earlier period.

The interest margin for the parent company and the banking group totalled 1.4%, against 1.2% and 1.3%, respectively, in Q4 2011.

Value adjustments
The bank's value adjustments totalled a loss of DKK 63 million, against a DKK 166 million loss in the same period of 2011. Excluding credit-related value adjustments, the bank posted a capital gain of DKK 14 million, against a capital loss of DKK 9 million in the year-earlier period.

Other operating income
Other operating income amounted to DKK 15 million, against DKK 11 million in 2011.

Costs
The bank's overall payroll and administrative expenses amounted to DKK 93 million, compared to DKK 108 million in 2011. This year's amount was impacted by extraordinary income of DKK 7 million relating to profit distribution from the bank's data centre.

Depreciation and amortisation charges totalled DKK 11 million, against DKK 6 million last year.

Other operating expenses
The bank incurred other operating expenses of DKK 14 million, mainly attributable to value adjustment of acquired properties. This item was DKK 0 million in 2011.

Impairment of loans, etc.
Impairment of loans, advances and receivables, etc. totalled an expense of DKK 71 million. In addition, credit writedowns totalling DKK 77 million were recorded. Total losses and writedowns on the lending and guarantee portfolio thus amounted to DKK 148 million, against DKK 637 million in 2011.

Loans and advances, etc.
The bank's loans and advances fell by DKK 0.5 billion. Taking into account developments in reverse transactions, intragroup transactions and writedowns, lending dropped by almost DKK 0.4 billion.

BALANCE SHEET

Loans and advances, etc.

The bank's loans and advances amounted to DKK 8.7 billion at 31 December 2012, against DKK 10.4 billion at 31 December 2011. Excluding reverse transactions, intra-group transactions and writedowns, this performance was a decline in loans and advances of DKK 1.3 billion, which was in line with the most recent guidance.

Debt to credit institutions

The bank's debt to credit institutions fell from DKK 4.0 billion at 31 December 2011 to DKK 1.2 billion at 31 December 2012, attributable to the planned repayment of funding.

Deposits

The bank's deposits amounted to DKK 11.3 billion at 31 December 2012, compared to DKK 8.0 billion at the year-earlier date. This development was mainly attributable to the fixed-rate campaign run in the winter of 2011–2012, which secured net new deposits for the bank of approximately DKK 2.5 billion.

The combination of an increase in deposits and a reduction of loans and advances has eliminated the bank's deposit deficit of DKK 2.4 billion at 31 December 2011 and created a deposit surplus of DKK 2.6 billion at 31 December 2012.

The bank's contingent liabilities and other commitments amounted to DKK 1.0 billion at 31 December 2012, which was unchanged from the year-earlier date.

CASH RESOURCES

At 31 December 2012, the bank's excess liquidity coverage was 256%, or DKK 4,122 million, relative to the statutory minimum requirement.

The bank's successful deposit campaign at the beginning of the year was one of the reasons for the substantial excess cover at year-end, even though the bank repaid DKK 7.7 billion worth of funding.

On 28 September 2012, the bank utilised the three-year credit facility made available by Danmarks Nationalbank. The bank borrowed DKK 1 billion and provided security in the form of bonds. On 28 December 2012, the bank replaced DKK 530 million bonds by loans.

Management monitors the cash position closely, stress testing the expected future cash flow performance to prevent potential future deviations from the defined assumptions from causing liquidity problems for the bank.

Funding totalling DKK 2.1 billion, including state-guaranteed bonds of DKK 2.0 billion, falls due for repayment in 2013.

CAPITALISATION

The bank's equity stood at DKK 1.0 billion at 31 December 2012. The capital base totalled DKK 1.9 billion, the solvency ratio was 19.4 and the Tier 1 ratio was 14.1. The bank's individual solvency need was calculated at 15.7, and the bank's solvency ratio thus exceeded the individual solvency need by 3.7 percentage points.

Alm. Brand Bank will begin using the Danish Financial Supervisory Authority's "8% +" approach effective 31 March 2013, but this is not expected to have any material effect on the amount of the bank's individual solvency need.

The banking group's equity totalled DKK 1.2 billion at 31 December 2012. The capital base totalled DKK 2.0 billion, the solvency ratio was 18.5 and the Tier 1 ratio was 13.9.

On 26 February 2013, the parent company Alm. Brand A/S injected DKK 700 million into Alm. Brand Bank A/S as equity. The capital injection was made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million of the state-funded hybrid core capital, which currently totals DKK 855 million. Repayment will take place when permission is in place.

SUPERVISORY DIAMOND

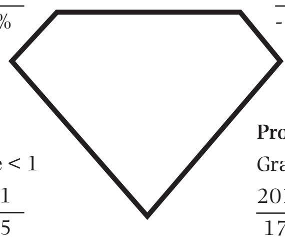
At 31 December 2012, than bank was in compliance with all five threshold values of the Danish Financial Supervisory Authority's supervisory diamond as shown in the figure below.

Large exposures
Threshold value < 125 %

2012	2011
62%	69%

Growth in lending
Threshold value < 20 %

2012	2011
- 13%	- 17%



Funding ratio
Threshold value < 1

2012	2011
0.62	0.75

Property exposure
Grænseværdi < 25%

2012	2011
17%	22%

Excess liquidity coverage
Threshold value > 50%

2012	2011
137%	185%

The changes in the bank's supervisory diamond indicators reflect that the winding-up portfolio is developing according to plan. Growth in lending remains negative, which had been expected considering the bank's lending strategy of focusing exclusively on the private customer segment. The fall in the bank's excess liquidity coverage and funding ratio was due to the repayment of syndicated loans and loans raised through bonds issued under Bank Package II.

Business Activities

The continuing business activities of the bank are organised in the business areas Private Customers and Financial Markets and the subsidiaries Alm. Brand Leasing A/S and Alm. Brand Formue A/S.

Private Customers handles activities related to servicing new and existing private customers. Financial Markets handles the bank's activities related to financial markets and comprises the areas Markets and Asset Management. The listed subsidiary Alm. Brand Formue A/S is an investment company that makes investments based on advice from Financial Markets. All lease operations are organised in the bank's subsidiary Alm. Brand Leasing A/S.

The continuing business areas are described below, while the business areas that are being wound up are reviewed under "Lending portfolio".

PRIVATE CUSTOMERS

Strategy

Alm. Brand Bank intends to be the primary banker of its private customers. The bank focuses strongly on customers who own their own homes or live in cooperative housing and customers with a major requirement for investment and pension advisory services because such customer segments would potentially benefit the most from the bank's advisory services.

The aim is for customers to perceive Alm. Brand Bank as one of the best providers of service, advisory services and price terms. Customers should be offered financially attractive and value-creating solutions that support long-term customer relationships.

The aim is to have simple and uncomplicated business procedures and offer high-quality advisory services as and when required. The bank also aims to offer transparent and accessible products.

The strategy is to generate profitable growth in the private customer area, driven by new customers as well as increased business volumes with existing customers who are not currently full-service customers with the bank.

The bank has almost 58,000 customers (measured in terms of households), who are served by some 80 banking, investment and pension advisers distributed on 11 branches. In addition, around 50 employees at the bank's headquarters deal direct with customer needs and enquiries and with developing the private customer area.

For organisational purposes, the bank's staff is divided into employees serving continuing private customers and employees handling the portfolio of customers being phased out. This enables the bank's private customer advisers to focus entirely on establishing good, long-term relationships with customers.

Performance in 2012

The year saw weak demand from private customers. The bank did, however, record considerable interest in deposits and the bank's services as a mortgage loan intermediary through Totalkredit, the bank's business partner. This interest in deposits resulted in a net inflow of 3,000 customers to the bank in 2012, increasing the total business volume of deposits, loans and advances and custody funds by DKK 3.6 billion.

Deposits increased by 42%, much of it driven by the bank's attractive products in the market for fixed-rate deposits, but floating-rate deposits also recorded satisfactory growth in 2012.

The portfolio of Totalkredit loans for which the bank acted as intermediary increased by 16%. On the other hand, the increased demand for Totalkredit loans was a contributory factor to the 13% decline in bank loans. Many customers not only converted their loans to other interest and repayment terms, they also raised supplementary loans which they used to reduce loans with the bank.

Efforts in the private customer area were largely aimed at adapting the organisation to the new, more customer-oriented strategy launched early in the year.

The new strategy has also forged a closer collaboration with Alm. Brand Forsikring, whose customers obtain benefits if they pool all their financial products with Alm. Brand. In addition, the year was spent structuring several other initiatives aimed at attracting new customers to the bank from 2013.

The collaboration between Private Customers and Financial Markets was enhanced in 2012, enabling Alm. Brand Bank to offer a number of new products in 2013. Private customers with assets of DKK 3 million or more are already offered structured access to individual advisory investment services in Markets.

FINANCIAL MARKETS

Financial Markets handles the bank's activities related to financial markets and comprises two areas: Markets and Asset Management. Both areas focus on maintaining close relationships with customers, ensuring targeted advice and sales.

Markets

Strategy

Based on high-quality research and advisory services, Markets provides a strong decision-making basis for its customers.

The bank's ambition is to retain and expand its market position by offering a more focused product range. In particular, Markets intends to be a competitive player in relation to small and medium-sized banks, insurance and pension providers and individuals with assets of more than DKK 3 million, and Markets has a targeted offering of advisory services and products.

Markets' advisory services are based on a structured decision-making process and close collaboration between analysts and advisers. The advisers provide the individual customers with holistic-approach advisory services covering all financial products.

The investment philosophy builds on long-term strategies, fundamental and quantitative research and careful risk management focused on generating a high return in alignment with the customer's risk profile.

Performance in 2012

The unstable markets remain a challenge for risk appetite, causing customers to hold off on investment decisions.

Markets recorded a fair inflow of new customers throughout 2012, equivalent to about a 15% improvement over last year.

Advisers in Markets were certified in 2012 to offer advice on all products. As they are all trained to provide advice on a range of investment products, customers will need to consult one adviser only.

Asset Management

Strategy

Asset Management's goal is to create competitive products. Customers are small and medium-sized banks, insurance companies, institutionals, associations and others requiring asset management services.

Asset Management provides asset management services and offers a full range of investment products to its customer segments. Equity and bond management are its core business areas.

For some products, the investment philosophy is based on fundamental research, while the investment philosophy for other products is based on quantitative research. Asset Management also offers management products based on a proprietary asset allocation model that regularly provides guidelines on the most appropriate allocation between equities and bonds.

Performance in 2012

Asset Management continued to focus on protecting investor funds in 2012. The return on customers' portfolios generally outperformed the agreed benchmarks. Asset Management recorded an inflow of new external mandates in 2012.

Focus is on providing customers with an increased product offering and more flexible solutions.

Assets under management amount to some DKK 34 billion and the department aims to increase the volume of external assets under management in the coming years.

SUBSIDIARIES

Alm. Brand Leasing A/S and Alm. Brand Formue A/S are subsidiaries of Alm. Brand Bank. Alm. Brand Formue is listed on NASDAQ OMX Copenhagen A/S.

Alm. Brand Leasing A/S

Alm. Brand Leasing is wholly owned by Alm. Brand Bank. Its main activity is to offer leases on passenger and commercial vehicles with related car fleet management for businesses. The company also offers leases on passenger cars to individuals.

Alm. Brand Leasing aims to be an attractive provider of car lease products and to be one of the preferred lease companies in the Danish market.

The company's strategy is to offer competitive lease solutions in the Danish market and in that context to cover the requirements of financially sound businesses for leasing passenger and commercial cars. The strategy also aims to intensify direct sales of car leases to individuals, both directly to end customers and through partnerships with car importers and car dealers.

Performance in 2012

The company reported a pre-tax loss of DKK 1.2 million in 2012, against a profit of DKK 0.5 million in 2011. One driver of the adverse performance was the bill tabled by the Danish government in late February to change the principles for calculating vehicle registration fees. The bill meant that fewer new leases than expected were signed during the spring. The private lease segment came to a standstill until the autumn, while commercial leases revived over the summer.

The performance for 2012 was not satisfactory.

The company set up an alliance in August 2012 with Fiat Group Automobiles Denmark A/S to offer private leases on Fiat and Alfa Romeo cars through authorised dealers.

Alm. Brand Formue A/S

Alm. Brand Formue is a listed company investing in equity and bond markets. The company was established in 2003 at the initiative of Alm. Brand Bank in collaboration with a number of other banks. The bank's ownership interest totalled 45% at 31 December 2012. Through its holding of A shares, the bank controls 70% of the votes in the company.

Performance in 2012

Alm. Brand Formue recorded a pre-tax profit of DKK 72 million in 2012, against a loss of DKK 56 million in 2011, corresponding to a return on equity of 26% before tax.

Because Alm. Brand Bank hedges equity risk, the bank's ownership interest contributed a net loss of DKK 3 million.

The equity gearing was 2.7 at 31 December 2012, compared to 2.5 at 31 December 2011. The Board of Directors of Alm. Brand Formue has defined a maximum debt-equity ratio for the company of 4.0. The company makes investments on the basis of advice from Financial Markets.

See www.formue.almbrand.dk for additional information.

MAJOR EVENTS

Capital injection

On 28 February 2012, Alm. Brand A/S injected DKK 300 million into Alm. Brand Bank A/S as equity to ensure that the bank has adequate capital excess coverage.

On 26 February 2013, Alm. Brand A/S injected DKK 700 million into Alm. Brand Bank A/S as equity. The capital injection was made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million of the state-funded hybrid core capital, which currently totals DKK 855 million. Repayment will take place when permission is in place.

In the summer of 2010, Alm. Brand A/S made a commitment to contribute sufficient capital to Alm. Brand Bank A/S to ensure that Alm. Brand Bank would meet the higher of the solvency requirement and the individual solvency need. This commitment has been maximised to DKK 2 billion and has thus lapsed.

Prepayment of state-guaranteed bonds

On 21 March 2012, the bank announced that state-guaranteed bonds in the amount of DKK 4 billion would be prepaid. The initial DKK 2 billion was paid on 23 March 2012, and the remaining DKK 2 billion was paid on 2 July 2012.

Changes to the Board of Directors

On 27 March 2012, Tage Benjaminsen resigned from the bank's Board of Directors. At the annual general meeting of Alm. Brand Bank held on 23 April 2012, Jan Skytte Pedersen was elected as a new member of the Board of Directors.

A proposal will be made for the bank's annual general meeting to be held on 17 April 2013 to elect Ebbe Castella as a new member of the Board of Directors.

OUTLOOK

Alm. Brand Bank expects to record a pre-tax profit of around DKK 5 million in 2013 before losses and writedowns. The improved performance is expected to result from the underlying operations of the continuing business areas and from repayment of DKK 430 million of state-funded hybrid core capital.

The bank's winding-up portfolio excluding losses and writedowns is expected to drop by around DKK 0.6 billion in 2013.

The amount of impairment writedowns on loans and credit-related value adjustments is subject to considerable uncertainty and will depend on, among other factors, general economic developments and general market conditions. Given current economic developments and market conditions, losses and writedowns are expected to be DKK 300–400 million in 2013.

The Danish Financial Supervisory Authority's has commenced an inspection of the bank, which has so far progressed satisfactorily. The conclusions of the Danish Financial Supervisory Authority's are not expected to trigger any substantial change in the bank's financial results and capitalisation.

> Excellent customer service makes a difference. Financial businesses and the products they offer are in many ways very similar. But one thing that really sets us apart from the competition is the GOOD EXPERIENCE we give our customers.
>
> Kim Bai Wadstrøm

Lending portfolio

At 31 December 2012, the banking group's lending portfolio excluding reverse transactions amounted to DKK 8.3 billion. The bank's loans and advances were reduced by DKK 1.8 billion in 2012, including DKK 0.5 billion attributable to losses and writedowns. Adjusted for losses and writedowns, the lending portfolio fell by DKK 1.3 billion in 2012, or by the same level as in 2011.

The bank had losses and writedowns in 2012 including credit-related value adjustments of DKK 480 million, against DKK 994 million in 2011. Identified losses accounted for DKK 51 million of the total losses and writedowns in 2012.

Breakdown into continuing portfolio and winding-up portfolio
Due to the bank's intention to focus its lending activities on private customers going forward, the lending portfolio has been divided into a continuing portfolio and a winding-up portfolio. The winding-up portfolio represents approximately 65% of the group's total lending.

The year's reduction of loans, advances and guarantees caused accumulated writedowns for the banking group to increase from 12.6% at 31 December 2011 to 14.3% at 31 December 2012.

Accumulated provisions and writedowns excluding writedowns on mortgage deeds which are recognised as value adjustments break down as DKK 187 million for the continuing portfolio and DKK 1,370 million for the winding-up portfolio.

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

	Lending year-end			Total losses and writedowns				Total	
DKKm	2011	2012	Share of portfolio (%)	Q1	Q2	Q3	Q4	2012	Loss ratio %[a]
Continuing portfolio	**2,983**	**2,647**	**30.5%**	**10**	**7**	**20**	**20**	**57**	**2.0%**
Lending to private customers	2,848	2,442	28.1%	10	7	19	21	57	2.2%
Other lending[b]	135	205	2.4%	-	-	1	-1	-	0.0%
Winding-up portfolio	**7,059**	**5,642**	**64.8%**	**75**	**74**	**146**	**128**	**423**	**6.7%**
Agriculture	1,038	955	11.0%	29	30	78	19	156	15.7%
Car finance	418	230	2.6%	-1	-	-	-	-1	-0.3%
Commercial lending	1,613	1,158	13.3%	19	-5	27	32	73	5.3%
Property development projects	431	254	2.9%	-	1	-2	2	1	0.3%
Mortgage deed financing	405	115	1.3%	8	5	12	-2	23	8.8%
Mortgage deeds[c]	3,154	2,930	33.7%	20	27	31	77	155	5.1%
Bank packages etc.[d]	-	-	-	-	16	-	-	16	-
Total group lending - excl. reverse transactions	**10,042**	**8,289**	**95.3%**	**85**	**81**	**166**	**148**	**480**	**5.2%**
Reverse transactions including intra-group transactions	175	107	1.2%	-	-	-	-	-	-
Total group lending	**10,217**	**8,396**	**96.5%**	**85**	**81**	**166**	**148**	**480**	**5.2%**
Minority interests	176	302	3.5%	-	-	-	-	-	-
Total pro rata	**10,393**	**8,698**	**100.0%**	**85**	**81**	**166**	**148**	**480**	**5.0%**

a) Losses and writedowns as a percentage of the average portfolio in 2012. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios

b) Leasing (continuing portfolio) is not included, as it is recognised as other property, plant and equipment and not as loans and advances

c) Credit losses and writedowns on mortgage deeds are recognised in value adjustments

d) Shareholding taken over in connection with the winding up of a former credit exposure. Value adjustment of the shareholding is recognised under value adjustments

Total losses and writedowns charged to the income statement represented 5.2% of the average lending portfolio for the banking group excluding reverse transactions in 2012.

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

CONTINUING PORTFOLIO

Lending to private customers

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

Total loans and advances to private customers declined by DKK 406 million in 2012 to stand at DKK 2,442 million at 31 December 2012. Adjusted for losses and writedowns, the fall was DKK 349 million.

This fall was attributable, among other factors, to many customers paying off loans with the bank by raising supplementary loans with Totalkredit. Alm. Brand Bank handles mortgage loans through Totalkredit. Furthermore, more customers generally opt to repay debt.

Losses and writedowns amounted to DKK 57 million in 2012, corresponding to 2.2% of the average portfolio, and a decrease of DKK 47 million relative to 2011. However, the level remains too high, and the bank is committed to improving the quality of the portfolio.

Other loans and advances

This segment covers loans where an investment mandate is placed with Alm. Brand Markets. These loans form part of the bank's continuing business area.

Other loans and advances increased by DKK 70 million relative to 31 December 2011.

Losses and writedowns in 2012 totalled DKK 0 million.

WINDING-UP PORTFOLIO

According to the bank's strategy, new customers are not accepted in these segments, and the business volume with existing customers is expected to be wound up over a number of years. As part of the implementation of a controlled winding up of the individual exposures, the bank intends to grant additional loans as part of its credit defence efforts to protect assets the bank holds as collateral. This means that lending may increase in individual segments, although the lending segment is being wound up.

The activities being wound up have been transferred to a single unit located at the headquarters in order to ensure that focus is on achieving a controlled and efficient winding-up process for the lending segments being discontinued.

Total loans and advances in the winding-up portfolio declined by DKK 1,417 million in 2012 to stand at DKK 5,642 million at 31 December 2012. Adjusted for losses and writedowns, the fall was DKK 1,010 million.

Agriculture

Danish agriculture continued to operate under difficult economic conditions. The bank's agricultural portfolio breaks down into around 60% pig farming, around 35% dairy farming and around 5% arable farming. The bank had around 80 agricultural customers at 31 December 2012.

Economic conditions continued to put pressure on the agricultural sector, increasing the risk of default and squeezing selling prices of agricultural land and property. The bank values customers' agricultural land at an average price of DKK 130,000–140,000 per hectare.

The portfolio declined by DKK 83 million in 2012 to stand at DKK 955 million at 31 December 2012. However, adjusted for losses and writedowns, agricultural lending rose by DKK 73 million because the bank granted loans for necessary investments and to secure continued operations, thus protecting the underlying assets to the bank. However, the fourth quarter saw a decline in lending of DKK 38 million adjusted for losses and writedowns.

Losses and writedowns remain at a high level, adversely affected by deteriorated financial conditions for dairy farmers in particular.

Car finance

Car finance generally runs for a maximum period of five years, after which the portfolio will be wound up relatively quickly due to the cessation of new loans for financing through car dealers in 2009. The overall portfolio thus declined by DKK 188 million in 2012 to stand at DKK 230 million, and the greater part of the portfolio is expected to be wound up over the next year.

Net writedowns of DKK 1 million were reversed in 2012.

