

ALM. BRAND A/S

interim report -the third quarter of year 2011



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COMPANY INFORMATION

BOARD OF DIRECTORS

Jørgen H. Mikkelsen, Chairman
Boris N. Kjeldsen, Deputy Chairman
Henrik Christensen
Tage Benjaminsen
Per V. H. Frandsen
Arne Nielsen
Jan S. Pedersen
Per Dahlbom
Helle