Commercial

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

The total portfolio declined by DKK 455 million in 2012 to stand at DKK 1,158 million at 31 December 2012. Losses and writedowns amounted to DKK 73 million in 2012, corresponding to 5.3% of the average portfolio. Adjusted for losses and writedowns, the commercial lending portfolio declined by DKK 382 million, which was around DKK 70 million more than in 2011.

Losses and writedowns in the second half of the year were adversely affected by writedowns in respect of a few large exposures, but several exposures were closed at a gain.

Property development projects

The portfolio consists of a limited number of property development projects. The bank will only finance the completion of ongoing projects pursuant to existing agreements. At 31 December 2012, almost 90% of lending in this segment related to a single project.

The portfolio declined by DKK 177 million in 2012 to stand at DKK 254 million at 31 December 2012 as a large project was completed and repaid in 2012. Losses and writedowns amounted to DKK 1 million in 2012, corresponding to 0.3% of the average portfolio.

Mortgage deed exposure

The bank's overall mortgage deed exposure comprising mortgage deed financing and mortgage deeds was reduced by DKK 514 million to DKK 3,045 million.

Mortgage deeds run off naturally as a result of regular payments and redemptions. Such natural run-off accounted for about 9% of the total mortgage deed exposure in 2012, when disregarding credit writedowns and interest rate impacts.

Compared with the banking sector in general, the bank has fairly high exposure to mortgage deeds relative to the overall lending portfolio. See note 48 to the financial statements for a description of significant accounting estimates, assumptions and uncertainties.

Mortgage deed financing

The portfolio consists of investment exposures secured against mortgage deeds. As in 2011, the bank focused strongly in 2012 on winding up investment exposures and acquiring the mortgage deeds provided as collateral. The acquired mortgage deeds are recognised in "Mortgage deeds" in the table setting out the lending portfolio. The portfolio was reduced by DKK 290 million to DKK 115 million in 2012.

Losses and writedowns amounted to DKK 23 million in 2012, corresponding to 8.8% of the average portfolio. The writedowns were attributable to mortgage deed debtors defaulting on their loans and to a declining excess cover on the exposures as a result of price falls on mortgage deeds provided as security.

Mortgage deeds

This segment comprises the bank's own portfolio of private and commercial mortgage deeds. The mortgage deed portfolio amounted to DKK 2,930 million at 31 December 2012, which was DKK 224 million lower than at 31 December 2011.

The bank's portfolio of private mortgage deeds amounted to DKK 2,202 million, comprising the bank's portfolio of mortgage deeds secured primarily against single-family houses, commonhold flats and summer houses. The properties are located throughout Denmark. The mortgage deeds were mainly created in a previous collaboration with estate agents.

Commercial mortgage deeds amounted to DKK 728 million, comprising the bank's portfolio of mortgage deeds secured against residential rental property, commercial property for office, trade and industrial use as well as land and mixed residential/commercial property.

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

Credit writedowns amounted to DKK 155 million in 2012, corresponding to an impairment ratio of 5.1% of the average portfolio. The private mortgage deed portfolio was adversely affected by the sustained difficult economic conditions, and the number of private customers in arrears increased.

Some commercial properties were revalued due to higher vacancy rates, increasing writedowns in the fourth quarter of 2012.

CAPITAL RESERVATION

The banking group's total capital reservation amounted to DKK 3,478 million at 31 December 2012, against DKK 3,916 million at 31 December 2011. The capital reservation equalled 33% of gross loans and advances and residual debt on mortgage deeds at 31 December 2012, which was an increase of 2 percentage points relative to 31 December 2011.

As regards the continuing portfolio, the capital reservation equalled 18% of gross loans and advances, which was an increase of 4 percentage points relative to 31 December 2011. As regards the winding-up portfolio, the capital reservation corresponded to 38% of gross loans and advances and residual debt on mortgage deeds, which was 1 percentage point higher than at 31 December 2011.

CAPITAL RESERVATION	31.12.2012						31.12.2011	
DKKm	Gross lending/ outstanding debt	Balance	Difference[a)]	Required capital	Total reservation	Reservation relative to gross lending	Total reservation	Reservation relative to gross lending
Continuing portfolio	2,834	2,647	187	328	515	18%	426	14%
Winding-up portfolio	7,727	5,642	2,085	867	2,952	38%	3,462	37%
Total - excl. reverse Transactions	**10,561**	**8,289**	**2,272**	**1,195**	**3,467**	**33%**	**3,888**	**31%**
Reverse Transactions and intra-group transactions	107	107	-	11	11	10%	28	16%
Total group	**10,668**	**8,396**	**2,272**	**1,206**	**3,478**	**33%**	**3,916**	**31%**

a) Accumulated writedowns and value adjustments of mortgage deeds

Distribution

ORGANISATION

The Alm. Brand Group's sales organisation is divided according to business area with focus on cross sales and referrals between the individual sales channels. Physical locations are also shared to a significant extent.

Alm. Brand is divided into five regions each responsible for sales and service targeting the local customer segment. This provides Alm. Brand's employees with detailed knowledge of customers and local matters and, in addition, specialists in centralised staff functions working across regions are used to ensure customers receive optimal service.

Branches

Alm. Brand Bank has 11 branches across Denmark. The branches offer a full-service concept, including advisory services and sales of a full range of banking products targeting the private customer segment. Moreover, the bank branches offer investment advice, and each branch also has designated pension advisers. If necessary, a personal adviser may be assigned to the individual customers.

Through the group's centralised Asset Management and Markets departments, the bank offers more complex investment solutions for customers requiring such services.

Customer service centre

Banking customers are also served through a centralised customer service centre, which advises customers on all simple banking products and answers questions. If necessary, customers are referred to their personal advisers.

Group sales

43% of the bank's 58,000 customers are also customers of Non-life Insurance or Life and Pension. Going forward, the bank will focus on getting more of the group's customers to pool their financial products with Alm. Brand, triggering a number of benefits.

Leasing

The bank offers lease solutions through the subsidiary Alm. Brand Leasing. Distribution takes place directly to private customers through the company's website www.almbrandleasing.dk and through partnerships with car importers and car dealers all over Denmark. Distribution to commercial customers takes place through in-house consultants.

Sales and service through online solutions

In recent years, Alm. Brand has considerably expanded its sales and service activities through electronic media. Customers continue to demand more self-service, and the aim is to have more than one third of all customer interface processes digitalised by end-2016. The digital processes will ensure faster and simpler customer service, while improving quality at the same time.

In addition to information, service and sales through electronic media, the group interacts with customers and other stakeholders through Facebook, Trustpilot, LinkedIn and other social and online media.

www.almbrand.dk

The Alm. Brand Group's website contains a wide range of information about Alm. Brand Bank and its products.

Easy overview for customers

Through the website, customers can log onto their own, personal page using their NemID. This page provides the customer with an overview of all the services he or she has with Alm. Brand, including insurance agreements with policies, pension agreements and banking products.

Netbank

Netbank, Alm. Brand's online banking site, allows customers to conduct their banking business, including making transfers, paying bills, trading securities, etc.

Mobile phone services

Using a smartphone, customers can track securities prices and trade securities directly. Moreover, customers can access their accounts and make transfers, etc.

During 2012, the bank recorded an increase of just under 3,000 active mobile banking users. The bank thus had more than 6,000 active mobile banking users at 31 December 2012.

CUSTOMERS FIRST – strategy 2013–2016

Alm. Brand's believes that the combination of providing a supreme service and having the most satisfied customers is key to the group's and the bank's future success. It is therefore the bank's strategy through high quality, professional skill and accessibility, good products at the right price and exceptionally good customer service to ensure that customers are very satisfied and loyal.

An important part of the strategy is therefore to develop and sharpen the employees' customer focus and working tools in order to provide optimum customer experiences.

The group measures customer satisfaction on almost all the bank's employees with customer contact. Moreover, the bank follows up on the support other employees provide to customer-facing staff.

Human Resources

HR STRATEGY AND OBJECTIVES

Alm. Brand Bank wants its employees to be committed and to seek influence and assume responsibility for the planning and performance of their own job. Moreover, the bank wants its managers to be resourceful and dynamic and to be focused on continual business, employee and personal development. The group aims to stand out from its peers in the eyes of its customers by developing each individual employee and focusing on providing customer service and service in general at a high level.

100% COMMITMENT TRANSLATES INTO GREATER JOB SATISFACTION

In the period 2009–2012, Alm. Brand had defined a strategic target of having 100% committed employees. The bar had deliberately been set high. During the period, employee commitment was stable at 93%, which is considered high for the industry. Especially considering the substantial organisational adjustments made during the period, retention of a high level of employee commitment is considered a success.

A key focus in the group's new strategy, CUSTOMERS FIRST, is to ensure and expand the solid foundation developed for the job satisfaction of each individual employee. Job satisfaction is reflected in how much energy the employees invest in the company and the extent to which their motivation translates into efficient, business-oriented action and is used to provide optimum customer service.

High job satisfaction is key in being able to provide optimum customer service. High job satisfaction rubs off on the contact with customers and on in-house relations.

Over a number of years, the company has used a scoring tool, which, based on a wide variety of parameters, expresses job satisfaction as an index figure on a scale of 0 to 100. The 2012 measurement showed an increase of 4 points to 76 relative to 2011. For the upcoming strategy period, running until end-2016, a job satisfaction target of 78 has been defined.

The bar has been set high, and compared with most other major companies in the sector, Alm. Brand scores high. The new target is hence quite ambitious and achieving it will require considerable effort. The group will thus work to maintain the high job satisfaction rate among its employees, while seeking to increase job satisfaction among the employees in the bottom quartile of the index.

Job satisfaction is measured twice annually. Once a year, an extensive survey is conducted, comprising a number of questions related to management, corporate culture, image, development and commitment. The second survey is a smaller-scale, follow-up survey.

EXECUTING LEADERSHIP

Competent management is crucial for employee welfare and job satisfaction and, by extension, for the company's financial performance.

In 2010, new management skills were implemented followed by a training programme for all managers with the aim of creating a new management culture focused on action-oriented management. The training programme helps the individual managers develop their ability to manage the business, the employees and themselves. The initiative was well received and has produced positive results.

In 2013, the management training programme will build on the new corporate culture and focus on the leadership skills required to achieve the target of providing supreme customer service and maintaining a highly customer-centric approach in all of the group's priority areas.

CORPORATE VALUES

For 12 years, the group's and thus the bank's corporate values have provided a solid foundation for the attitudes and conduct applied by employees internally and externally and they have come to truly permeate the group.

In connection with the implementation of the new group strategy, CUSTOMERS FIRST, the conduct descriptions have been aligned to reflect the strategy as reproduced below:

Ordinary common sense
- We identify with the customer
- We keep our promises
- We manage rules with common sense

Mutual respect
- We listen to our customers
- We respect our customers' experiences
- We draw on each other's knowledge and experience

Holism and proximity
- We care for our customers
- We take a holistic approach to the customer's situation
- We are accessible

Will to succeed
- We set ambitious and realistic goals
- We develop professionally and personally
- We create results together

THE ALM. BRAND ACADEMY

The Alm. Brand Academy is the anchor point of the group's development of employee and management skills. The range and complexity of financial products has grown significantly in recent years and the legislative basis is constantly changing. This puts pressure on the group's employees to continuously develop their skills to be able to provide customers with the best possible service and advice.

Alm. Brand Bank invests considerable resources in in-house training of new and existing employees. The Alm. Brand Academy is intended to consolidate the opportunities for training in the group in order to build a visible platform for the group's training initiatives and to act as a showcase for the opportunities for development and training available to each individual employee.

Advisers in Markets were certified in 2012 to offer advice on all products, and all the bank's advisers are now certified.

From 2013 onwards, the bank will be strongly focused on training all its employees in the part of the new strategy involving customer service.

REMUNERATION POLICY

Board of Directors

Members of the Board of Directors receive a fixed annual remuneration reflecting the scope of the board work and the responsibility related to serving on the board. Each board member received DKK 150,000. The total remuneration to the Board of Directors was DKK 1.1 million in 2012.

In accordance with the company's remuneration policy, board members are not remunerated by way of incentive plans.

Management Board

The members of the Management Board of Alm. Brand Bank A/S are remunerated by way of a salary which is intended to be competitive with the remuneration of other, comparable positions in the financial sector. In addition to this salary, the company provides a pension contribution, and the remuneration also includes a company car, free telephone and other customary salary substitutes. The remuneration of the Management Board is adjusted every two years.

The members of the Management Board received remuneration in the amount of DKK 3.1 million in 2012.

The Management Board received no bonus in 2012.

Other executives and specialists

Markets and Asset Management have set up bonus schemes for the 2012 financial year based on performance.

In 2011, the company complied with the remuneration policy described in the Annual Report 2011, and in 2012 it complied with the remuneration policy described above. These schemes will continue in 2013.

Corporate Governance

At the request of the Danish Bankers' Association, Alm. Brand Bank's Board of Directors has since 2009 considered sections 4–6 of the corporate governance recommendations prepared by the Committee on Corporate Governance applying the "comply or explain" principle. The recommendations are publicly available at www.corporategovernance.dk. The Board of Directors also considers supplementary recommendations prepared by the Danish Bankers' Association.

The Board of Directors of Alm. Brand Bank believes that corporate governance should be based on a holistic approach that considers relations and the interaction with all stakeholders. Alm. Brand Bank agrees with the basic principles of the corporate governance recommendations. This is reflected in the company's management approach, which generally complies with the recommendations on corporate governance, however, with the exceptions following from the fact that Alm. Brand Bank only has one shareholder. A detailed review of Alm. Brand Bank's position on each recommendation and a description of the remuneration policy applicable to members of the Management Board and the Board of Directors are provided on the Alm. Brand Group's website (www.almbrand.dk/english/corporategovernance).

The few areas in which Alm. Brand Bank has opted not to comply with the recommendations are discussed below. The main elements of the company's internal control and risk management systems in relation to the financial reporting process, the composition of the company's management bodies and its position on corporate social responsibility are also described below.

NON-COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS, SECTIONS 4–6

Board of Directors

As regards recruitment and election of board members, it is recommended that at least half of the board members elected by the shareholders at the annual general meeting should be independent. Alm. Brand Bank does not comply with this recommendation, as the composition of the Board of Directors reflects the fact that Alm. Brand Bank is a wholly-owned subsidiary of Alm. Brand A/S.

With respect to diversity at the company's management levels in relation to gender and age, the Board of Directors of Alm. Brand Bank has to date been of the opinion that neither gender quotas nor age quotas are the right solution, as they would rank a candidate's qualifications secondary. However, the Board of Directors is attentive to the desirability of considering diversity with respect to gender and age wherever possible and regularly monitors the gender and age distribution among the executive officers of the banking group.

The bill proposed in October 2012 to introduce targets and policies on the gender composition of a company's supreme governing body and reporting thereon is expected to imply that in 2013 the company will be required to define targets for the proportion of the under-represented sex on the Board of Directors and to prepare a policy for increasing the proportion of the under-represented sex at the company's other management levels. The company also expects that progress reports in respect of the target and the policy must be submitted in accordance with the provisions of the bill.

The company does not provide information about the recommended candidates' background, qualifications and the criteria for recruitment ahead of the annual general meeting. Information about the board members' other executive positions and directorships, etc. as well as their special qualifications is included in the annual report. As regards new candidates, information on other executive positions and directorships, etc. is also provided in the complete proposals sent out prior to the annual general meeting.

Remuneration of the Board of Directors and the Management Board

It is recommended that the remuneration of the Board of Directors for the current financial year is approved by the shareholders in general meeting. The Board of Directors believes that it is sufficient that the shareholders approve the remuneration paid to the Board of Directors in respect of the past financial year when approving the annual report and that the Chairman of the Board of Directors explains the expected remuneration payable to the Board of Directors for the current financial year.

Board committees

The Board of Directors of Alm. Brand Bank has set up an audit committee. The Chairman and the Deputy Chairman of the Board of Directors, who cannot be deemed to be independent, are members of the committee. The majority of the committee members are thus not independent. The Board of Directors has deliberately chosen this structure and finds that it ensures a strong focus on the work of the committee.

It is recommended that the Board of Directors should set up a nomination committee and a remuneration committee. Considering the bank's ownership, the Board of Directors believes that there is currently no need to set up such committees.

Overall, the Board of Directors believes that Alm. Brand Bank complies with the corporate governance criteria and that these few exceptions do not constitute a disadvantage or are contrary to the interests of the shareholders or other stakeholders.

FINANCIAL REPORTING PROCESS

The primary responsibility for Alm. Brand Bank's risk management and control organisation in relation to the financial reporting process rests with the Board of Directors and the Management Board, including compliance with applicable legislation and other financial reporting regulations.

Control environment

The Board of Directors has defined a working plan ensuring that the Board of Directors assesses, at least once a year, the group's:

- Organisation
- Plans and budgets
- Risk of fraud
- In-house rules and guidelines

The Board of Directors and the Management Board are responsible for establishing and approving general policies, procedures and controls in key areas in relation to the financial reporting process. The audit committee supports the Board of Directors in this work.

The group's internal audit department reports directly to the Board of Directors and in compliance with the audit plan presented by the internal audit department and adopted by the Board of Directors. The internal audit department performs sample audits of business procedures and internal controls in critical audit areas, including the annual report and the financial reporting.

The Board of Directors and the Management Board have adopted policies, manuals, procedures, etc. in key areas in relation to financial reporting. On an ongoing basis, the Management Board monitors compliance with relevant legislation and other financial reporting regulations and provisions and reports its findings to the Board of Directors.

Risk assessment

The working plan of the Board of Directors ensures that the Board of Directors and the Management Board at least once a year perform an overall assessment of risks in relation to the financial reporting process. In this connection, the Board of Directors specifically assesses Alm. Brand Bank's organisation with respect to:

- Risk measurement and risk management
- Financial reporting and budget organisation
- Internal control
- Rules on powers of procuration
- Segregation of functions or compensatory measures
- IT organisation and IT security

As part of the risk assessment, the Board of Directors considers the risk of fraud on an annual basis. This work includes:

- A discussion of management's potential incentive/motive for committing fraudulent financial reporting or other types of fraud
- A discussion of management reporting with a view to preventing/identifying and responding to fraudulent financial reporting

The audit committee set up supports the Board of Directors in these assessments.

Risk management and the financial reporting process

Day-to-day risk management is handled at segment level on the basis of risk limits defined by the Management Board and approved by the Board of Directors.

Risk management is coordinated by a cross-organisational risk committee consisting of the group's Management Board and the bank's Management Board as well as the persons in charge of the credit secretariat, the sales organisation, the finance department and the risk management department.

The finance department is responsible for preparing interim and full-year financial reports. The risk management department is responsible for calculating risks on the group's financial assets and liabilities, while the credit secretariat is a key contributor in relation to the bank's impairment writedowns on loans and advances.

The report is prepared by the investor relations department on the basis of information from a number of departments, including the finance department, the asset management department and the individual business areas.

MANAGEMENT BODIES

In compliance with Danish legislation, Alm. Brand Bank and the group's subsidiaries (except from a few single-purpose property companies) have a two-tier management system with a board of directors and a management board. The members of the Board of Directors and the Management Board of Alm. Brand Bank are described in detail under "Directorships and special qualifications". The responsibilities and tasks of the Board of Directors and the Management Board are defined in the rules of procedure for the Board of Directors.

The Board of Directors consists of five members elected by the shareholders in general meeting who are nominated by the bank's principal shareholder, Alm. Brand. Four of the five Board members elected by the shareholders in general meeting are also members of the Board of Directors of Alm. Brand, while the fifth Board member elected by the shareholders in general meeting is the Chief Executive Officer of Alm. Brand A/S. In addition, the Board of Directors comprises two board members elected by the employees. The age, seniority, other directorships and special qualifications of the board members are set forth in the list of directorships at the end of the annual report.

A proposal will be made for the bank's annual general meeting to be held on 17 April 2013 to elect Ebbe Castella as a new member of the Board of Directors.

In connection with the nomination of new board members, the Board of Directors, with due consideration being had to the partial duality of membership existing between the board of the company's principal shareholder, Alm. Brand, and the Board of Directors of Alm. Brand Bank, emphasises representation of the following qualifications on the Board of Directors as a whole: General management experience, experience from the Alm. Brand Group's customer segments, experience in audit and accounting matters, particularly in relation to membership of the audit committee, and insight into financial, legal and economic matters.

The Board of Directors assesses its overall qualifications and work procedures once a year. The Chairman of the Board of Directors is responsible for the assessment. The results of the assessment will form part of the work of the Board of Directors going forward.

The Board of Directors held 16 meetings in 2012.

AUDIT COMMITTEE

The Board of Directors of Alm. Brand Bank has set up an audit committee, which also performs this task for the subsidiary Alm. Brand Formue.

The audit committee consists of three board members:

- Arne Nielsen (chairman)
- Jørgen H. Mikkelsen
- Boris N. Kjeldsen

The Board of Directors deems that Arne Nielsen meets the requirements for independence and qualifications within accounting and auditing as defined in section 31 of the Danish Auditors' Act. Arne Nielsen has many years of experience as a state-authorised public accountant of financial and other businesses.

The audit committees support the boards of directors in their work with and supervision of

- the financial reporting process, including checking the accuracy of financial information disclosed in annual reports and interim reports, and ensuring that accounting policies are relevant and have been consistently applied
- internal control and risk management, including reviewing and assessing management's guidelines at least once a year with a view to identifying, monitoring and managing the most important risks. The committees also assess and review internal control and risk management systems
- internal and external audit, including reviewing and discussing the results of the work of the internal and external auditors and the auditors' observations and conclusions and verifying the independence of the external auditors, including in particular the provision of additional services. The committees supervise management's follow-up on the recommendations to management reported by the internal and external auditors.

The audit committees' work involves historical data and generally does not comprise forward-looking events such as outlook and budgets.

The audit committee held four meetings in 2012. The audit committee reports to the Board of Directors on a current basis. Audit committee meetings are attended by the audit committee members as well as by Chief Executive Officer Søren Boe Mortensen, the Group CFO and the Group Chief Auditor. In addition, the appointed auditors attend two annual meetings at which they also have an opportunity to meet with the audit committee and the Group Chief Auditor without the day-to-day management being present.

CORPORATE SOCIAL RESPONSIBILITY

Alm. Brand Bank forms part of the Alm. Brand Group and the corporate social responsibility approach is shared with the parent company Alm. Brand A/S. For further information on corporate social responsibility, see Alm. Brand A/S Annual Report 2012.

Investor information

ACTIVITIES

Alm. Brand Bank is wholly owned by the listed company Alm. Brand A/S. The company's share capital amounts to DKK 1,021 million nominal value. As a result, the primary investor activities take place within the framework of Alm. Brand. For further information, see the annual report of Alm. Brand and www.almbrand.dk.

SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT BOARD IN ALM. BRAND A/S

In 2012, the Board of Directors' and the Management Board's shareholdings in Alm. Brand totalled:

	No. of shares 1 Jan 2012		No. of shares 31 Dec 2012	
Board of Directors	**Personally**	**Related parties**	**Personally**	**Related parties**
Jørgen H. Mikkelsen	75,369	66,439	115,369	106,439
Boris N. Kjeldsen	5,470	0	5,480	0
Arne Nielsen	2,500	10,000	2,500	11,600
Jan Skytte Pedersen	6,000	0	12,000	75,000
Søren Boe Mortensen	32,632	1,173	34,697	1,173
Christian Bundgaard	4,702	20	6,767	20
Jesper Christiansen	3,370	0	3,370	0
Management Board				
Kim Bai Wadstrøm	0	0	0	0

The members of the Board of Directors and the Management Board hold no shares in other companies of the Alm. Brand Group.

LISTED BONDS

Alm. Brand Bank has issued the following listed bonds:

- hybrid core capital with a nominal value of DKK 175 million, NASDAQ OMX Copenhagen A/S
- bullet loan under the individual government guarantee with a nominal value of DKK 2 billion, NASDAQ OMX Copenhagen A/S

ANNUAL GENERAL MEETING

The annual general meeting will be held on Wednesday, 17 April 2013 at 9:00 a.m. at Alm. Brand Huset, Midtermolen 7, DK-2100 Copenhagen Ø, Denmark.

COMPANY ANNOUNCEMENTS IN 2012

28 Feb 2012	Annual Report 2011
21 Mar 2012	Prepayment of state-guaranteed bonds
23 Mar 2012	Cancellation of bonds
27 Mar 2012	Change on the Board of Directors
02 Apr 2012	Notice of annual general meeting
23 Apr 2012	Results of annual general meeting
16 May 2012	Interim Report Q1 2012
02 Jul 2012	Prepayment of state-guaranteed bonds in Alm. Brand Bank
23 Aug 2012	Interim Report H1 2012
01 Oct 2012	Financial Calendar 2013
22 Nov 2012	Interim Report Q1–Q3 2012

FINANCIAL CALENDAR 2013

26 Feb 2013	Release of Annual Report 2012
17 Apr 2013	Annual General Meeting
22 May 2013	Release of Interim Report Q1 2013
22 Aug 2013	Release of Interim Report H1 2013
21 Nov 2013	Release of Interim Report Q3 2013

Statement by the management board and the board of directors

The Board of Directors and the Management Board have today considered and approved the annual report of Alm. Brand Bank A/S for the financial year ended 31 December 2012.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises. The parent company financial statements have been prepared in accordance with the Danish Financial Business Act. The management's review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the bank's assets, liabilities and financial position at 31 December 2012 and of the results of the group's and the bank's operations and the consolidated cash flows for the financial year 1 January to 31 December 2012.

In our opinion, the management's review includes a fair review of the matters covered by the review together with a description of the principal risks and uncertainties that may affect the group and the bank.

We recommend the annual report for approval at the annual general meeting.

MANAGEMENT BOARD
Copenhagen, 26 February 2013

Kim Bai Wadstrøm
Chief Executive

BOARD OF DIRECTORS
Copenhagen, 26 February 2013

Jørgen H. Mikkelsen
Chairman

Boris N. Kjeldsen
Deputy Chairman

Arne Nielsen

Jan Skytte Pedersen

Søren Boe Mortensen

Christian Bundgaard

Jesper Christiansen

Auditors´ report

INTERNAL AUDITORS' REPORT

Report on the financial statements

We have audited the consolidated financial statements and the parent company financial statements of Alm. Brand Bank A/S for the financial year ended 31 December 2012, comprising an income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including accounting policies, for the group as well as for the parent company, and a consolidated cash flow statement. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises. The parent company financial statements have been prepared in accordance with the Danish Financial Business Act.

Management is responsible for the consolidated financial statements and the parent company financial statements. Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements.

Basis of opinion

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with international auditing standards. This requires that we plan and perform our audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

We participated in auditing the critical audit areas.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose of this is to design procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's assets, liabilities and financial position at 31 December 2012 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2012 in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises.

Furthermore, in our opinion the parent company financial statements give a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2012 and of the results of the parent company's operations for the financial year 1 January to 31 December 2012 in accordance with the Danish Financial Business Act.

Statement on the management's review

We have read the management's review as required by the Danish Financial Business Act. We performed no other work in addition to the conducted audit of the consolidated financial statements and the parent company financial statements.

On this basis, we believe that the information in the management's review is in accordance with the consolidated financial statements and the parent company financial statements.

Copenhagen, 26 February 2013

Poul-Erik Winther
Group Chief Auditor

INDEPENDENT AUDITORS REPORT

To the shareholders of Alm. Brand Bank A/S

Report on the financial statements

We have audited the consolidated financial statements and the parent company financial statements of Alm. Brand Bank A/S for the financial year ended 31 December 2012, comprising an income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including accounting policies, for the group as well as for the bank company, and a consolidated cash flow statement. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises. The parent company financial statements have been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and parent company financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirement for listed financial companies, and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Business Act. Management is also responsible for the internal control that it considers necessary for preparing consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance as to whether the consolidated financial statements and parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose of this is to design procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the group's assets, liabilities and financial position at 31 December 2012 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2012 in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises.

Furthermore, in our opinion the parent company financial statements give a true and fair view of the bank's assets, liabilities and financial position at 31 December 2012 and of the results of the bank's operations for the financial year 1 January to 31 December 2012 in accordance with the Danish Financial Business Act.

Statement on the management's review
We have read the management's review as required by the Danish Financial Business Act. We performed no other work in addition to the conducted audit of the consolidated financial statements and the parent company financial statements.

On this basis, we believe that the information in the management's review is in accordance with the consolidated financial statements and the parent company financial statements.

Copenhagen, 26 February 2013

Deloitte
Statsautoriseret Revisionspartnerselskab

Henrik Wellejus
State-Authorised
Public Accountant

Jens Ringbæk
State-Authorised
Public Accountant

Financial Statements

Income statement and comprehensive income

		Parent company		Group	
DKK '000	**Note**	**2012**	**2011**	**2012**	**2011**
Interest receivable	1	702,373	842,701	727,497	876,906
Interest payable	2	447,448	499,611	456,620	512,721
Net interest income		**254,925**	**343,090**	**270,877**	**364,185**
Dividend on shares, etc.		694	5,358	6,168	10,570
Fees and commissions receivable	3	149,815	163,172	149,533	163,079
Fees and commissions payable		31,338	42,423	31,435	42,536
Net interest and fee income		**374,096**	**469,197**	**395,143**	**495,298**
Value adjustments	4	-165,476	-374,181	-96,125	-430,684
Other operating income		5,952	8,385	50,485	35,877
Profit before expenses		**214,572**	**103,401**	**349,503**	**100,491**
Staff costs and administrative expenses	5	409,912	426,952	442,560	459,569
Depreciation, amortisation and impairment of property, plant and equipment		354	802	32,638	17,792
Other operating expenses		42,557	38,954	42,773	40,405
Impairment of loans, advances and receivables, etc.	6	309,657	766,625	309,120	768,450
Profit/loss from investments in associates and group enterprises	7	28,776	-24,548	-2,345	385
Profit/loss before tax		**-519,132**	**-1,154,480**	**-479,933**	**-1,185,340**
Tax	8	-127,939	-236,261	-127,410	-235,136
Profit/loss for the year		**-391,193**	**-918,219**	**-352,523**	**-950,204**
Other comprehensive income				-	-
Total comprehensive income				**-352,523**	**-950,204**
PROFIT/LOSS ALLOCATION AND COMPREHENSIVE INCOME					
Share attributable to Alm. Brand Bank		-391,193	-918,219	-391,193	-918,219
Share attributable to minority interests		-	-	38,670	-31,985
Transferred to Total shareholders' equity		**-391,193**	**-918,219**	**-352,523**	**-950,204**

Balance sheet

DKK '000	Note	Parent company 2012	Parent company 2011	Group 2012	Group 2011
ASSETS					
Cash in hand and balances at call with central banks		304,623	128,919	304,623	128,919
Balances due from credit institutions and central banks	9	554,086	887,798	554,086	887,798
Loans, advances and other receivables at fair value	10	2,930,050	3,154,339	2,930,050	3,154,339
Loans, advances and other receivables at amortised cost	11	6,213,956	7,366,863	5,465,944	7,062,678
Bonds at fair value	12	5,785,654	7,417,198	6,643,258	8,049,699
Shares, etc.	13	247,873	275,517	539,356	549,014
Investments in associates	14	43,748	51,469	43,748	51,469
Investments in group enterprises	15	223,090	350,917	-	1,273
Other property, plant and equipment	16	1,322	2,466	158,000	97,768
Current tax assets	17	299,314	169,095	286,009	155,685
Deferred tax assets	18	286,736	459,259	420,250	579,203
Assets held temporarily	19	117,461	135,863	136,455	155,675
Other assets	20	392,411	488,869	414,480	512,717
Prepayments		6,370	6,621	6,381	6,632
Total assets		**17,406,694**	**20,895,193**	**17,902,640**	**21,392,869**

Balance sheet

		Parent company		Group	
DKK '000	**Note**	**2012**	**2011**	**2012**	**2011**
LIABILITIES AND EQUITY					
Payables					
Payables to credit institutions and central banks	21	1,105,289	3,832,105	1,396,914	4,158,730
Deposits and other payables	22	11,324,932	7,994,746	11,324,932	7,994,698
Issued bonds at amortised cost	23	2,000,000	6,000,000	2,000,000	6,000,000
Liabilities temporarily acquired		19,214	31,409	36,899	50,209
Other liabilities	24	522,040	503,549	535,480	515,009
Prepayments		1,216	1,851	1,216	1,851
Total payables		**14,972,691**	**18,363,660**	**15,295,441**	**18,720,497**
Provisions					
Provisions for pensions and similar liabilities	25	1,361	2,072	1,361	2,072
Provisions for losses on guarantees	26	7,094	7,009	7,094	7,009
Total provisions		**8,455**	**9,081**	**8,455**	**9,081**
Subordinated debt					
Supplementary capital	27	400,000	400,000	400,000	400,000
Hybrid Tier 1 capital	27	1,030,108	1,029,591	1,030,108	1,029,591
Total subordinated debt		**1,430,108**	**1,429,591**	**1,430,108**	**1,429,591**
Shareholders' equity					
Share capital	28	1,021,000	1,021,000	1,021,000	1,021,000
Other reserves		78,734	1,456	-	-
Retained earnings		-104,294	70,405	-25,560	71,861
Minority interests		-	-	173,196	140,839
Total shareholders' equity		**995,440**	**1,092,861**	**1,168,636**	**1,233,700**
Total liabilities and equity		**17,406,694**	**20,895,193**	**17,902,640**	**21,392,869**

Statement of changes in equity

DKK '000	Share capital	Other reserves	Retained earnings	Parent company Total	Minority interests	Group Total
Shareholders' equity at 1 January 2011	1,021,000	23,158	519,752	1,563,910	195,374	1,759,284
Changes in equity in 2011						
Profit/loss for the year		-22,571	-895,648	-918,219	-31,985	-950,204
Comprehensive income in 2011	-	-22,571	-895,648	-918,219	-31,985	-950,204
Capital contribution			450,000	450,000		450,000
Other changes in respect of subsidiaries				-	-13,566	-13,566
Other capital movements		7,960	-11,806	-3,846	-8,984	-12,830
Tax on equity entries		1,016		1,016		1,016
Dividend paid		-8,107	8,107	-		-
Total changes in equity in 2011	-	-21,702	-449,347	-471,049	-54,535	-525,584
Shareholders' equity at 31 December 2011	1,021,000	1,456	70,405	1,092,861	140,839	1,233,700
Shareholders' equity at 1 January 2012	1,021,000	1,456	70,405	1,092,861	140,839	1,233,700
Changes in equity in 2012						
Profit/loss for the year		26,086	-417,279	-391,193	38,670	-352,523
Comprehensive income in 2012	-	26,086	-417,279	-391,193	38,670	-352,523
Capital contribution			300,000	300,000		300,000
Other changes in respect of subsidiaries				-	14,275	14,275
Other capital movements		201,192	-207,420	-6,228	-20,588	-26,816
Dividend paid		-150,000	150,000	-		-
Total changes in equity in 2012	-	77,278	-174,699	-97,421	32,357	-65,064
Shareholders' equity at 31 December 2012	1,021,000	78,734	-104,294	995,440	173,196	1,168,636

Cash flow statement

DKK '000	Group 2012	Group 2011
Operating activities		
Profit/loss for the year before tax	-479,933	-1,185,340
Tax paid for the year	156,039	118,213
Adjustment for amounts with no cash flow impact:		
Depreciation, amortisation and impairment of property, plant and equipment	32,638	17,792
Impairment of loans, advances and receivables, etc.	271,244	539,490
Other adjustments to cash flows from operating activities	-75,847	120,938
Total, operating activities	-95,859	-388,907
Working capital		
Loans and advances	1,568,625	1,585,154
Deposits	3,330,235	-603,746
Bonds	1,512,227	947,417
Shares	59,426	13,192
Total, working capital	6,470,513	1,942,017
Investing activities		
Investments in associates	9,200	-16,794
Investments in group enterprises	1,486	-1,226
Property, plant and equipment	-81,086	-69,674
Total, investing activities	-70,400	-87,694
Financing activities		
Net proceeds from capital increase	300,000	450,000
Payables to credit institutions	-2,762,262	-2,386,193
Bonds issued	-4,000,000	-
Total, financing activities	-6,462,262	-1,936,193
Change in cash and cash equivalents	-158,008	-470,777
Cash and cash equivalents, beginning of year	1,016,717	1,487,494
Change in cash and cash equivalents	-158,008	-470,777
Cash and cash equivalents, year-end	858,709	1,016,717
Cash and cash equivalents, year-end		
Cash in hand and balances at call with central banks	304,623	128,919
Balances due from credit institutions less than 3 months	554,086	887,798
Cash and cash equivalents, year-end	858,709	1,016,717

Overview of notes

Notes to the financial statements

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 1 Interest receivable				
Balances due from credit institutions and central banks	3,916	18,574	3,916	18,574
Loans, advances and other receivables	544,002	633,667	543,922	634,807
Bonds	185,732	230,822	210,788	263,637
Total derivatives	-31,354	-41,014	-31,212	-40,850
Of which:				
Foreign exchange contracts	-3,130	-2,050	-2,988	-1,886
Interest rate contracts	-28,224	-38,964	-28,224	-38,964
Other interest income	77	652	83	738
Total interest receivable	**702,373**	**842,701**	**727,497**	**876,906**
Interest receivable from genuine purchase and resale transactions:				
Balances due from credit institutions and central banks	35	3,723	35	3,723
Loans, advances and other receivables	138	42	138	42
NOTE 2 Interest payable				
Credit institutions and central banks	26,998	93,323	36,164	106,311
Deposits and other payables	228,053	124,970	228,053	124,935
Bonds issued	75,550	162,842	75,550	162,842
Total subordinated debt	115,549	117,082	115,549	117,082
Other interest expenses	1,298	1,394	1,304	1,551
Total interest payable	**447,448**	**499,611**	**456,620**	**512,721**
Interest payable on genuine sale and repurchase transactions:				
Payables to credit institutions and central banks	1,095	6,343	1,095	6,343
Deposits and other payables	18	20	18	20
NOTE 3 Fees and commissions receivable				
Securities trading and deposits	110,200	121,332	104,601	115,459
Payment transfers	4,734	5,312	4,734	5,312
Loan fees	592	626	592	626
Commission fees	5,786	6,486	5,786	6,486
Other fees and commissions	28,503	29,416	33,820	35,196
Total fees and commissions receivable	**149,815**	**163,172**	**149,533**	**163,079**

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 4 Value adjustments				
Loans, advances and other receivables at fair value	-76,975	-98,695	-76,975	-98,695
Bonds	-26,902	-24,852	-16,096	-17,452
Shares, etc.	4,200	-50,214	65,392	-110,794
Foreign currency	-9,942	-11,966	-8,791	-11,186
Total derivatives	-56,568	-188,706	-60,366	-192,809
Of which:				
Foreign exchange contracts	8,211	4,860	8,211	4,860
Interest rate contracts	-51,905	-193,896	-53,615	-197,761
Share contracts	-12,876	328	-14,964	90
Commodity contracts	2	2	2	2
Other liabilities	711	252	711	252
Total value adjustments	**-165,476**	**-374,181**	**-96,125**	**-430,684**
NOTE 5 Staff costs and administrative expenses				
Remuneration to the Management Board and Board of Directors:				
Remuneration to the Management Board:				
Salaries and wages	2,730	3,189	2,730	3,189
Pensions	332	546	332	546
Total remuneration to the Management Board	3,062	3,735	3,062	3,735
Remuneration to the Board of Directors:				
Fees	1,050	1,050	1,050	1,050
Total remuneration to the Management Board and Board of Directors	4,112	4,785	4,112	4,785
Staff costs:				
Salaries and wages	170,794	180,039	171,270	180,572
Pensions	18,582	18,872	18,612	18,903
Social security costs	18,250	18,562	18,285	18,596
Total staff costs	207,626	217,473	208,167	218,071
Other administrative expenses	198,174	204,694	230,281	236,713
Total staff costs and administrative expenses	**409,912**	**426,952**	**442,560**	**459,569**

The tax calculation for 2012 contains a tax deduction of DKK 1.5 million relating to remuneration to the Management Board (2011: DKK 1.8 million).

	Parent company 2012	Parent company 2011	Group 2012	Group 2011
Number of employees				
Average number of employees during the financial year, full-time equivalents	275	286	275	286

	Parent company		Group	
DKK '000	2012	2011	2012	2011

NOTE 5 Staff costs and administrative expenses - continued

Management Board

The Management Board of the bank consists of Chief Executive Kim Bai Wadstrøm.

In Alm. Brand Bank A/S, all employees, including the Management Board member, are entitled to a defined contribution pension plan. The bank's costs for the Management Board member's pension plan appear from the note above.

The Management Board member and the bank are subject to a mutual notice of termination of 6-12 months. In the event of termination by the bank, the Management Board member is entitled to severance pay equal to six months' salary.

Remuneration of the Board of Directors

Members of the Board of Directors receive a fixed annual remuneration of DKK 150 thousand. The two board members elected by the employees are remunerated directly by the bank, while the other five board members receive their remuneration through Alm. Brand A/S.

Performance-based remuneration

The Management Board member and the senior executives of Alm. Brand Bank only receive a fixed fee. They are not comprised by the bonus scheme of the Alm. Brand Group.

The bank's bonus scheme for a number of other employee groups is described in detail in the section "Human Resources".

The bonus scheme will have no material effect on the banking group's cost level and does not comprise share-based payment.

Key employees

In addition to the Management Board and members of the Board of Directors, key management employees comprise 9 other senior employees who have a material impact on the group’s risk profile.

Remuneration to other senior employees:

	Parent company 2012	Parent company 2011	Group 2012	Group 2011
Fixed salary	11,434	9,677	11,434	9,677
Variable salary	-	137	-	137
Pensions	1,024	991	1,024	991
Total remuneration to other senior employees	12,458	10,805	12,458	10,805

Fees to auditors appointed by the shareholders in general meeting

	Parent company 2012	Parent company 2011	Group 2012	Group 2011
Statutory audit	1,199	1,141	1,457	1,411
Assurance engagements other than audits	426	574	445	578
Tax and VAT advice	44	12	44	13
Other services	585	9,416	585	9,424
Total fees to auditors appointed by the shareholders in general meeting	2,254	11,143	2,531	11,426

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 6 Impairment of loans, advances and receivables, etc.				
Individual assessment:				
Impairment and value adjustments, respectively, during the year	434,356	772,786	436,165	776,787
Reversal of impairment in previous years	236,532	84,763	239,909	88,394
Total individual assessment	197,824	688,023	196,256	688,393
Group assessment:				
Impairment and value adjustments, respectively, during the year	104,526	20,893	104,877	23,466
Reversal of impairment in previous years	22,660	57,547	25,278	64,680
Total group assessment	81,866	-36,654	79,599	-41,214
Losses not previously provided for	48,001	143,352	52,575	151,716
Bad debts recovered	18,034	28,096	19,310	30,445
Total impairment of loans, advances and receivables, etc.	**309,657**	**766,625**	**309,120**	**768,450**
NOTE 7 Profit/loss from investments in associates and group enterprises				
Profit from investments in associates	2,478	-591	2,478	-591
Loss from investments in group enterprises	26,298	-23,957	-4,823	976
Total profit/loss from investments in associates and group enterprises	**28,776**	**-24,548**	**-2,345**	**385**
NOTE 8 Tax				
Current tax on income for the year	-298,908	-166,413	-285,602	-153,003
Changes in deferred tax	171,333	-69,848	157,763	-83,135
Withholding tax paid	-	-	794	1,002
Adjustment of previous years' current tax	-364	-	-365	-
Total tax	**-127,939**	**-236,261**	**-127,410**	**-235,136**
Effective tax rate:				
Current tax rate	25.0%	25.0%	25.0%	25.0%
Adjustment for non-tax items and joint taxation	-0.5%	-4.5%	1.6%	-5.1%
Withholding tax on foreign shares	0.0%	0.0%	-0.2%	-0.1%
Adjustment of previous years' current tax	0.1%	0.0%	0.1%	0.0%
Total effective tax rate	24.6%	20.5%	26.5%	19.8%
NOTE 9 Balances due from credit institutions and central banks				
Balances at notice with central banks	-	399,983	-	399,983
Balances due from credit institutions	554,086	487,815	554,086	487,815
Total balances due from credit institutions and central banks	**554,086**	**887,798**	**554,086**	**887,798**

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 10 Loans, advances and other receivables at fair value				
Mortgage deeds	2,930,050	3,154,339	2,930,050	3,154,339
Total loans, advances and other receivables at fair value	**2,930,050**	**3,154,339**	**2,930,050**	**3,154,339**

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

Measurement at fair value is based on a swap yield curve plus 50 basis points and expected repayment of around 0.5%–15.5% depending on the remaining term to maturity and expected loss rates at the level of 0.75%–4.25% depending on property type and loan-to-value ratio.

Of the change in the consolidated fair value adjustment for the year, a negative amount of DKK 0.0 million was attributable to credit risk changes. At 31 December 2011, credit risk had reduced the consolidated fair value adjustment by a total amount of DKK 146.2 million.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 11 Loans, advances and other receivables at amortised cost				
Loans and advances	7,758,431	8,968,641	6,941,835	8,558,696
Leases	-	-	73,696	116,408
Total before impairment, etc.	7,758,431	8,968,641	7,015,531	8,675,104
Impairment, etc.	1,544,475	1,601,778	1,549,587	1,612,426
Total loans, advances and other receivables at amortised cost, year-end	**6,213,956**	**7,366,863**	**5,465,944**	**7,062,678**
Gross investment in finance leases				
Term of less than 1 year	-	-	39,384	52,793
Term of between 1 and 5 years	-	-	37,961	68,456
Term of more than 5 years	-	-	713	3,689
Total	-	-	78,058	124,938
Of which unearned financial income	-	-	4,362	8,530
Net investment in finance leases	-	-	73,696	116,408
Net investment in finance leases				
Term of less than 1 year	-	-	38,469	51,415
Term of between 1 and 5 years	-	-	34,643	61,891
Term of more than 5 years	-	-	584	3,102
Total	-	-	73,696	116,408
Of which any unguaranteed residual value	-	-	-	-
Impairment of finance leases	-	-	1,398	4,353

	Parent company		Group	
DKK '000	2012	2011	2012	2011
NOTE 11 Loans, advances and other receivables at amortised cost - continued				
Specification of loans, advances and other receivables for which there is an objective indication of impairment				
Individual assessment:				
Loans, advances and other receivables before impairment	2,234,117	2,852,307	2,240,132	2,866,494
Impairment, etc.	1,417,214	1,556,384	1,419,934	1,562,372
Loans, advances and other receivables after impairment	816,903	1,295,923	820,198	1,304,122
Group assessment:				
Loans, advances and other receivables before impairment	3,855,077	4,704,198	4,069,252	5,078,307
Impairment, etc.	127,261	45,394	129,653	50,054
Loans, advances and other receivables after impairment	3,727,816	4,658,804	3,939,599	5,028,253
Total loans, advances and other receivables after impairment	4,544,719	5,954,727	4,759,797	6,332,375

The fair value of fixed-rate loans is periodically hedged through the use of derivative financial instruments, see NOTE 37 Hedge accounting.

	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 12 Bonds at fair value				
Government bonds	829	141	829	141
Mortgage credit bonds	5,758,552	7,385,536	6,612,253	7,998,542
Corporate bonds	26,273	31,521	30,176	51,016
Total bonds at fair value, year-end	**5,785,654**	**7,417,198**	**6,643,258**	**8,049,699**
Rating of bonds:				
Rated AAA	5,540,449	6,371,319	6,087,043	6,720,592
Rated AA- til AA+	22,385	705,437	320,012	958,732
Rated A- til A+	19,186	310,925	26,926	328,075
Others	203,634	29,517	209,277	42,300
Bonds at fair value, year-end	5,785,654	7,417,198	6,643,258	8,049,699
NOTE 13 Shares, etc.				
Listed on NASDAQ OMX Copenhagen A/S	12,388	29,207	219,357	228,935
Listed on other stock exchanges	46,453	61,853	130,233	135,623
Other shares	189,032	184,457	189,766	184,456
Total other shares, etc., year-end	**247,873**	**275,517**	**539,356**	**549,014**

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 14 Investments in associates				
Cost, beginning of year	47,033	28,741	47,033	28,741
Additions during the year	-	18,292	-	18,292
Disposals during the year	-8,524	-	-8,524	-
Cost, year-end	38,509	47,033	38,509	47,033
Adjustments, beginning of year	4,436	6,525	4,436	6,525
Share of profit for the year	2,478	-591	2,478	-591
Dividends	-999	-1,498	-999	-1,498
Reversal of adjustments	-676	-	-676	-
Adjustments, year-end	5,239	4,436	5,239	4,436
Carrying amount, year-end	**43,748**	**51,469**	**43,748**	**51,469**
NOTE 15 Investments in group enterprises				
Cost, beginning of year	328,828	325,841	-	-
Additions during the year	22,726	16,363	-	-
Disposals during the year	-19,138	-13,376	-	-
Cost, year end	332,416	328,828	-	-
Adjustments, beginning of year	20,816	55,340	-	-
Share of profit/loss for the year	26,086	-22,571	-	-
Dividends	-150,000	-8,107	-	-
Other capital movements	-6,228	-3,846	-	-
Adjustments, end of year	-109,326	20,816	-	-
Investments in parent company	-	1,273	-	1,273
Carrying amount, year-end	**223,090**	**350,917**	**-**	**1,273**

Alm. Brand Bank A/S' trading portfolio comprises investments in the bank's parent company, Alm. Brand A/S.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 16 Other property, plant and equipment				
Operating equipment:				
Cost, beginning of year	3,997	8,586	126,144	67,697
Additions during the year, including improvements	-	-	106,363	79,250
Disposals during the year	1,426	4,589	25,417	20,803
Cost, year-end	2,571	3,997	207,090	126,144
Depreciation and impairment losses, beginning of year	1,531	2,741	27,914	20,399
Depreciation for the year	354	802	32,638	17,792
Reversed depreciation and impairment losses	636	2,012	11,954	10,277
Depreciation and impairment losses, year-end	1,249	1,531	48,598	27,914
Other balances regarding operating leases	-	-	-492	-462
Carrying amount, year-end	**1,322**	**2,466**	**158,000**	**97,768**

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 16 Other property, plant and equipment - continued				
Future minimum lease payments for assets held under operating leases				
Term of 1 year or less	-	-	12,718	13,213
Term of 1-5 years	-	-	143,334	82,552
Term of 5 years or more	-	-	1,117	-
Total	-	-	157,169	95,765
NOTE 17 Current tax assets				
Tax receivable, beginning of year	169,095	130,817	155,685	115,640
Tax received in respect of prior years	170,649	137,216	157,240	121,897
Adjustment of previous years' current tax	1,554	6,399	1,555	6,257
Current tax for the year	298,907	166,413	285,602	153,003
Tax paid for the year	407	2,682	407	2,682
Tax receivable, year-end	**299,314**	**169,095**	**286,009**	**155,685**
NOTE 18 Deferred tax assets				
Deferred tax at beginning of year, net	459,259	394,794	579,203	501,309
Change in deferred tax taken to equity	-1,190	-6,399	-1,190	-6,257
Change in deferred tax recognised in equity	-	1,016	-	1,016
Change in deferred tax recognised in the income statement	-171,333	69,848	-157,763	83,135
Deferred tax at year-end, net	**286,736**	**459,259**	**420,250**	**579,203**
Deferred tax relates to the following items:				
Operating equipment	2,449	2,324	2,540	2,415
Assets held temporarily	6,217	1,858	6,217	1,858
Lease assets	-	-	132,974	118,534
Net fees included in effective interest rate	603	252	614	414
Investment companies	-9,142	-7,924	-9,142	-7,924
Provisions for jubilees, severance payment, etc.	4,653	5,223	4,653	5,223
Provisions for bad debts, etc.	-	-	438	1,157
Loss to be carried forward	281,956	457,526	281,956	457,526
Deferred tax at year-end, net	286,736	459,259	420,250	579,203
NOTE 19 Assets held temporarily				
Cars taken over	-	-	1,309	1,013
Properties etc. taken over	117,461	135,863	135,146	154,662
Assets held temporarily, year-end	**117,461**	**135,863**	**136,455**	**155,675**

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 20 Other assets				
Interest and commissions receivable	111,533	182,527	120,059	190,180
Positive market value of derivatives	233,866	230,792	233,866	230,792
Other assets	47,012	75,550	60,555	91,745
Other assets, year-end	**392,411**	**488,869**	**414,480**	**512,717**
NOTE 21 Payables to credit institutions and central banks				
Central banks	1,000,506	-	1,000,506	-
Credit institutions	104,783	3,832,105	396,408	4,158,730
Payables to credit institutions and central banks, year-end	**1,105,289**	**3,832,105**	**1,396,914**	**4,158,730**
NOTE 22 Deposits and other payables				
Deposits at call	3,376,890	3,429,461	3,376,890	3,429,413
At notice	6,548,906	3,562,905	6,548,906	3,562,905
Time deposits	4,126	11,238	4,126	11,238
Special categories of deposits	1,395,010	991,142	1,395,010	991,142
Deposits and other payables, year-end	**11,324,932**	**7,994,746**	**11,324,932**	**7,994,698**
NOTE 23 Issued bonds at amortised cost				
Floating-rate loan in DKK with expiry on 30 June 2013	2,000,000	6,000,000	2,000,000	6,000,000
Issued bonds at amortised cost, year-end	**2,000,000**	**6,000,000**	**2,000,000**	**6,000,000**

At 30 June 2010, the bank completed a DKK 6 billion bond issue under the individual government guarantee. The bonds were issued as bullet loans with a maturity of three years. The bond issue consists of two tranches of DKK 4 billion and DKK 2 billion, respectively, carrying a floating rate of interest of 6M CIBOR plus 0.06 of a percentage point and 0.13 of a percentage point, respectively. In 2012, the bank prepaid the DKK 2 billion tranche in full and prepaid DKK 2 billion of the DKK 4 billion tranche.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 24 Other liabilities				
Interest and commissions payable	44,601	45,356	44,769	45,668
Miscellaneous creditors	123,850	133,596	137,132	143,122
Other liabilities	3,368	2,270	3,335	2,270
Negative market value of derivatives	350,221	322,327	350,244	323,949
Other liabilities, year-end	**522,040**	**503,549**	**535,480**	**515,009**

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 25 Provisions for pensions and similar liabilities				
Provisions, beginning of year	2,072	2,324	2,072	2,324
New and adjusted provisions	-613	-935	-613	-935
Reversed provisions for the year	487	262	487	262
Provisions used during the year	117	166	117	166
Discounting effect	506	1,111	506	1,111
Provisions, year-end	**1,361**	**2,072**	**1,361**	**2,072**

The provision covers provisions for anniversaries, severance of service, etc. and has been calculated using an estimated likelihood of disbursement.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 26 Provisions for losses on guarantees				
Provisions, beginning of year	7,009	107,910	7,009	107,910
Provisions for the year	4,912	6,957	4,912	6,957
Reversed provisions for the year	4,827	169	4,827	169
Provisions used during the year	-	107,689	-	107,689
Provisions, year-end	**7,094**	**7,009**	**7,094**	**7,009**
NOTE 27 Subordinated debt				
Supplementary capital:				
Floating rate bullet loans in DKK maturing 9 May 2013	100,000	100,000	100,000	100,000
Floating rate bullet loans in DKK maturing 9 May 2014	100,000	100,000	100,000	100,000
Floating rate bullet loans in DKK maturing 3 December 2015	200,000	200,000	200,000	200,000
Supplementary capital, year-end	400,000	400,000	400,000	400,000
Hybrid Tier 1 capital:				
Fixed rate bullet loans in DKK with indefinite terms	175,000	175,000	175,000	175,000
State-funded capital injection, bullet loan in DKK with an indefinite term	855,108	854,591	855,108	854,591
Hybrid Tier 1 capital, year-end	1,030,108	1,029,591	1,030,108	1,029,591
Subordinated debt, year-end	**1,430,108**	**1,429,591**	**1,430,108**	**1,429,591**

	Parent company		Group	
DKK '000	**2012**	**2011**	**2012**	**2011**
NOTE 27 Subordinated debt - continued				
Interest on subordinated debt	115,549	117,082	115,549	117,082
Of this, amortisation of costs incurred on raising the debt	517	532	517	532
Extraordinary instalments	-	-	-	-
Costs incurred in raising subordinated debt	-	-	-	-

The supplementary capital carries interest at a floating rate of three-month CIBOR plus 2.10-2.20 percentage points and six-month CIBOR plus 2.50 percentage point, respectively.

The hybrid Tier 1 capital was issued on 12 October 2006 at a rate of 5.855% for the first ten years. Subsequently, the capital certificates carry interest at three-month CIBOR plus 2.70 percentage points.

The state-funded capital injection in the form of hybrid Tier 1 capital was issued on 24 September 2009 at an interest rate of 11.01%. The capital injection may be repaid at par in the period 25 September 2012 to 24 September 2014, at a price of 105% of the principal amount in the period 25 September 2014 to 24 September 2015 and at a price of 110% of the principal amount from 25 September 2015. Repayment may be effected earlier but in all circumstances requires approval from the Danish Financial Supervisory Authority.

The agreement on state-funded capital injection is composed of hybrid Tier 1 capital of DKK 561 million without conversion and hybrid Tier 1 capital of DKK 295 million with the possibility of conversion into share capital. The Danish Financial Supervisory Authority may issue an order for conversion in full or in part if the bank fails to comply with the solvency requirement.

The risk report "Risk and Capital Management 2012" contains a description of the bank's liquidity management and funding situation. The report is available at the group's website, www.almbrand.dk/risk.

Pursuant to the Executive Order on Calculation of Capital Base, the full amount of subordinated debt may be included in the calculation of the capital base.

NOTE 28 Share capital				
Unlisted share capital:				
Nominal value at 1 January 2008	351,000	351,000	351,000	351,000
Capital increase April 2009	300,000	300,000	300,000	300,000
Capital increase September 2009	90,000	90,000	90,000	90,000
Capital increase November 2009	280,000	280,000	280,000	280,000
Nominal value, year-end	1,021,000	1,021,000	1,021,000	1,021,000

The share capital consists of 1,021,000 shares of DKK 1,000 nominal value and is paid up in full.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 29 Capital base				
Shareholders' equity	995,440	1,092,861	1,168,636	1,233,700
Proposed dividends	-	-	-	-
Deferred tax assets	-286,736	-459,259	-420,250	-579,203
Tier 1 capital after deductions	708,704	633,602	748,386	654,497
Hybrid Tier 1 capital	1,030,108	1,029,591	1,030,108	1,029,591
Transferred to Supplementary capital	-321,404	-395,989	-281,722	-375,094
Deduction of ownership interest in financial institution	-15,740	-14,893	-15,740	-14,893
Tier 1 capital including hybrid Tier 1 capital after deduction	1,401,668	1,252,311	1,481,032	1,294,101
Supplementary capital	400,000	400,000	400,000	400,000
Transferred from Hybrid Tier 1 capital	321,404	395,989	281,722	375,094
Deduction of ownership interest in financial institution	-15,740	-14,893	-15,740	-14,893
25% reduction	-175,000	-75,000	-175,000	-75,000
Capital base	1,932,332	1,958,407	1,972,014	1,979,302
Risk-weighted items:				
Weighted items involving credit risk	8,313,354	9,624,399	8,102,528	9,375,634
Weighted items involving market risk	1,205,991	1,521,346	2,023,763	1,851,044
Weighted items involving operational risk	424,893	522,931	520,436	533,897
Risk-weighted items, year-end	9,944,238	11,668,676	10,646,727	11,760,575
The solvency requirement represents 8% of the risk-weighted items	795,539	933,494	851,738	940,846

Core capital including hybrid Tier 1 capital and capital base is calculated in accordance with the Executive Order on Calculation of Capital Base.

The report "Risk and Capital Management 2012" contains a calculation and description of the individual solvency need. The report is available from the group's website, www.almbrand.dk/risk.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 30 Off-balance sheet items				
Contingent liabilities:				
Financial guarantees	360,838	363,718	360,838	363,718
Loss guarantees for mortgage loans	370,841	414,483	370,841	414,483
Registration and conversion guarantees	17,575	2,341	17,575	2,341
Other contingent liabilities	220,661	246,870	220,661	246,870
Contingent liabilities, year-end	969,915	1,027,412	969,915	1,027,412
Other commitments:				
Irrevocable loan commitments	-	-	-	-
Other miscellaneous commitments	-	-	-	-
Commitments, year-end	-	-	-	-
Off-balance sheet items, year-end	969,915	1,027,412	969,915	1,027,412

Other contingent liabilities

Alm. Brand Bank A/S is taxed jointly with Alm. Brand A/S as administration company. As from 1 July 2012, the bank is therefore jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends on behalf of the jointly taxed companies.

Alm. Brand Bank A/S has entered into operating leases with Alm. Brand Leasing A/S. The residual value of future lease payments under these operating leases totalled DKK 7 million at 31 December 2012 (2011: DKK 5 million).

Alm. Brand Bank A/S is a member of Bankdata, which operates the bank's key banking systems. Termination of this membership would cause the bank to incur a significant liability which would have to be calculated in accordance with Bankdata's by-laws.

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

Collateral security

Monetary counterparties in Danmarks Nationalbank can only obtain credit by providing collateral security in the form of pledging of approved securities.

As part of its current operations, at 31 December 2012 the bank provided security in the form of bonds representing a nominal value of DKK 1,704 million (2011: DKK 899 million) and loans representing a loan value of DKK 530 million (2011: DKK 0 million).

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 0 million was received and cash in the amount of DKK 432 million was paid at 31 December 2012 (2011: DKK 0 million and DKK 413 million).

DKK '000	Banking activities	Markets & Asset Management	Alm. Brand Leasing	Alm. Brand Pantebreve	Alm. Brand Formue	Other/ Eliminations	Alm. Brand Bank Group
							Group
							2012
NOTE 31 Segment information							
Interest receivable	806,190	75,819	20,478	-	25,199	-200,189	727,497
Interest payable	655,082	6,035	9,916	3	19,806	-234,222	456,620
Net interest income	151,108	69,784	10,562	-3	5,393	34,033	270,877
Net fee and commission income, etc.	37,985	87,219	5,315	-	-220	-6,033	124,266
Value adjustments	-133,709	3,887	-	-	69,352	-35,655	-96,125
Other operating income	3,613	1,082	44,533	-	-	1,257	50,485
Profit/loss on ordinary activities before expenses (Net income)	58,997	161,972	60,410	-3	74,525	-6,398	349,503
Operating expenses	254,038	51,217	61,877	-3	3,058	105,011	475,198
Other operating expenses	24,644	-	217	-	-	17,912	42,773
Impairment of loans, advances and receivables, etc.	309,502	-402	-537	-	-	557	309,120
Profit/loss on participating interests	3,931	1,429	-	-	-	-7,705	-2,345
Profit/loss on activities before tax	-525,256	112,586	-1,147	-	71,467	-137,583	-479,933
Loans and advances	10,556,550	110,372	229,666	-	-	-2,500,594	8,395,994
Other assets	707,542	-	310,154	-	1,157,543	7,331,407	9,506,646
Assets, year-end	11,264,092	110,372	539,820	-	1,157,543	4,830,813	17,902,640
Deposits	11,264,092	60,793	-	-	-	47	11,324,932
Other liabilities	-	49,579	458,086	-	842,991	4,058,416	5,409,072
Shareholders' equity	-	-	81,734	-	314,552	772,350	1,168,636
Liabilities and equity, year-end	11,264,092	110,372	539,820	-	1,157,543	4,830,813	17,902,640
Guarantees and other commitments	942,140	-	-	-	-	27,775	969,915
Intercompany income	-	16,235	-	-	-	-16,235	-
Profit/loss from investments in associates	-	-	-	-	-	2,478	2,478
Capital investments	-	-	-82,338	-	-	1,252	-81,086
Non-cash operating items	291,902	24,801	-5,234	0	-62,751	-20,683	228,035
Depreciation, amortisation and impairment of tangible and intangible assets	312	41	32,285	-	-	-	32,638
Goodwill	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	43,748	43,748

The group's business segments are the business areas according to which the organisation, internal financial management and reporting are structured. The principles for preparing financial statements for the business segments are described in "Accounting policies". The business segments are described in detail in the "Business activities" section. The section "Lending portfolio" contains a description of the bank's total loans and advances broken down on the continuing portfolio and the winding-up portfolio. In 2013, the segment information will be changed so as to show the continuing activities and activities being wound up.

DKK '000	Banking activities	Markets & Asset Ma- nagement	Alm. Brand Leasing	Alm. Brand Pantebreve	Alm. Brand Formue	Other/ Elimina- tions	Group 2011 Alm. Brand Bank Group
NOTE 31 Segment information - continued							
Interest receivable	813,133	89,308	34,638	1	32,981	-93,155	876,906
Interest payable	509,725	22,475	17,847	402	28,276	-66,004	512,721
Net interest income	303,408	66,833	16,791	-401	4,705	-27,151	364,185
Net fee and commission income, etc.	37,814	95,915	5,778	-23	-749	-7,622	131,113
Value adjustments	-273,104	-59,949	-	-	-56,502	-41,129	-430,684
Other operating income	469	1,993	25,602	1,889	-	5,924	35,877
Profit/loss on ordinary activities before expenses (Net income)	68,587	104,792	48,171	1,465	-52,546	-69,978	100,491
Operating expenses	253,718	65,835	45,510	371	3,726	108,201	477,361
Other operating expenses	-	-	360	1,091	-	38,954	40,405
Impairment of loans, advances and receivables, etc.	765,147	-	1,825	-	-	1,478	768,450
Profit/loss on participating interests	-	-787	-	-	-	1,172	385
Profit/loss on activities before tax	-950,278	38,170	476	3	-56,272	-217,439	-1,185,340
Loans and advances	11,964,860	136,880	418,149	-	-	-2,302,872	10,217,017
Other assets	-	-	238,854	49	912,831	10,024,118	11,175,852
Assets, year-end	11,964,860	136,880	657,003	49	912,831	7,721,246	21,392,869
Deposits	7,909,570	85,161	-	-	-	-33	7,994,698
Other liabilities	4,055,290	51,719	424,387	46	654,966	6,978,063	12,164,471
Shareholders' equity	-	-	232,616	3	257,865	743,216	1,233,700
Liabilities and equity, year-end	11,964,860	136,880	657,003	49	912,831	7,721,246	21,392,869
Guarantees and other commitments	997,065	-	-	-	-	30,347	1,027,412
Intercompany income	-	21,405	-	-	-	-21,405	-
Profit/loss from investments in associates	-	-	-	-	-	-591	-591
Capital investments	-	-	-71,580	-	-	1,906	-69,674
Non-cash operating items	797,270	26,601	-9,877	0	61,014	-196,788	678,220
Depreciation, amortisation and impairment of tangible and intangible assets	674	128	16,990	-	-	-	17,792
Goodwill	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	51,469	51,469

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 32 By term to maturity				
Balances due from credit institutions and central banks				
Balances at call	554,086	477,815	554,086	477,815
Up to and including 3 months	-	409,983	-	409,983
Balances due from credit institutions and central banks, year-end	554,086	887,798	554,086	887,798
Loans and advances				
Deposits at call	1,108,802	2,542,963	1,110,874	1,977,540
Up to and including 3 months	472,363	516,371	361,464	572,745
Over 3 months and up to and including 1 year	1,870,238	1,142,737	1,116,911	1,109,520
Over 1 year and up to and including 5 years	1,289,913	1,194,188	1,402,359	1,427,710
Over 5 years	4,402,690	5,124,943	4,404,386	5,129,502
Deposits at call, year-end	9,144,006	10,521,202	8,395,994	10,217,017
Payables to credit institutions and central banks				
Payables at call	104,783	79,560	104,783	79,560
Up to and including 3 months	-	-	-	-
Over 3 months and up to and including 1 year	-	3,752,545	291,625	4,079,170
Over 1 year and up to and including 5 years	1,000,506	-	1,000,506	-
Payables to credit institutions and central banks, year-end	1,105,289	3,832,105	1,396,914	4,158,730
Deposits and other payables				
Deposits at call	3,376,890	3,429,461	3,376,890	3,429,413
Up to and including 3 months	6,688,395	3,673,786	6,688,395	3,673,786
Over 3 months and up to and including 1 year	20,891	31,782	20,891	31,782
Over 1 year and up to and including 5 years	225,689	156,182	225,689	156,182
Over 5 years	1,013,067	703,535	1,013,067	703,535
Deposits and other payables, year-end	11,324,932	7,994,746	11,324,932	7,994,698
Bonds issued				
Over 3 months and up to and including 1 year	2,000,000	-	2,000,000	-
Over 1 year and up to and including 5 years	-	6,000,000	-	6,000,000
Bonds issued, year-end	2,000,000	6,000,000	2,000,000	6,000,000

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 33 Credit risk				
Loans and advances and guarantee debtors by sector and industry				
Public authorities	0.0%	0.0%	0.0%	0.0%
Business sectors:				
Agriculture, hunting, forestry and fishery	9.2%	9.2%	10.2%	9.7%
Manufacturing and raw materials extraction	0.1%	0.1%	0.1%	0.2%
Utilities	0.2%	0.0%	0.2%	0.0%
Construction	0.2%	0.2%	0.3%	0.5%
Trade	0.3%	0.4%	0.4%	0.6%
Transport, hotels and restaurants	0.1%	0.1%	0.1%	0.2%
Information and communication	0.0%	0.0%	0.0%	0.0%
Financing and insurance	14.3%	14.3%	5.0%	8.2%
Real property	17.3%	21.0%	18.8%	21.5%
Other business	7.3%	5.9%	8.3%	6.4%
Total business sector	49.0%	51.2%	43.4%	47.3%
Private customers	51.0%	48.8%	56.6%	52.7%
Total	100.0%	100.0%	100.0%	100.0%
Impairment				
Individual assessment:				
Impairment, beginning of year	1,563,393	1,319,637	1,569,656	1,303,972
Impairment during the year	434,356	772,786	436,165	776,787
Reversal of impairment	236,532	84,763	239,909	88,394
Loss (written off)	336,909	444,267	338,534	422,709
Impairment, year-end	1,424,308	1,563,393	1,427,378	1,569,656
Group assessment:				
Impairment, beginning of year	45,394	82,048	50,054	91,268
Impairment during the year	104,527	20,893	104,877	23,466
Reversal of impairment	22,660	57,547	25,278	64,680
Impairment, year-end	127,261	45,394	129,653	50,054
Total impairment, year-end	1,551,569	1,608,787	1,557,031	1,619,710
Interest income relating to loans, advances and receivables, etc. written down	12,160	16,450	12,160	16,450

	Parent company		Group	
DKK '000	2012	2011	2012	2011
NOTE 33 Credit risk - continued				
Reasons for individual impairment writedowns				
Loans, advances and other receivables before impairment:				
Estate administration	144,472	208,435	144,472	208,435
Debt collection	95,360	75,153	101,374	89,341
Uncollectible claims	2,006,032	2,576,017	2,006,032	2,576,017
Loans, advances and other receivables before impairment, year-end	2,245,864	2,859,605	2,251,878	2,873,793
Impairment, etc.:				
Estate administration	141,238	134,244	141,238	134,244
Debt collection	78,779	56,650	81,849	62,913
Uncollectible claims	1,204,291	1,372,499	1,204,291	1,372,499
Individual impairment, year-end	1,424,308	1,563,393	1,427,378	1,569,656
Loans, advances and other receivables after writedowns, year-end	821,556	1,296,212	824,500	1,304,137
Description of the value of security for loans determined to be impaired following an individual assessment				
Value of security:				
Real property, private	44,616	49,207	44,616	49,207
Real property, commercial	895,343	907,656	895,343	907,656
Cash, deposits and highly marketable securities	13,089	312,073	13,089	312,073
Cars	2,606	20,453	5,447	28,961
Other security	33,401	40,906	33,401	40,906
Total value of collateral for loans impaired after individual assessment, year-end	989,055	1,330,295	991,896	1,338,803

The collateral security is marked to market on the basis of the following:

Real property; Estate agent valuation, reasoned internal assessment or public assessment considering type of property, location, condition and estimated marketability.

Cash and cash equivalents; Official price where available and otherwise the transaction price obtainable in a transaction between independent parties.

Goods, cars; Assessment from BilpriserPro considering type, model and age.

Goods, other security; Based on an individual assessment.

The collateral security stated is unstressed. In the calculation of impairment writedowns on agricultural and property exposures in financial difficulty, the value of collateral security is calculated on the basis of realisable value upon a sale within six months.

	Parent company		Group	
DKK '000	2012	2011	2012	2011
NOTE 33 Credit risk - continued				
Realised security, including conditions				
Value of realised security:				
Real property, private	41,957	73,969	41,957	73,969
Real property, commercial	-	20,003	0	31,443
Securities	141,923	1,210,000	141,923	1,210,000
Cars	-	-	8,257	13,252
Total value of realised collateral	183,880	1,303,972	192,137	1,328,664

Forced realisation of collateral is required if the bank is unable to get a voluntarily agreement with debtor or mortgagor for voluntary realisation. The bank always seeks to maximise the valve of collateral by way of forced realisation.

Before forced realisation is initiated, the debtor and/or mortgagor is given notice, typically eight days, but shorter if there is an imminent risk of the value of the collateral becoming impaired.

Particularly in relation to loans and credit secured on securities-based investments, so-called stop-loss clauses are established, giving the bank the right to immediate forced realisation unless additional collateral is provided. Such clauses typically take effect if the value of the collateral falls below a minimum proportion of the loan, typically 105%-110%.

Loans, advances and other receivables, etc. in arrears				
Age distribution of assets due but not impaired at the balance sheet date:				
Up to 3 months	29,170	13,139	29,431	13,378
3 to 6 months	447	1,523	447	1,631
6 to 12 months	1,216	9,728	1,217	9,828
More than 12 months	4,987	2,073	5,317	2,420
Arrears, year-end	35,820	26,463	36,412	27,257
Value of security for loans in arrears				
Value of security:				
Real property, private	129,630	121,783	129,630	121,783
Real property, commercial	583,850	265,722	583,850	265,722
Cash and marketable securities	34,603	24,064	34,603	24,064
Cars	5,486	14,848	10,734	21,121
Other securities	33,304	29,696	33,304	29,696
Total value of collateral for loans in arrears, year-end	786,873	456,113	792,121	462,386

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 33 Credit risk - continued				
Maximum exposure to credit risk				
Maximum credit risk at the balance sheet date without taking into account security.				
On-balance sheet exposures:				
Cash in hand and balances at call with central banks	304,623	128,919	304,623	128,919
Balances due from credit institutions and central banks	554,086	887,798	554,086	887,798
Loans, advances and other receivables at fair value	2,930,050	3,154,339	2,930,050	3,154,339
Loans, advances and other receivables at amortised cost	6,213,956	7,366,863	5,465,944	7,062,678
Bonds at fair value	5,785,654	7,417,198	6,643,258	8,049,699
Shares, etc.	247,873	275,517	539,356	549,014
Other assets	392,411	488,869	414,480	512,717
Maximum exposure to credit risk, year-end	16,428,653	19,719,503	16,851,797	20,345,164
Off-balance sheet items:				
Contingent liabilities	969,915	1,027,412	969,915	1,027,412
Irrevocable loan commitments	-	-	-	-
Total value of security at the balance sheet date				
Value of securitiy:				
Real property, private	2,778,141	2,277,947	2,778,141	2,277,947
Real property, commercial	3,289,808	3,445,359	3,289,808	3,445,359
Cash and marketable securities	981,932	758,345	293,417	434,955
Cars	62,528	60,405	204,321	326,149
Other security	104,911	120,810	104,911	120,810
Total value of collateral, year-end	7,217,320	6,662,866	6,670,598	6,605,220

The collateral security is marked to market as described above.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011

NOTE 33 Credit risk - continued

Credit quality

The credit quality is quantified on the basis of the credit quality categories of the Danish Financial Supervisory Authority, according to which loans and advances with normal credit quality are categorised in categories 2a and 3, loans and advances with certain indications of weakness are categorised in category 2b, loans and advances with substantial weaknesses are categorised in category 2c and loans and advances with an objective indication of impairment are categorised in category 1.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
Loans, advances and other receivables at fair value - by credit quality category:				
Loans and advances with normal credit quality	1,627,955	1,790,688	1,627,955	1,790,688
Loans and advances with certain indications of weakness	202,949	257,682	202,949	257,682
Loans and advances with substantial weaknesses	343,438	345,707	343,438	345,707
Loans that are neither due nor impaired	2,174,342	2,394,077	2,174,342	2,394,077
Loans and advances with an objective indication of impairment	1,471,093	1,659,694	1,471,093	1,659,694
Total residual debt before value adjustments etc.	3,645,435	4,053,771	3,645,435	4,053,771
Value adjustments etc.	-715,385	-899,432	-715,385	-899,432
Loans, advances and other receivables at fair value, year-end	2,930,050	3,154,339	2,930,050	3,154,339
Loans, advances and other receivables at amortised cost - by credit quality category:				
Loans and advances with normal credit quality	2,874,332	4,146,606	2,117,212	3,839,716
Loans and advances with certain indications of weakness	1,512,319	1,296,174	1,521,362	1,296,174
Loans and advances with substantial weaknesses	797,536	62,779	797,536	62,779
Loans that are neither due nor impaired	5,184,187	5,505,559	4,436,110	5,198,669
Loans and advances with an objective indication of impairment	2,574,244	3,463,082	2,579,421	3,476,435
Total gross loans and advances before value adjustments etc.	7,758,431	8,968,641	7,015,531	8,675,104
Impairment writedowns etc.	-1,544,475	-1,601,778	-1,549,587	-1,612,426
Loans, advances and other receivables at amortised cost, year-end	6,213,956	7,366,863	5,465,944	7,062,678
Guarantee debtors - by credit quality category:				
Guarantee debtors with normal credit quality	299,281	755,541	299,281	755,541
Guarantee debtors with certain indications of weakness	511,765	103,690	511,765	103,690
Guarantee debtors with substantial weaknesses	29,429	5,818	29,429	5,818
Guarantee debtors that are neither due nor impaired	840,475	865,049	840,475	865,049
Guarantee debtors with an objective indication of impairment	136,534	169,372	136,534	169,372
Total guarantee debtors before provisions etc.	977,009	1,034,421	977,009	1,034,421
Provisions etc.	-7,094	-7,009	-7,094	-7,009
Total guarantee debtors, year-end	969,915	1,027,412	969,915	1,027,412

A statement on lending developments pursuant to the Danish Act on State-Funded Capital Injections is available from the group's website, www.almbrand.dk/risk.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 34 Market risk				
Foreign exchange risk				
Foreign currency positions:				
Long positions	3,892,508	5,664,996	3,990,576	5,781,852
Short positions	3,886,388	5,759,812	3,886,388	5,759,812
Net positions	-6,120	94,816	-104,188	-22,040
Foreign currency positions distributed on the five largest net positions:				
GBP	-84	-202	-8,677	-5,541
NOK	-11,377	-36,713	-18,293	-42,462
USD	-2,149	166	-14,352	-8,969
EUR	-5,280	96,536	-23,416	45,316
SEK	11,861	33,773	-23,811	943
Other	909	1,256	-15,639	-11,327
Total foreign currency positions	-6,120	94,816	-104,188	-22,040
Exchange rate indicator 1	23,057	132,819	104,669	68,516
Exchange rate indicator 1 as a percentage of Tier 1 capital after deductions	1.6%	10.6%	7.1%	5.3%
Exchange rate indicator 2	350	1,264	1,836	2,088
Exchange rate indicator 2 as a percentage of Tier 1 capital after deductions	0.0%	0.1%	0.1%	0.2%
Interest rate risk				
The Danish Financial Supervisory Authority's method:				
Total interest rate exposure on debt instruments, etc.	-25,841	-29,972	22,697	-11,678
Interest rate exposure by currency subject to the greatest risk:				
DKK	-38,698	-41,077	5,853	-23,902
EUR	7,826	3,106	11,147	4,225
SEK	4,980	7,982	4,980	7,982
GBP	27	4	693	4
USD	14	7	14	7
CHF	10	10	10	10
Other	0	-4	0	-4
Total interest rate risk	-25,841	-29,972	22,697	-11,678
The banking group's own method			-44,735	-43,584

The internal calculation approach is used for the management of day-to-day risk. The calculation approach applies modified option-adjusted durations for the calculation of interest rate risk in the event of a 1 percentage point increase in interest rates.

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 35 Genuine purchase and resale transactions				
Of the assets below, genuine purchase and resale transactions amount to:				
Balances due from credit institutions and central banks	-	-	-	-
Other receivables	-	-	-	-
Genuine purchase and resale transactions, year-end	-	-	-	-
NOTE 36 Genuine sale and repurchase transactions				
Of the liabilities below, genuine sale and repurchase transactions amount to:				
Payables to credit institutions and central banks	-	-	-	-
Deposits and other payables	-	-	-	-
Genuine sale and repurchase transactions, year-end	-	-	-	-
NOTE 37 Hedge accounting				
As part of the risk management efforts, the fair value of certain financial assets and liabilities is hedged for accounting purposes through the use of derivative financial instruments. No hedge accounting was concluded at 31 December 2012.				
Type of hedged item:				
Fixed-rate loans in DKK				
- At amortised cost	-	10,000	-	10,000
- At adjusted amortised cost (carrying amount)	-	10,015	-	10,015
Payables to credit institutions in EUR				
- At amortised cost	-	2,267,431	-	2,267,431
- At adjusted amortised cost (carrying amount)	-	2,267,918	-	2,267,918
Type of hedge instruments:				
Fixed-rate loans in DKK				
Interest rate swaps in DKK				
- Fair value	-	-15	-	-15
- Synthetic principal	-	10,000	-	10,000
Payables to credit institutions in EUR				
Foreign exchange swaps in DKK/EUR				
- Fair value	-	487	-	487
- Synthetic principal	-	2,267,431	-	2,267,431

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
NOTE 37 Hedge accounting - continued				
Recognised in income statement:				
Value adjustment of hedged assets and liabilities	472	-3,098	472	-3,098
Value adjustment of hedging instruments	-472	3,098	-472	3,098

The fair value hedge was very effective throughout the year. "Very effective" means that the value changes for the hedge instruments correspond to the value changes for the hedged item within a band of 80%-125%.

NOTE 38 Related parties

Related parties comprise:

(a) members of the company's Management Board, Board of Directors and Key Employees and their related family members
(b) companies controlled by members of the Management Board or Board of Directors
(c) the parent company's Management Board or Board of Directors, and
(d) the Alm. Brand Group, Midtermolen 7, DK-2100 Copenhagen Ø, which exercises a controlling influence on the company.

Amount of loans granted, mortgages received from and guarantees with related security issued by the Alm. Brand Bank Group for the below-mentioned officers, their related family members and any companies controlled by them:

DKK '000	Parent company 2012	Parent company 2011	Group 2012	Group 2011
Loans, etc.				
Management Board, Alm. Brand Bank A/S	100	100	100	100
Board of Directors, Alm. Brand Bank A/S	28,714	29,959	29,354	30,921
Key Employees, Alm. Brand Bank A/S	1,016	1,128	1,016	1,128
Management Board, Alm. Brand A/S	2,000	2,000	2,000	2,000
Board of Directors, Alm. Brand A/S	25,920	27,505	26,560	28,467
Guarantees				
Management Board, Alm. Brand Bank A/S	-	-	-	-
Board of Directors, Alm. Brand Bank A/S	17,096	16,082	17,736	16,082
Key Employees, Alm. Brand Bank A/S	-	-	-	-
Management Board, Alm. Brand A/S	600	600	600	600
Board of Directors, Alm. Brand A/S	15,603	15,566	16,243	15,566

Loans in DKK to the Management Board, the Board of Directors and Key Employees carry interest in the interval of 1.70%-4.45% p.a. Loans in CHF to the Board of Directors carry interest at 4.62% p.a. These financial relations are conducted on an arm's length basis.

	Parent company		Group	
DKK '000	2012	2011	2012	2011

NOTE 38 Related parties - continued

Salaries and remuneration to members of the bank's Management Board, Board of Directors and Key Employees are disclosed in the note relating to staff costs and administrative expenses. No other financial relations have been identified to members of the Management Board, Board of Directors, etc.

The Alm. Brand Group maintains cross-cutting functions that solve joint administrative tasks for the group's companies. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis. The bank reinvoices part of the administration fee to its subsidiaries.

Alm. Brand Bank is the Alm. Brand Group's primary banker. This involves the conclusion of a number of agreements between the company and the group's other enterprises, and a number of transactions are regularly made between the company and the rest of the group. All agreements and transactions between the company and the bank are made on an arm's length or cost-recovery basis in accordance with applicable legislation for intra-group transactions.

An agreement has been made on interest accruing on accounts between the bank and the other group companies on an arm's length basis.

The company has also signed an agreement with Alm. Brand Formue concerning the management of Alm. Brand Formue's portfolio. All specific investment decisions are made by Alm. Brand Bank pursuant to this asset management agreement. Accordingly, Alm. Brand Formue buys and sells securities through the bank.

To ensure ongoing pricing, an agreement has been signed with Alm. Brand Formue to the effect that bid and ask prices for the company's B shares are regularly quoted on NASDAQ OMX Copenhagen A/S.

In addition, the bank has made an asset management agreement with the other companies of the Alm. Brand Group, according to which a substantial proportion of the group's assets are under management with the bank.

Other than the above, no material intra-group transactions have taken place.

Financial relations, Alm. Brand af 1792 fmba				
Receivables	-	-	-	-
Payables	78,775	85,779	78,775	85,779
Guarantees	-	-	-	-
Interest and fee income	-	-	-	-
Interest and fee expenses	4,397	4,426	4,397	4,426
Administration fee	-	-	-	-
Purchase of securities, etc.	5,061	10,562	5,061	10,562
Sale of securities, etc.	47,011	44,248	47,011	44,248

	Parent company		Group	
DKK '000	2012	2011	2012	2011
NOTE 38 Related parties - continued				
Financial relations, Alm. Brand Formue				
Receivables	550,164	325,221	-	-
Payables	33	-	-	-
Guarantees	-	-	-	-
Interest and fee income	16,235	21,154	-	-
Interest and fee expenses	-	1	-	-
Administration fee	1,577	2,136	-	-
Purchase of securities, etc.	1,019,562	825,155	-	-
Sale of securities, etc.	1,208,743	635,589	-	-
Financial relations, Alm. Brand Pantebreve				
Receivables	-	-	-	-
Payables	-	48	-	-
Guarantees	-	-	-	-
Interest and fee income	-	251	-	-
Interest and fee expenses	-	1	-	-
Administration fee	-	450	-	-
Køb af pantebreve	-	-	-	-
Salg af pantebreve	-	-	-	-
Purchase of securities, etc.	-	-	-	-
Sale of securities, etc.	-	-	-	-

								Group
	Market value 2012		Market value 2011		Average market value 2012		Average market value 2011	
DKK '000	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
NOTE 39 Derivatives								
Foreign exchange contracts								
Forward transactions/futures, bought	8,046	1,190	4,224	646	5,735	1,445	17,096	4,731
Forward transactions/futures, sold	1,363	7,905	1,907	2,644	2,481	5,262	4,240	3,463
Swaps	-	-	350	14,143	132	2,306	5,727	7,880
Options, bought	-	-	-	-	-	-	-	-
Options, written	-	-	-	-	-	-	-	-
Interest rate contracts								
Forward transactions/futures, bought	-	-	2,395	-	3,992	15,752	1,204	2,992
Forward transactions/futures, sold	-	28	-	2,112	13,349	1,546	2,281	310
Swaps	218,945	332,798	214,502	274,561	202,873	296,032	186,000	206,635
Options, bought	-	-	641	-	2,752	-	2,389	-
Options, written	-	9	-	3,652	-	3,678	-	3,858
Share contracts								
Forward transactions/futures, bought	629	501	3,720	16,582	271	7,203	434	4,694
Forward transactions/futures, sold	1,323	2,614	839	6,798	3,863	8,016	5,704	9,908
Options, bought	34	-	-	-	1,785	-	-	-
Options, written	-	34	-	-	-	1,658	-	-
Commodity contracts								
Forward transactions/futures, bought	-	-	187	-	122	3	81	12
Forward transactions/futures, sold	-	-	-	54	-	-	0	11
Derivatives, year-end	230,340	345,079	228,765	321,192	237,355	342,901	225,156	244,494
Unsettled spot transactions								
Foreign exchange contracts, bought	933	324	41	186				
Foreign exchange contracts, sold	32	2,672	57	745				
Interest rate contracts, bought	1,933	320	1,326	288				
Interest rate contracts, sold	357	1,592	326	1,320				
Share contracts, bought	40	231	201	36				
Share contracts, sold	231	26	76	182				
Unsettled spot transactions, year-end	3,526	5,165	2,027	2,757				
Total	233,866	350,244	230,792	323,949				

DKK '000	Group 2012	2011	2010	2009	2008
NOTE 40 Financial highlights and key ratios					
Net interest and fee income	395,143	495,298	710,577	610,870	640,708
Value adjustments	-96,125	-430,684	-351,099	-256,954	-534,754
Staff costs and administrative expenses	442,560	459,569	513,028	557,826	530,042
Impairment of loans, advances and receivables, etc.	309,120	768,450	659,772	1,451,210	339,918
Profit/loss from investments in associates group enterprises	-2,345	385	11,145	1,153	3,684
Profit for the year	-352,523	-950,204	-642,898	-1,396,276	-646,322
Loans and advances	8,395,994	10,217,017	12,484,676	14,822,922	17,291,922
Shareholders' equity	1,168,636	1,233,700	1,759,284	1,589,527	1,236,568
Total assets	17,902,640	21,392,869	25,596,792	26,539,295	24,708,120
Solvency ratio	18.5	16.8	18.8	16.0	12.6
Tier 1 ratio	13.9	11.0	16.2	12.9	6.8
Return on equity before tax (%)	-41.6	-94.5	-67.2	-321.7	-45.4
Return on equity after tax (%)	-30.6	-75.8	-50.0	-243.7	-37.2
Income/cost ratio	0.42	0.08	0.31	0.17	0.14
Interest rate risk (%)	1.5	-0.9	1.1	8.4	11.6
Foreign exchange position (%)	7.1	5.3	4.6	3.0	43.1
Foreign exchange risk (%)	0.1	0.2	0.1	0.1	0.5
Loans and advances as a percentage of deposits (%)	87.8	148.0	160.2	149.8	159.1
Gearing of loans and advances	7.2	8.3	7.1	9.3	14.0
Annual growth in lending (%)	-17.8	-18.2	-15.8	-14.3	1.0
Excess cover relative to statutory liquidity requirement (%)	248.7	319.6	256.8	104.1	93.0
Total amount of large exposures (%)	60.9	68.0	69.1	73.9	174.3
Impairment ratio for the year	2.8	6.0	4.3	7.9	1.7

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.

DKK '000	2012	2011	2010	2009	2008
	Parent company				
NOTE 40 Financial highlights and key ratios - continued					
Net interest and fee income	374,096	469,197	649,742	540,043	574,076
Value adjustments	-165,476	-374,181	-298,302	-176,103	-130,520
Staff costs and administrative expenses	409,912	426,952	471,089	498,838	473,093
Impairment of loans, advances and receivables, etc.	309,657	766,625	678,803	1,409,980	341,796
Profit/loss from investments in associates group enterprises	28,776	-24,548	-13,628	-27,719	-132,793
Profit for the year	-391,193	-918,219	-646,974	-1,324,523	-427,931
Loans and advances	9,144,006	10,521,202	12,847,819	15,069,289	16,997,735
Shareholders' equity	995,440	1,092,861	1,563,910	1,362,203	936,726
Total assets	17,406,694	20,895,193	24,586,939	26,038,202	24,082,527
Solvency ratio [1)]	19.4	16.8	17.9	14.7	9.1
Tier 1 ratio [1)]	14.1	10.7	15.3	11.3	4.5
Return on equity before tax (%)	-52.1	-106.3	-80.7	-321.7	-45.4
Return on equity after tax (%)	-39.3	-84.6	-60.1	-243.7	-37.2
Income/cost ratio	0.32	0.06	0.29	0.16	0.38
Interest rate risk (%)	-1.8	-2.4	-0.9	5.0	6.4
Foreign exchange position (%)	1.6	10.6	1.5	1.1	25.7
Foreign exchange risk (%)	0.0	0.1	0.0	0.0	0.2
Loans and advances as a percentage of deposits (%)	94.4	151.6	164.3	151.5	156.2
Gearing of loans and advances	9.2	9.6	8.2	11.1	18.1
Annual growth in lending (%)	-13.1	-18.1	-14.7	-11.3	-7.5
Excess cover relative to statutory liquidity requirement (%)	255.6	327.3	265.9	106.4	82.1
Total amount of large exposures (%)	62.1	68.7	67.6	96.9	321.7
Impairment ratio for the year	2.7	5.8	4.4	7.6	1.8

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

1) At 31 December 2008, the solvency and Tier 1 capital ratios were affected by the fact that it was not possible to utilise hybrid Tier 1 capital and parts of the supplementary capital. Assuming that the conversion of supplementary capital in the amount of DKK 300 million into share capital had taken place in April 2009, the parent company's solvency and Tier 1 capital ratios would have totalled 11.1% and 7.1%, respectively, at 31 December 2008.

				Group				
DKK '000				2012				2011

NOTE 41 Fair value measurement of financial instruments

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Loans, advances and other receivables at fair value			2,930,050	2,930,050			3,154,339	3,154,339
Bonds at fair value	6,643,258			6,643,258	8,049,699			8,049,699
Shares, etc.	349,590		189,766	539,356	364,558		184,456	549,014
Other assets		353,925		353,925		420,972		420,972
Total financial assets	6,992,848	353,925	3,119,816	10,466,589	8,414,257	420,972	3,338,795	12,174,024
Financial liabilities:								
Other liabilities		395,013		395,013		369,617		369,617
Total financial liabilities	-	395,013	-	395,013	-	369,617	-	369,617

There are three levels of fair value measurement:

Level 1 is based on official (unadjusted) prices in active markets.

Level 2 comprises financial instruments whose valuation is based on directly or indirectly observable input for the instrument.

Level 3 comprises financial instruments for which the input is not based on directly observable market data.

Loans, advances and other receivables at fair value comprises mortgage deeds measured at fair value using a valuation model.

Bonds at fair value comprises corporate bonds valued at quoted prices or based on observable data.

Shares, etc. comprises listed shares valued at quoted prices and unlisted shares for which the input is not based on directly observable market data.

Other assets comprises interest receivable and positive values of derivative financial instruments valued based on observable data.

Other liabilities comprises interest payable and negative values of derivative financial instruments valued based on observable data.

DKK '000			2012			Group 2011

NOTE 41 Fair value measurement of financial instruments - continued

Level 3:	Shares	Mortgage deeds	Total	Shares	Mortgage deeds	Total
Carrying amount, beginning of period	184,456	3,154,339	3,338,795	193,573	2,189,952	2,383,525
Additions during the year	1,450	141,923	143,373	7,147	1,209,970	1,217,117
Disposals during the year	-8,990	-289,237	-298,227	-14,012	-146,888	-160,900
Value adjustment through profit or loss	12,850	-76,975	-64,125	-2,252	-98,695	-100,947
Carrying amount, year-end	189,766	2,930,050	3,119,816	184,456	3,154,339	3,338,795
Value adjustments for the year are composed as follows:						
Realised value adjustments	1,140	-153,163	-152,023	-861	-225,489	-226,350
Unrealised value adjustments	11,710	76,188	87,898	-1,391	126,794	125,403
Total value adjustment through profit or loss	12,850	-76,975	-64,125	-2,252	-98,695	-100,947

NOTE 42 Classification of financial instruments

	Loans at amortised cost	Trading portfolio	Total	Loans at amortised cost	Trading portfolio	Total
Financial assets:						
Cash in hand and balances at call with central banks	304,623		304,623	128,919		128,919
Balances due from credit institutions and central banks	554,086		554,086	887,798		887,798
Loans, advances and other receivables at fair value		2,930,050	2,930,050		3,154,339	3,154,339
Loans, advances and other receivables at amortised cost	5,465,944		5,465,944	7,062,678		7,062,678
Bonds at fair value		6,643,258	6,643,258		8,049,699	8,049,699
Shares, etc.		539,356	539,356		549,014	549,014
Other assets		353,925	353,925		420,972	420,972
Financial assets, year-end	6,324,653	10,466,589	16,791,242	8,079,395	12,174,024	20,253,419

	Liabilities at amortised cost	Trading portfolio	Total	Liabilities at amortised cost	Trading portfolio	Total
Financial liabilities:						
Payables to credit institutions and central banks	1,396,914		1,396,914	4,158,730		4,158,730
Deposits and other payables	11,324,932		11,324,932	7,994,698		7,994,698
Issued bonds at amortised cost	2,000,000		2,000,000	6,000,000		6,000,000
Other liabilities		395,013	395,013		369,617	369,617
Total subordinated debt	1,430,108		1,430,108	1,429,591		1,429,591
Financial liabilities, year-end	16,151,954	395,013	16,546,967	19,583,019	369,617	19,952,636

Group

DKK '000			2012					2011

NOTE 43 Return on financial assets and liabilities

	Assets at amortised cost	Liabilities at amortised cost	Trading portfolio	Total	Assets at amortised cost	Liabilities at amortised cost	Trading portfolio	Total
Interest receivable	466,376	-	261,121	727,497	589,919	-	286,987	876,906
Interest payable	-	456,620	-	456,620	-	512,721	-	512,721
Net interest income	466,376	-456,620	261,121	270,877	589,919	-512,721	286,987	364,185
Dividend on shares, etc.	-	-	6,168	6,168	-	-	10,570	10,570
Fees and commissions received from management activities	-	-	81,114	81,114	-	-	81,680	81,680
Other fees and commissions received	44,932	-	23,487	68,419	47,620	-	33,779	81,399
Fees and commissions paid in relation to management activities	-	-	4,669	4,669	-	-	5,858	5,858
Other fees and commissions paid	16,062	-	10,704	26,766	19,772	-	16,906	36,678
Net interest and fee income	495,246	-456,620	356,517	395,143	617,767	-512,721	390,252	495,298
Value adjustments excluding credit losses on mortgage deeds	472	711	57,946	59,129	-3,098	252	-201,604	-204,450
Credit losses on mortgage deeds	-	-	-155,254	-155,254	-	-	-226,234	-226,234
Other operating income	50,485	-	-	50,485	35,877	-	-	35,877
Impairment of loans, advances and receivables, etc.	309,120	-	-	309,120	768,450	-	-	768,450
Total	237,083	-455,909	259,209	40,383	-117,904	-512,469	-37,586	-667,959

DKK '000	Group 2012		Group 2011	
NOTE 44 Fair value of financial instruments				
	Fair value	Recognised value	Fair value	Recognised value
Financial assets:				
Cash in hand and balances at call with central banks	304,623	304,623	128,919	128,919
Balances due from credit institutions and central banks	554,086	554,086	887,798	887,798
Loans, advances and other receivables at fair value	2,930,050	2,930,050	3,154,339	3,154,339
Loans, advances and other receivables at amortised cost	5,464,894	5,465,944	7,074,376	7,062,678
Bonds at fair value	6,643,258	6,643,258	8,049,699	8,049,699
Shares, etc.	539,356	539,356	549,014	549,014
Other assets	353,925	353,925	420,972	420,972
Financial assets, year-end	16,790,192	16,791,242	20,265,117	20,253,419
Financial liabilities:				
Payables to credit institutions and central banks	1,396,914	1,396,914	4,158,730	4,158,730
Deposits and other payables	11,637,919	11,324,932	8,091,688	7,994,698
Issued bonds at amortised cost	1,999,938	2,000,000	5,999,612	6,000,000
Other liabilities	395,013	395,013	369,617	369,617
Total subordinated debt	1,619,174	1,430,108	1,691,340	1,429,591
Financial liabilities, year-end	17,048,958	16,546,967	20,310,987	19,952,636

Cash in hand and balances at call with central banks are relatively short term, and recognised amounts at amortised cost are assumed to equal fair values.

Balances with credit institutions are recognised at amortised cost. The difference between the recognised value and fair value is assumed to be the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the balances were established.

Loans, advances and receivables at fair value, Bonds at fair value, Shares etc. and Derivatives are measured at fair value in the financial statements so that recognised values equal fair values.

The difference between the fair value and the recognised value of Loans, advances and receivables at amortised cost is assumed to equal the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the loans were established. Changes in the credit quality are not taken into account as these are assumed to be included in impairment on loans for recognised values as well as fair values.

The fair value of Deposits and other payables is assumed to equal the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the deposits were established.

Issued bonds and Subordinated debt are measured at amortised cost. The difference between this and fair value is assumed to be the interest rate-level dependent value adjustment, calculated by comparing current market rates with the market rates applying when the issues were made. Changes in fair values due to changes in the bank's own credit rating are not taken into account.

Fair value adjustments of financial assets and liabilities produced an overall, unrecognised unrealised loss of DKK 503 million at 31 December 2012. This adjustment was mainly attributable to Deposits and other payables and Subordinated debt.

In the accounting policies, the calculation of fair values is described further for items recognised at fair value.

DKK '000

NOTE 45 Group overview

	Net income 2012	Total assets 2012	Total liabilities 2012	Net income 2011	Total assets 2011	Total liabilities 2011
Associates (not consolidated):						
Nordic Corporate Investments A/S	20,857	197,980	63,214	18,454	184,797	59,582
Cibor Invest A/S	-11	174,112	121,941	903	177,054	108,005
Hirlap Finans ApS	-	315	590	-	342	558

	Share capital	Share-holders' equity	Profit for the year	Ownership interest in %		Voting share in %	
	2012	2012	2012	2012	2011	2012	2011
Consolidated subsidiaries:							
Alm. Brand Leasing A/S (Copenhagen)	3,000	81,734	-882	100.0	100.0	100.0	100.0
Alm. Brand Formue A/S (Copenhagen)	31,000	314,552	70,673	44.9	45.4	70.3	70.6
Associates (not consolidated):							
Nordic Corporate Investment A/S (Copenhagen)	96,969	134,766	13,928	25.0	25.0	25.0	25.0
Cibor Invest A/S (Århus)	45,000	52,255	-673	33.1	33.2	33.1	33.2
Hirlap Finans ApS (Gentofte)	125	-275	-59	25.0	0.0	0.0	25.0

Directorships

Name and municipality of registered office of group enterprises in which employees of the bank hold offices:

Company (registered office)	Employees of Alm. Brand Bank, who are board members
Alm. Brand Leasing A/S (Copenhagen)	Chief Executive Kim Bai Wadstrøm
	Director Bo Overvad
	Director Michael Iversen
	Director Søren Olling

Moreover, the group comprises the following companies:
Ejendomsselskabet af 16. marts 2010 ApS,
Ejendomsselskabet af 5. august 2010 ApS and
Ejendomsselskabet af 14. september 2011 ApS.

All companies are wholly-owned subsidiaries, which have been established or acquired in connection with properties taken over temporarily.

DKK '000	Pro rata 2012	Pro rata 2011
NOTE 46 Pro rata consolidation		
INCOME STATEMENT		
Interest receivable	719,515	867,019
Interest payable	451,600	505,467
Net interest income	**267,915**	**361,552**
Dividend on shares, etc.	3,180	7,604
Fees and commissions receivable	152,601	166,360
Fees and commissions payable	31,383	42,487
Net interest and fee income	**392,313**	**493,029**
Value adjustments	-134,073	-399,100
Other operating income	50,485	35,874
Profit before expenses	**308,725**	**129,803**
Staff costs and administrative expenses	440,886	457,475
Depreciation and impairment of property, plant and equipment	32,638	17,792
Other operating expenses	42,773	40,392
Impairment of loans, advances and receivables, etc.	309,120	768,450
Profit/loss from investments in associates and group enterprises	-2,345	385
Profit/loss before tax	**-519,037**	**-1,153,921**
Tax	-127,844	-235,702
Profit/loss for the year	**-391,193**	**-918,219**
ASSETS		
Cash in hand and balances at call with central banks	304,623	128,919
Balances due from credit institutions and central banks	554,086	887,798
Loans, advances and other receivables at fair value	2,930,050	3,154,339
Loans, advances and other receivables at amortised cost	5,767,857	7,238,844
Bonds at fair value	6,171,050	7,704,243
Shares, etc.	378,862	399,637
Investments in associates	43,748	51,469
Investments in group enterprises	-	1,273
Other property, plant and equipment	157,999	98,230
Current tax assets	286,009	155,685
Deferred tax assets	420,250	579,203
Assets held temporarily	118,771	136,876
Other assets	410,863	509,991
Prepayments	6,375	6,626
Total assets	**17,550,543**	**21,053,133**

DKK '000	Pro rata 2012	Pro rata 2011
NOTE 46 Pro rata consolidation - continued		
LIABILITIES AND EQUITY		
Payables		
Payables to credit institutions and central banks	1,236,342	3,980,336
Deposits and other payables	11,324,932	7,994,698
Issued bonds at amortised cost	2,000,000	6,000,000
Liabilities temporarily acquired	19,214	31,409
Other liabilities	534,836	513,306
Deferred income	1,216	1,851
Total payables	**15,116,540**	**18,521,600**
Provisions		
Provisions for pensions and similar commitments	1,361	2,072
Provisions for losses on guarantees	7,094	7,009
Total provisions	**8,455**	**9,081**
Subordinated debt		
Supplementary capital	400,000	400,000
Hybrid Tier 1 capital	1,030,108	1,029,591
Total subordinated debt	**1,430,108**	**1,429,591**
Shareholders' equity		
Share capital	1,021,000	1,021,000
Retained earnings	-25,560	71,861
Total shareholders' equity	**995,440**	**1,092,861**
Total liabilities and equity	**17,550,543**	**21,053,133**

NOTE 47 Risk management

Alm. Brand Bank's strategy is focused on lending to private customers, financial markets and lease operations, which is reflected in the types of risk accepted by the bank. Overall, the risks accepted by the bank may be divided into business risks derived from operations, financial risks derived primarily from asset management operations and liquidity risks arising in connection with the financing of operating activities.

As prescribed in sections 70–71 of the Danish Financial Business Act, the Board of Directors of Alm. Brand Bank defines the banking group's overall risk policy and related guidelines for the types of risk accepted by the bank in connection with its operations as well as the scope of the different risks. Special risk policies and related guidelines have been prepared for credit, market, operational and liquidity risk, respectively.

The Alm. Brand Group has set up an intragroup risk management committee to ensure coordination and uniformity in the group companies with respect to calculating, managing and reporting risk across the group's individual business areas. The risk management committee reviews the group's overall risks and the resulting individual solvency needs.

The credit secretariat and the risk management department, respectively, are responsible for preparing policies and instructions and for calculating, managing and reporting risks in the banking group. The two departments also ensure independent control and monitoring of the risks and of compliance with policies and guidelines. In order to ensure independent calculation and reporting of risks, the credit secretariat and the risk management department are kept organisationally separate from the operational business areas accepting risks for the group in connection with its operations.

Independently of management-implemented controls, the internal audit performs regular independent reviews of the group's control procedures and management's compliance with the guidelines.

This group compliance function has been established to ensure that Alm. Brand observes applicable legislation, regulations, internally defined rules and guidelines as well as ethical standards.

INDIVIDUAL SOLVENCY NEED

The individual solvency need of Alm. Brand Bank A/S is calculated on the basis of a stress test based on the probability method.

The bank calculates a conservative risk of loss on the following customer segments:

- customers with slightly impaired credit quality (certain indications of weakness)
- customers with substantial weaknesses but without impairment and/or provisioning
- customers marked for objective evidence of impairment with or without impairment/provisioning
- mortgage deeds and mortgage financing

According to the Danish Financial Supervisory Authority's Guidelines on Adequate Capital Base and Solvency Needs for Credit Institutions, an additional premium is calculated for concentration risks. It should be noted that impairment and provisions are deducted from the calculation of the individual solvency in order to prevent a double impact on the bank.

The calculation of the individual solvency need on positions with market risk is also based on the Danish Financial Supervisory Authority's Guidelines on Adequate Capital Base and Solvency Needs for Credit Institutions. Risks related to properties are calculated in Alm. Brand Bank under the credit risk area, whereas other risks are calculated under the market risk area.

The calculation of operational risk is based on the basic indicator method, which calculates operational risk as 15% of average net interest income and non-interest-related net income for the past three years.

Alm. Brand Bank will begin using the Danish Financial Supervisory Authority's "8% +" approach effective 31 March 2013, but the impact from the transition is expected to be negligible.

The individual solvency need has not been audited.

NOTE 47 **Risk management - continued**

GOALS AND STRATEGY

The risks accepted by the banking group's business areas are different in nature but may de divided into four main groups:

- business risk
- financial risk
- liquidity risk
- operational risk

BUSINESS RISK

Alm. Brand Bank has defined and specified limits for the size of the risks each business area is authorised to accept. In this connection, the bank emphasises the identification, measurement and management of the different business risks in order to ensure that the banking group is continually within the limits defined and in compliance with the solvency need.

Alm. Brand Bank makes it a priority to identify, measure and manage the risks that attach specifically to banking, particularly credit risks. For this purpose, guidelines are drawn up for the bank's lending operations and described in a credit policy.

Credit policy

The banking group's credit policy and related guidelines describe the risk profile and the framework constituting the foundation of the granting of loans and the provision of guarantees as well as of the acceptance of other credit risks. The guidelines for providing credit aim to ensure that the banking group is perceived as a responsible and bona fide bank by all customers, business partners, public authorities and competitors. The banking group's credit secretariat has the overall responsibility for assessing and following up on the bank's credit exposure, both in terms of individual customers and in terms of loan portfolios.

The credit policy and the guidelines are adapted to the bank's strategy. The guidelines contain specific limits for the individual products offered by the bank and for the customer segments buying the bank's loan products. The bank aims for its earnings on the individual products and customer segments to offset the related risks and the required return on capital.

The banking group's future lending strategy targets private customers but the portfolio still contains loans to commercial and agricultural customers. The commercial and agricultural customer portfolios will be phased out in the years ahead.

The bank's loans to private customers are based on disposable amount calculations and to a wide extent on the use of credit scoring models which have been developed over a number of years and which are constantly being developed and improved on the basis of empirical data and cyclical changes.

If the changes in individual exposures and objective indicators are considered to warrant impairment of the value of an exposure, the necessary impairment charges will be effected in accordance with the rules in force and based on an assessment of the realisable value of any collateral provided and the expected date of realisation.

As a result of recent years' substantial impairment writedowns and discontinuance of business areas, the lending terms have been significantly tightened and the business areas which the bank intends to pursue in the future similarly narrowed down.

As described in the section on banking, impairment writedowns on Alm. Brand Bank's loans and mortgage deeds will remain subject to significant uncertainty in the years ahead.

FINANCIAL RISK

Market risk

The risk policy and the guidelines for the Management Board in the market risk area define the overall risk profile in relation to market risk. The overall guidelines are specified and allocated to the relevant operational business areas in market risk instructions, which are compared with the risk positions and reported to management on a daily basis. The risk management department is responsible for reporting market risk.

The banking group regularly takes positions in the financial markets for the account of customers as well as for its own account. The financial positions may involve different types of market risk. Active risk management is applied across the banking group in order to balance out financial risks on assets and liabilities and thereby achieve a satisfactory return that matches the banking group's risks and capital tied up. In connection with the risk management, derivative financial instruments are used to adjust the market risk.

NOTE 47 Risk management - continued

Interest rate risk
Interest rate risk expresses the risk of a loss in the event of a general one percentage point increase in market rates. Day-to-day interest rate risk is calculated and managed using modified option-adjusted durations calculated in the RIO system. RIO is updated and operated by Alm. Brand Bank.

Alm. Brand Bank's interest rate risk is managed on the basis of both accounting interest rate risk and total interest rate risk. Accounting interest rate risk is the risk on assets and liabilities adjusted over the bank's income statement as a result of an interest rate change. Total interest rate risk is the change in the market value of all assets and liabilities, irrespective of whether there is a value adjustment over the income statement as a result of an interest rate change.

The Board of Directors of Alm. Brand Bank has defined limits for interest rate risk. At 31 December 2012, the bank's total interest rate risk calculated pro rata was DKK 48 million, equivalent to 4.9% of equity, against a negative interest rate risk of DKK 44 million at 31 December 2011, equivalent to minus 4.1% of equity. The accounting interest rate risk amounted to DKK 77 million at 31 December 2012.

Much of the bank's interest rate risk derives from the mortgage deed portfolio. The bank uses an internal model to calculate and manage interest rate risk related to the mortgage deed portfolio, which takes into account expected prepayments and losses on mortgage deeds. As part of the bank's strategy, interest rate risk related to mortgage deeds is hedged to the extent possible. The group regularly uses financial instruments in managing interest rate risk. The risk management department reports interest rate risk on a daily basis.

Currency risk
The banking group's daily currency risk is calculated and managed on the basis of a weighted exchange rate indicator 1 exposure. The risk management department calculates and reports currency risk on a daily basis.

At 31 December 2012, the bank's currency risk calculated pro rata and according to the weighted exchange rate indicator 1 approach was DKK 2 million, or 0.3% of the core capital after deductions, against DKK 7 million, or 1.0% of the core capital after deductions at 31 December 2011.

The bank's investment strategy is to have only limited net positions in foreign currency. Derivative financial instruments are used to hedge currency risk.

Equity risk
Alm. Brand Bank holds equities in its investment portfolio as well as in its trading portfolio. The bank also holds positions in its subsidiaries Alm. Brand Formue A/S and Alm. Brand Leasing A/S.

In its investment portfolio, the bank has equity exposure in unlisted strategic equity investments in the form of sector shares, the objective of which are to support the banking group's operations and strategy. In addition, the bank has acquired a large portfolio of illiquid shares in connection with the winding up of a number of lending exposures. At 31 December 2012, the bank's equity exposure in its investment portfolio totalled DKK 185 million, against DKK 172 million at the year-earlier date.

The bank's trading portfolio consists of listed shares, unit trust certificates and a portfolio of unlisted shares. Alm. Brand Bank uses derivative financial instruments to manage its equity exposure. The banking group's equity risk is calculated and managed on a daily basis based on exposure to counterparties, sectors and geographical segments. The risk management department reports equity risk on a daily basis.

LIQUIDITY RISK
The banking group's liquidity strategy and the overall guidelines for liquidity management are defined in the liquidity policy and guidelines for the Management Board in the liquidity area.

The bank determines its liquidity management on the basis of a prudent risk profile. The bank manages and monitors liquidity on a day-to-day basis based on short-term and long-term liquidity requirements.

The short-term liquidity management is intended to ensure that Alm. Brand Bank complies with the statutory requirements at all times, including the guideposts of the Danish Financial Supervisory Authority's supervisory diamond. This is achieved partly by neutralising imminent liquidity effects, thereby maintaining liquidity within the limits defined by the Board of Directors, and partly by securing financial resources in the form of certificates of deposit and undrawn money market lines with major market players.

NOTE 47 Risk management - continued

The long-term liquidity management is intended to ensure that Alm. Brand Bank does not find itself in a situation where the cost of funding the bank's operations becomes disproportionately high.

The funding composition is based on high equity and capital base ratios, ensuring a solid capital base with a high solvency ratio. Moreover, the bank aims to have a funding base founded on deposits with interbank funding being used to the extent necessary. Other funding sources may be used if the price of funding makes it attractive.

In 2012, deposits were the largest funding source by far. Syndications were repaid in 2012, and bond issues under the Bank Package II guarantee were reduced by DKK 4 billion to stand at DKK 2 billion at 31 December 2012. In September 2012, the bank made use of the three-year credit facility made available by Danmarks Nationalbank by borrowing DKK 1 billion secured against bonds. In December, the bank replaced DKK 530 million worth of bonds by loans.

The bank aims to have excess liquidity coverage of at least 75% relative to section 152 of the Danish Financial Business Act. The bank has defined a detailed policy for its liquidity risks and a contingency plan in case liquidity falls below the 75% excess coverage target. At no time during 2012 did the bank fall below the excess liquidity coverage target.

The risk management department reports the bank's liquidity on a daily basis.

OPERATIONAL RISK

The Alm. Brand Group's operational risks are monitored on an ongoing basis in order to ensure that the necessary security measures, controls and resources are in place. The extent of these measures is balanced against the expenses they involve. Security measures are assessed relative to potential threats and their assessed probability of occurrence as well as the potential business consequences, should such threats materialise.

The Alm. Brand Group has a number of control procedures in the form of work routines, business procedures and reconciliation processes, performed locally and centrally throughout the organisation. Combined with the segregation of controlling and operational functions within the organisation and the training of staff, these procedures help minimise operational risks.

The group's consistent information security efforts are anchored in an IT security policy defined, adopted and annually revised by the Board of Directors. The policy defines general IT security requirements to ensure that the overall use of IT is secure and controlled. The IT policy is implemented in security guidelines and user guidance in the form of technical and administrative measures and business procedures.

The key banking systems are developed and operated by Bankdata. The group's other IT systems are developed in-house and operated mainly by in-house staff. In the event a contingency situation involving a long-term physical or IT breakdown, Alm. Brand has prepared plans to ensure that operations may continue and that the group's key business functions are restored. These efforts are based on a number of contingency objectives defined for the group and approved by the Board of Directors.. The objectives have been implemented in the form of a centrally managed contingency organisation, evacuation plans, contingency manuals in the individual departments, a robust basic technical IT setup as well as a focus on standardisation of processes as well as IT.

As part of its duties, the internal audit department performs an audit to ensure that defined work routines, business procedures and controls have been satisfactorily prepared, implemented and observed. As a supplement to the internal audit, an external IT audit is performed on the group's IT systems, and in that connection audit statements are obtained from Bankdata.

The group's risk profile and risk management are described in detail at www.almbrand.dk/risk

NOTE 47 Risk management - continued

INTEREST RATE RISK ON A ONE PERCENTAGE POINT INCREASE IN INTEREST RATES

	Parent		Pro rata		Group	
	DKKm	% of EQ	DKKm	% of EQ	DKKm	% of EQ
Mortgage deeds (incl. hedging)	-8	-0.8%	-8	-0.8%	-8	-0.8%
Bonds	-65	-6.6%	-69	-6.9%	-72	-7.3%
Other balance sheet items involving interest rate risk	125	12.6%	125	12.6%	125	12.6%
Total interest rate risk	52	5.2%	48	4.9%	45	4.5%

CURRENCY RISKS

	Parent	Pro rata	Group
	DKKm / %	DKKm / %	DKKm / %
Exchange rate indicator 1	2.1	2.3	5.5
Exchange rate indicator 2	1.9	3.7	8.1
Exchange rate indicator 1 as a percentage og Tier 1 capital after deductions	0.3%	0.3%	0.8%
Exchange rate indicator 1 as a percentage og Tier 1 capital after deductions	0.3%	0.5%	1.1%

EQUITY RISK ASSUMING A 10% PRICE DECLINE

	Parent		Pro rata		Group	
	DKKm	% of EQ	DKKm	% of EQ	DKKm	% of EQ
Shares listed on NASDAQ OMX Copenhagen A/S	0.4	0.0%	0.9	0.1%	11.5	1.2%
Shares listed on foreign exchanges	-2.8	-0.3%	0.5	0.1%	4.1	0.4%
Total listed shares	-2.4	-0.2%	1.4	0.1%	15.6	1.6%
Unlisted shares	41.7	4.2%	27.8	2.8%	27.8	2.8%
Total shares	39.2	3.9%	29.2	2.9%	43.4	4.4%

NOTE 48 Significant accounting estimates, assumptions and uncertainties

The consolidated and parent company financial statements have been prepared on the basis of certain special assumptions involving the use of accounting estimates. Such estimates are made by the company's management in accordance with the accounting policies and on the basis of historical experience and assumptions, which management considers prudent and realistic.

The most significant estimates concern the calculation of fair values of unlisted financial instruments, measurement of deferred tax assets, provisions and loans, advances and receivables.

In addition to these assumptions, the banking group is exposed to special risks and uncertainties in respect of impairment writedowns on loans and provision for losses on guarantees, which may cause actual results to differ from such estimates.

LOANS AND ADVANCES AT FAIR VALUE

Mortgage deeds are measured at fair value using a valuation technique based partly on observable market data (interest rates) and partly on expected future redemption and loss rates. The level of expected future redemption and loss rates is based partly on historic data and partly on assumptions of future developments. The fair value measurement is thus subject to material estimates.

IMPAIRMENT OF LOANS

In respect of impairment of loans, advances and other receivables, significant estimates have been applied in quantifying the risk that not all future payments may be received, including estimates related to determining whether a customer should be marked for objective evidence of impairment. If it can be determined that not all future payments will be received, the determination of the amount of the expected payments, including realisation values of any collateral and expected dividend payments from estates, involves significant estimates.

Continuing adverse and unforeseen economic developments may affect the payment ability of individual customers. For example, the values of the collateral forming the basis of the calculation of the bank's collateral may give rise to additional impairment writedowns especially on loans for activities concerning the funding of real property and agriculture.

In addition, changes are regularly made to the rules that form the basis of the calculation of impairment writedowns in the bank. Changes that are subsequently introduced may trigger higher impairment writedowns on the bank's loans, regardless of the fact that no events would seem to have occurred in relation to the customers' ability to pay or collateral that would warrant such higher impairment writedowns.

CAPITALISATION

At 31 December 2012, Alm. Brand Bank A/S had a solvency ratio of 19.4 and an individual solvency need of 15.7%. Relative to the statutory requirement, the bank thus had excess coverage of DKK 373 million.

On 28 February 2012, Alm. Brand A/S contributed DKK 300 million in equity to Alm. Brand Bank A/S.

On 26 February 2013, the parent company Alm. Brand A/S injected DKK 700 million equity into Alm. Brand Bank A/S. The capital increase is made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million of the state-funded hybrid core capital, which currently amounts to DKK 855 million.

Repayment will take place when permission is in place and will entail a substantial reduction of the bank's future funding costs and hence have a favourable impact on the bank's earnings and interest margin.

In the summer of 2010, Alm. Brand A/S made a commitment to contribute sufficient capital to Alm. Brand Bank A/S to ensure that Alm. Brand Bank would meet the higher of the solvency requirement and the individual solvency need of Alm. Brand Bank. This commitment has been maximised to DKK 2 billion and has thus lapsed.

Management believes that the bank has adequate capitalisation to withstand the business risks inherent in the bank's operations, including potential additional future impairment writedowns.

NOTE 48 Significant accounting estimates, assumptions and uncertainties - continued

CASH RESOURCES

To secure adequate cash resources until June 2013 and onwards, the bank has worked according to a detailed plan encompassing reduction of loans, attracting new deposits and, on a certain scale, raising of loans with Danmarks Nationalbank by pledging credit claims as collateral in accordance with the rules thereon. The implementation of these activities is progressing according to plan.

In 2012, the bank repaid funding in a total amount of DKK 7.7 billion and in September 2012 the bank made use of the three-year credit facility made available by Danmarks Nationalbank. The bank borrowed DKK 1 billion and provided security in the form of bonds. On 28 December 2012, the bank replaced DKK 530 million worth of bonds by loans.

Management monitors the cash position closely, applying stress testing to the expected future cash flow performance to prevent significant deviations from the defined assumptions from causing liquidity problems for the bank.

Funding totalling DKK 2.1 billion, including state-guaranteed bonds of DKK 2.0 billion, will fall due for repayment in 2013.

SENSITIVITY INFORMATION

Various types of calculated risk are taken as part of the day-to-day operations. The most important business risks and financial risks are listed in the tables below.

Interest rate risk on a one percentage point increase in interest rates

Pro rata 2012	DKKm	% of equity
Mortgage deeds (incl. hedging)	– 8	– 0.8%
Bonds	– 69	– 6.9%
Other balance sheet items involving interest rate risk	125	12.6%
Total interest rate risk	48	4.9%

Currency risks

Pro rata 2012	DKKm / %
Exchange rate indicator 1	2.3
Exchange rate indicator 2	3.7
Exchange rate indicator 1 as a percentage of Tier 1 capital after deductions	0.3%
Exchange rate indicator 2 as a percentage of Tier 1 capital after deductions	0.5%

Equity risk assuming a 10% price decline

Pro rata 2012	DKKm	% of equity
Shares listed on NASDAQ OMX Copenhagen A/S	0.9	0.1%
Shares listed on foreign exchanges	0.5	0.1%
Total listed shares	1.4	0.1%
Unlisted shares	27.8	2.8%
Total shares	29.2	2.9%

The individual risks are described in note 47, Risk management.

NOTE 49 Accounting policies

GENERAL

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The parent company financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the executive order on financial reports presented by credit institutions and investment companies. In addition, the financial statements are presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Additional Danish disclosure requirements in the annual report are for the group set out in the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S. For the parent company, the disclosure requirements are defined in the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S.

The financial statements are presented in Danish kroner (DKK), which is considered the primary currency of the group's activities and the functional currency of the parent company.

The accounting policies applied in the consolidated financial statements are described in the following. The accounting policies of the parent company on recognition and measurement are in accordance with the accounting policies of the group.

IMPLEMENTATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The financial statements for 2012 have been presented in accordance with the new and amended standards (IFRS/IAS) and interpretations (IFRIC) which apply for financial years starting on or after 1 January 2012. The implementation of new and amended standards and interpretations that have entered into force did not result in any changes in accounting policies affecting the profit/loss for the year, the balance sheet or financial information.

STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

At the date of publication of these financial statements, the following new or amended standards and interpretations, among others, have not yet entered into force, and are therefore not included in these financial statements:

- IFRS 9, Financial instruments: Classification and measurement (Financial assets) (November 2009). IFRS 9 concerns the accounting treatment of financial assets in relation to classification and measurement. Pursuant to IFRS 9, the "held-to-maturity" and "available-for-sale" categories are eliminated. A new optional category is defined for equity instruments which are not held for sale and which at initial recognition are classified in the category "fair value through other comprehensive income". In future, financial assets will thus be classified either as "measured at amortised cost" or "measured at fair value through profit or loss" or – in case of qualifying equity instruments – as "measured at fair value through other comprehensive income". The standard comes into force for financial years starting on or after 1 January 2015. The standard has not yet been adopted for use in the EU.

- IFRS 9, Financial instruments: Classification and measurement (Financial liabilities) (October 2010). The amendment to IFRS 9 adds provisions on the classification and measurement of financial liabilities and derecognition. The majority of the provisions of IAS 39 on recognition and measurement of financial liabilities are unchanged in IFRS 9. However, IFRS does introduce the following amendments:

    - The exemption in IAS 39 providing that derivative financial instruments related to unquoted assets may in some cases be measured at cost is eliminated. According to IFRS 9, all derivative financial instruments must be measured at fair value.
    - Under IFRS 9, when a company elects to measure financial liabilities at fair value (fair value option) the portion of the fair value adjustment for the period attributable to changes in the company's own credit rating should be presented in other comprehensive income.

NOTE 49 Accounting policies - continued

The derecognition provisions of IAS 39 are unchanged in IFRS 9. The standard is effective for financial years starting on or after 1 January 2015. The standard has not yet been adopted for use in the EU.

- IFRS 10, Consolidated Financial Statements (May 2011). IFRS 10 specifies the principles for consolidation of an entity. The standard supersedes the sections on consolidation in IAS 27, Consolidated and Separate Financial Statements. In certain areas, this standard provides significantly more guidance with a view to establishing whether an investor controls an investee. IFRS 10 determines that an investor controls an investee if and only if the investor has all of the following elements:

  - power over the investee
  - exposure, or rights, to variable returns from its involvement with the investee
  - the ability to use its power over the investee to affect the amount of the investor's return.

The standard comes into force in the EU for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

- IFRS 11, Joint Arrangements (May 2011). IFRS 11 concerns the accounting treatment of joint ventures. Proportional consolidation in the consolidated financial statements is no longer allowed, as joint ventures are to be recognised using the equity method in future. The standard comes into force for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

- IFRS 12, Disclosure of Interests in Other Entities (May 2011). IFRS 12 specifies disclosure requirements for consolidated and unconsolidated entities, joint ventures and associates. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the basis of control, any restrictions concerning consolidated assets and liabilities, risks associated with interests in unconsolidated entities and the involvement of non-controlling interests in the activities of consolidated entities. The standard comes into force for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

- IFRS 13, Fair Value Measurement (May 2011). IFRS 13 sets out a single framework for measuring fair value. This standard supersedes the guidance on fair value measurement provided in other standards. IFRS 13 thus provides a uniform definition of fair value. The standard comes into force for financial years starting on or after 1 January 2013. The standard has been adopted for use in the EU.

- IAS 32, Financial Instruments: Presentation (December 2011). The amendment clarifies the criteria for offsetting of financial assets and financial liabilities. The amendment comes into force for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

At the date of publication of these financial statements, there are a number of additional new or amended standards and interpretations which have not yet entered into force and which are therefore not included in these financial statements. Management believes that these new and amended standards and interpretations will not have any material impact on the financial statements for the coming financial years.

ACCOUNTING ESTIMATES

The calculation of the carrying amount of certain assets and liabilities is based on an estimate of the effect of future events on the values of such assets and liabilities. The most significant estimates relate to impairment of loans, the calculation of fair values of loans at fair value, unlisted financial instruments and provisions.

The estimates are based on assumptions considered appropriate by management. In addition, the banking group is subject to risks and uncertainties that may cause actual results to deviate from the estimates.

In respect of impairment of loans, advances and other receivables, significant estimates have been applied in quantifying the risk that not all future payments may be received. If it can be determined that not all future payments will be received, the determination of the amount of the expected payments, including realisation values of any collateral and expected dividend payments from estates, also involves significant estimates.

NOTE 49 Accounting policies - continued

COLLECTIVE IMPAIRMENT CHARGES

Loans, advances and receivables that are not written down individually are subject to a collective assessment of whether there is any indication of impairment for the group as a whole. A collective assessment involves groups of loans, advances and receivables with uniform credit risk characteristics.

The collective assessment is based on a segmentation model developed by the Association of Local Banks in Denmark, which is responsible for the ongoing maintenance and development of the model. The segmentation model determines the correlation in the individual groups between actual losses and a number of significant explanatory macroeconomic variables by way of a linear regression analysis. The explanatory macroeconomic variables include unemployment, housing prices, interest rates, number of bankruptcies/forced sales, etc.

The macroeconomic segmentation model is generally calculated on the basis of loss data for the entire banking sector. The bank has therefore assessed whether the model estimates reflect the bank's portfolio of loans and advances.

This assessment has entailed an adjustment of the model estimates to the bank's own circumstances, and these adjusted estimates form the basis of the calculation of collective impairment charges. An estimate has been calculated for each individual group of loans, advances and receivables, which expresses the percentage impairment of the specific group of loans, advances and receivables at the balance sheet date. The individual loans and advances' impact on collective impairment charges is calculated by comparing the actual risk of loss of the individual loans and advances with the original risk of loss of such loans and advances and the risk of loss of the loans and advances at the beginning of the current reporting period. The impairment is calculated as the difference between the carrying amount and the discounted value of the expected future payments.

BASIS OF CONSOLIDATION

The Alm. Brand Bank Group has decided to prepare and publish consolidated financial statements, notwithstanding that the banking group is included in the consolidated financial statements of a higher-ranking parent company.

The consolidated financial statements comprise the parent company, Alm. Brand Bank A/S, and group enterprises in which the parent company directly or indirectly exercises a controlling influence. Companies in which the group holds between 20% and 50% of the voting rights or otherwise exercises a significant but not a controlling influence are considered associates.

The consolidated financial statements are prepared on the basis of the financial statements of Alm. Brand Bank and its subsidiary undertakings by consolidating items of a similar nature and eliminating intra-group income and expenses, intra-group accounts and gains and losses on transactions between the consolidated companies. The financial statements used for consolidation are prepared or restated in accordance with the group's accounting policies.

Parent company investments in consolidated subsidiaries are offset by the parent company's proportionate share of the equity value of the subsidiaries.

The proportionate shares of the results and equity of subsidiaries attributable to minority interests are measured and recognised as an integral part of the income statement and the balance sheet. The share of the results attributable to minority interests is shown as the group's profit allocation.

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

INTRA-GROUP TRANSACTIONS

Intra-group services are settled on market terms or on a cost recovery basis. Intra-group accounts carry interest on market terms. Intra-group transactions in securities and other assets are settled at market prices.

NOTE 49 Accounting policies - continued

GENERAL RECOGNITION AND MEASUREMENT POLICIES

Income is recognised in the income statement as earned. This includes the recognition of value adjustments of financial assets and liabilities. Costs incurred to generate the year's income are recognised in the income statement. Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the financial statements which confirm or invalidate affairs and conditions existing at the balance sheet date.

Otherwise, assets and liabilities are recognised and measured as described for each individual item below.

In connection with the acquisition or sale of financial assets and liabilities, the settlement date is used as the recognition date. Changes to the value of the asset acquired or sold during the period from the transaction date to the settlement date are recognised as a financial asset or a financial liability. If the acquired item is measured at cost or amortised cost after initial recognition, any value changes during the period from the transaction date to the settlement date are not recognised.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount. This method allocates capital gains and losses over the term to maturity.

At the time of recognition, financial assets are divided into the following four categories:

- trading portfolio measured at fair value
- loans measured at amortised cost
- held-to-maturity investments measured at amortised cost
- financial assets designated at fair value with value adjustment through profit and loss.

At the time of recognition, financial liabilities are divided into the following three categories:

- trading portfolio measured at fair value
- financial liabilities designated at fair value with value adjustment through profit and loss
- other financial liabilities measured at amortised cost.

Below is a description of the accounting policies applied to financial assets and liabilities as well as other items.

FOREIGN CURRENCY

Transactions in foreign currency are translated into the functional currency at the transaction date. Gains and losses on exchange differences arising between the transaction date and the settlement date are recognised in the income statement.

Monetary assets and liabilities in foreign currency are translated at the exchange rates at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates applying at the transaction date and at the balance sheet date are recognised in the income statement.

Non-monetary assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates applying at the date of revaluation. Exchange rate adjustments are included in the fair value adjustment of the asset or liability. Other non-monetary items in foreign currency are translated at the exchange rates at the date of transaction.

REPO/REVERSE TRANSACTIONS

Securities sold under agreements to repurchase at a later date (repo transactions) are recognised in the balance sheet. Amounts received are included as amounts owed to the counterparty and are subject to interest at the agreed rate. The securities are measured as if they were still included in the balance sheet, and market value adjustments and interest etc. are recognised in the income statement.

Securities purchased under agreements to resell at a later date (reverse transactions) are not recognised in the balance sheet. Amounts paid are recognised as a receivable and are subject to interest at the agreed rate.

NOTE 49 Accounting policies - continued

DERIVATIVE FINANCIAL INSTRUMENTS

Forward transactions, futures, swaps, options and unsettled spot transactions are measured at fair value on initial and subsequent recognition. Positive and negative fair values of derivatives are recognised as Other assets and Other liabilities, respectively. Changes in the fair value of derivatives are recognised in the income statement.

HEDGE ACCOUNTING

As part of the risk management efforts, the fair value of certain fixed rate assets and liabilities is hedged through the use of derivatives. Changes in the fair value of derivatives designated as and qualifying for recognition as fair value hedges of a recognised asset or a liability are recognised in the income statement together with changes in the fair value of the hedged asset or hedged liability that can be attributed to the hedged risk.

TAX

Calculated current and deferred tax on the profit for the year and adjustments of tax charges for previous years are recognised in the income statement. Income tax for the year is recognised in the income statement on the basis of the tax regulations applying to the individual companies.

Current tax assets and liabilities are recognised in the balance sheet at the amount that can be calculated on the basis of the expected taxable income for the year. Current tax assets and liabilities are shown as net amounts to the extent that the amounts can legally be offset against each other and the items are expected to be settled net or simultaneously.

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax.

Deferred tax assets, including the tax base of tax losses carried forward, are measured at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax unit.

INCOME STATEMENT

Interest receivable comprises interest and interest-like income, while Interest payable comprises interest and interest-like expenses. Interest-like income and expenses comprise fees and commissions that are an integral part of the effective rate of interest. Interest income and expenses also include interest on financial instruments at fair value.

Interest income and expenses in respect of interest-bearing financial instruments measured at amortised cost are recognised in the income statement applying the effective interest method based on the cost of the financial instrument. Interest includes amortisation of fees which are part of the effective yield of the financial instrument, including origination fees, and amortisation of any additional difference between cost and redemption price.

Recognition of interest on loans and advances with impairment is made on the basis of the value after impairment.

Dividend on shares, etc. comprises dividends and similar income from equity investments.

Fees and commission income comprise income relating to services at the expense of the customers, while Fees and commissions payable include expenses concerning management fees, etc.

Value adjustments comprises value adjustments of assets and liabilities measured at fair value. The item also includes exchange rate adjustments.

NOTE 49 Accounting policies - continued

Other operating income includes leasing income from operating leases, proceeds from the sale of lease assets, income relating to Assets held temporarily, proceeds from the sale of tangible and intangible assets, as well as income from the sale of information services.

Staff costs and administrative expenses comprises remuneration for the Management Board and the Board of Directors and staff costs and other administrative expenses.

The group has concluded defined contribution plans with the majority of its employees, under which the group pays fixed contributions into the employees' pension plans to their pension companies. Expenses for pension contributions are recognised in the income statement in the period in which they are earned. The group has no obligations to pay additional contributions. There are no defined benefit plans in the group.

Other operating expenses comprises guarantee commission to Finansiel Stabilitet A/S and costs relating to Assets held temporarily. This item also includes value adjustment of Assets held temporarily.

Impairment of loans, advances and receivables, etc. comprises impairment of items that involve a credit risk and provisions for guarantees.

Profit/loss from investments in associates and group enterprises represents the share of the profit and loss after tax in associates and group enterprises.

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. Changes in deferred tax resulting from changes in tax rates are also recognised in this item.

BALANCE SHEET

Cash in hand and balances at call with central banks and Balances due from credit institutions and central banks are measured at fair value on initial recognition and subsequently at amortised cost. Balances due from credit institutions and central banks includes all receivables from credit institutions and central banks, including receivables in connection with genuine purchase and resale transactions.

Loans, advances and other receivables at fair value comprises loans, advances and receivables for which the price is fixed in active markets. The loans, advances and other receivables involved are measured at fair value on initial and subsequent recognition. Mortgage deeds are measured at fair value using a valuation technique based partly on observable market data (interest rates) and partly on expected future redemption and loss rates. The valuation technique is in accordance with generally recognised methods for pricing financial instruments.

Loans, advances and other receivables at amortised cost comprises all types of loans and advances, including receivables from finance leases, measured at amortised cost. Loans, advances and other receivables at amortised cost are measured on initial recognition at fair value plus transaction costs less fees and commissions received that are directly related to the acquisition or issue of the financial instrument.

Subsequently, Loans, advances and receivables are measured at amortised cost using the effective interest method with writedown for impairment. When the interest rate risk on fixed rate loans and advances is effectively hedged by means of derivative financial instruments, the fair value of the hedged interest rate risk is added to the amortised cost.

An ongoing evaluation takes place to detect any objective indication of impairment of Loans, advances and other receivables determined at amortised cost. In case of any objective indication of impairment, the loan, advance or receivable is written down by the difference between the carrying amount before the writedown and the present value of the expected future payments from the loan, advance or receivable. However, a realisation principle is used for distressed agricultural and property exposures.

Bonds at fair value comprises listed bonds and other claims for which the price is fixed in active markets. Bonds at fair value are measured at fair value on initial and subsequent recognition. The fair value of listed bonds is determined based on the closing price at the balance sheet date, or in the absence of a closing price, another public price deemed to be most similar thereto. However, the fair value of drawn listed bonds is calculated as the present value of the bonds. Other claims are measured at fair value using a valuation technique which is in accordance with generally recognised methods for pricing financial instruments.

NOTE 49 Accounting policies - continued

Shares, etc. comprises listed equity investments and other unlisted equity investments. Shares etc. are measured at fair value at initial and subsequent recognition. The fair value of listed equity investments is determined based on the closing price at the balance sheet date, or in the absence of a closing price, another public price deemed to be most similar thereto. The fair value of unlisted equity investments is determined as the transaction price that would result from a transaction between independent parties. If the fair value cannot be reliably measured, unlisted equity investments will be measured at cost less any impairment.

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

Other property, plant and equipment comprises operating equipment, furniture and fittings and operating leases, which are measured at the lower of cost less accumulated depreciation and impairment charges and the recoverable amount. Depreciation is carried out on a straight-line basis with due consideration of the expected residual value over the expected useful life of the assets, which is expected to be up to five years.

Assets held temporarily comprises assets only temporarily in the company's possession and awaiting sale within a short time and where a sale is very probable. The item is measured at the lower of the carrying amount and the fair value less expected costs to sell.

Other assets comprises the positive fair value of spot transactions and derivatives and income that does not fall due for payment until after the end of the financial year, including interest receivable and dividend receivable.

Prepayments comprises expenses incurred prior to the balance sheet date but which relate to a subsequent accounting period, including prepaid commission and prepaid interest.

Payables to credit institutions and central banks comprises obligations in connection with genuine sale and repurchase transactions and receivable margins in connection with futures and option transactions. Payables to credit institutions and central banks are measured at fair value on initial recognition and subsequently at amortised cost.

Deposits and other payables comprises all deposits, including obligations in connection with genuine sale and repurchase transactions and customers' receivable margins in connection with futures and option transactions. Deposits and other payables are measured at fair value on initial recognition and subsequently at amortised cost.

Issued bonds at amortised cost are measured at fair value on initial recognition, equalling the payment received less directly attributable costs incurred. Subsequently, issued bonds are measured at amortised cost using the effective interest method.

Liabilities temporarily acquired comprises liabilities acquired in connection with Assets held temporarily.

Other liabilities comprises the negative fair value of spot transactions and derivatives and expenses that do not fall due for payment until after the end of the financial year, including interest payable.

Deferred income comprises income received prior to the balance sheet date but which relates to a subsequent accounting period, including interest and commission received in advance.

Provisions includes liabilities which are uncertain with respect to size or time of settlement when it is likely that the obligation will require an outflow of the company's financial resources, and the obligation can be measured reliably.

Provisions for pensions and similar obligations comprise jubilee benefits, etc. to employees, notwithstanding that the future benefit is subject to the individual being employed by the company at the time of the benefit. The value of the future benefits is measured as the present value of the benefits expected to be paid based on a best estimate.

NOTE 49 Accounting policies - continued

Provisions for losses on guarantees are measured at the best estimate of the costs necessary to meet the relevant obligation at the balance sheet date. However, as a minimum, the provision will be recognised at the premium or commission received, amortised systematically over the risk period received to undertake the guarantee.

Subordinated debt comprises liabilities which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until any other creditor claims have been honoured.

Subordinated debt is initially measured at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost using the effective interest method. When the interest rate risk on subordinated debt has been effectively hedged by means of financial instruments, the fair value of the hedged interest rate risk is added to the amortised cost.

SEGMENT REPORTING

Business segments are the group's primary segment, while the geographical segment is the secondary segment. Information is provided about business segments only, because the geographical segment for the group solely comprises the Danish market.

The segment information follows the group's internal reporting structure, reflecting a risk allocation on relevant business areas. Transactions between the segments are settled on market terms. The segment activities and obligations are the operating activities and operating obligations applied in the operation of a segment or arisen in connection with the operation of the segment and which are directly related to the segment.

The joint expenses of the parent company, other income statement items, other assets, other liabilities and intra-group eliminations are included under the segment Other/Eliminations.

CASH FLOW STATEMENT

The cash flow statement shows the group's cash flows for the year divided into cash flows from operating activities, working capital, investing activities and financing activities. The cash flow statement is presented using the indirect method and based on the profit/loss for the year before tax.

Cash flows from operating activities includes the items of the income statement adjusted for operating items of a non-cash nature. Realised gains and losses on the sale of tangible assets are included in cash flows from investing activities.

Cash flows from working capital includes assets and liabilities related to operating activities, including loans, deposits etc.

Cash flows from investing activities includes acquisitions and divestments of subsidiaries as well as net investments in assets not related to operating activities, including realised gains and losses on the sale of such assets.

Cash flows from financing activities includes financing from shareholders as well as by raising of short-term and long-term loans, including issued bonds.

Cash and cash equivalents comprises cash at bank and in hand and balances due from credit institutions and central banks with a remaining term of up to three months.

Definitions of ratios

Interest margin	$= \frac{\text{Interest receivable}}{\text{Average interest-bearing assets}} - \frac{\text{Interest payable}}{\text{Average interest-bearing liabilities}}$
Solvency ratio	$= \frac{\text{Capital base}}{\text{Risk-weighted assets}}$
Tier 1 ratio	$= \frac{\text{Tier 1 capital including hybrid Tier 1 capital less deduction}}{\text{Risk-weighted assets}}$
Equity ratio	$= \frac{\text{Tier 1 capital after deductions}}{\text{Risk-weighted assets}}$
Average shareholders' equity	$= \frac{\text{Shareholders' equity at beginning of year + shareholders' equity at year-end}}{2}$
Return on equity before tax	$= \frac{\text{(Profit after tax - minority interests before tax) x 100}}{\text{Average shareholders' equity}}$
Return on equity after tax	$= \frac{\text{(Profit after tax - minority interests after tax) x 100}}{\text{Average shareholders' equity}}$
Income/cost ratio	$= \frac{\text{Income}}{\text{Costs}}$
Interest rate risk (percent)	$= \frac{\text{Interest rate risk}}{\text{Tier 1 capital including hybrid Tier 1 capital less deduction}}$
Foreign exchange position	$= \frac{\text{Exchange rate indicator 1}}{\text{Tier 1 capital including hybrid Tier 1 capital less deduction}}$
Foreign exchange risk	$= \frac{\text{Exchange rate indicator 2}}{\text{Tier 1 capital including hybrid Tier 1 capital less deduction}}$
Loans and advances	= Loans, advances and other receivables at fair value + Loans, advances and other receivables at amortised cost
Loans and advances as a percentage of deposits	$= \frac{\text{Loans and advances + Impairment losses}}{\text{Deposits and other payables}}$
Gearing of loans and advances	$= \frac{\text{Loans and advances}}{\text{Shareholders' equity}}$

Annual growth in lending $= \dfrac{\text{(Loans, etc. at year-end - Loans, etc. at beginning of year) x 100}}{\text{Loans and advances at beginning of year}}$

Excess cover relative to statutory liquidity requirement $= \dfrac{\text{Excess liquidity after compliance with s. 152(2) of the Danish Financial Business Act}}{\text{10\% - statutory requirement}}$

Total amount of large exposures (percent) $= \dfrac{\text{Total amount of large exposures}}{\text{Capital base}}$

Share of receivables at reduced interest rate $= \dfrac{\text{Receivables at reduced interest rate}}{\text{Loans and advances, etc. + Guarantees + Impairment losses}}$

Impairment ratio for the year $= \dfrac{\text{Impairment losses for the year}}{\text{Loans and advances, etc. + Guarantees + Impairment losses}}$

Funding-ratio $= \dfrac{\text{Loans and advances}}{\text{Working capital less bonds with a remaining maturity of less than 1 year}}$

The calculation of average equity takes into account capital increases where capital increases are included at a proportionate share relative to the date of the change. Shares held by minority interests are not included in the calculation of average equity.

Directorships and special qualifications

Board of directors

DIRECTORSHIPS

Farm owner
JØRGEN HESSELBJERG MIKKELSEN
Chairman
Born 1954
Appointed 2004

Chairman of the boards of directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Member of the boards of directors of:
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Chairman of the boards of directors of:
Danish Agro A.m.b.a
Danish Agro Byggecenter A/S
Danish Agro Trading A/S
Danish Agro Finance A/S
Tømrermester Søren Gliese-Mikkelsen A/S

Member of the boards of directors of:
DPL Invest A/S (Investeringsselskabet for
Dansk Primær Landbrug)
Hesselbjerg Agro A/S
Vilomix International Holding A/S
DLA International Holding A/S
Dan Agro Holding A/S

Managing director of:
J.H.M. Holding 2010 ApS

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into economic matters

DIRECTORSHIPS

Managing director
BORIS NØRGAARD KJELDSEN
Deputy Chairman
Born 1959
Appointed 2009

Deputy chairman of the boards of directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Member of the boards of directors of:
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Chairman of the boards of directors of:
Breinholt Consulting A/S
Breinholt Invest A/S
DATEA A/S
Kemp & Lauritzen A/S
Sigvald Madsen Holding A/S

Member of the boards of directors of:
Benny Johansen & Sønner A/S
DAVISTA Komplementarselskab A/S
DAVISTA K/S
Ejendomsforeningen Danmark (Deputy Chairman)

Managing director of:
DADES A/S (Chief Executive)
DAVISTA Komplementarselskab A/S
DAVISTA K/S

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into legal matters

DIRECTORSHIPS

Chief Executive Officer
SØREN BOE MORTENSEN
Born 1955
Appointed 1998

Chief Executive Officer of:
Alm. Brand A/S
Alm. Brand af 1792 fmba

Chairman of the boards of directors of:
Asgaard Finans A/S
Alm. Brand Forsikring A/S
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Formue A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Deputy chairman of the board of directors of:
Alm. Brand Bank A/S

Chairman appointed by the management board of:
Pensionskassen under Alm. Brand A/S

Directorships outside the Alm. Brand Group

Chairman of the board of directors of:
Forsikringsakademiet A/S

Member of the board of directors of:
Forsikring & Pension (Deputy Chairman)

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into economic matters
Insight into legal matters

DIRECTORSHIPS

Managing director
JAN SKYTTE PEDERSEN
Born 1956
Appointed 2012

Member of the boards of directors of:
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond
Alm. Brand Forsikring A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Directorships outside the Alm. Brand Group

Member of the boards of directors of:
Energimidt Holding A.M.B.A.
Energimidt Renewables A/S
Herm. Rasmussen A/S Holding
Herm. Rasmussen A/S
Herm. Rasmussen A/S Malerforretning
Herm. Rasmussen A/S Erhvervsejendomme
K/S Papirfabrikken
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab
Ringvejens Autolakereri A/S
Silkeborg IF Invest A/S
Gustav Hansen Holding A/S
Gustav Hansen Murer og Entreprenører A/S
Fast Entreprise A/S
Den Selvejende Institution Silkeborg Fodbold College
EnergiMidt Handel A/S
Michael Sørensens Stiftelse

Managing director of:
Herm. Rasmussen A/S Holding
Herm. Rasmussen A/S
Herm. Rasmussen A/S Malerforretning
Herm. Rasmussen A/S Erhvervsejendomme
Ringvejens Autolakereri A/S
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

DIRECTORSHIPS

State-authorised public accountant
ARNE NIELSEN
Born 1944
Appointed 2009

Member of the boards of directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Managing director of:
Cartofico Lejlighed 4 P/S

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into economic matters
Insight into legal matters

DIRECTORSHIPS

Head of Department
CHRISTIAN BUNDGAARD
Born 1976
Appointed 2010

Member of the board of directors of:
Alm. Brand Bank A/S

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

DIRECTORSHIPS

Senior Vice President
JESPER CHRISTIANSEN
Born 1974
Appointed 2009

Member of the board of directors of:
Alm. Brand Bank A/S

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into legal matters
Insight into economic matters

Kim Bai Wadstrøm,
Chief Executive
of Alm. Brand Bank

Management board

DIRECTORSHIPS

Chief Executive
KIM BAI WADSTRØM
Born 1964
Joined Alm. Brand in 2011
Chief Executive of Alm. Brand Bank A/S since 2011

Chief Executive:
Alm. Brand Bank A/S

Chairman of the boards of directors of:
Alm. Brand Leasing A/S

Member of the board of directors of:
Alm. Brand Formue A/S (Deputy Chairman)

Disclaimer
The forecast is based on the interest rate and price levels that prevailed at mid-February 2013. All other forward-looking statements are based exclusively on the information available when this interim report was released.

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

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information containedin this report should independently consider any uncertainties of significance to their decision. A more detailed review of the bank's risks is provided in Note 47, Risk management.

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

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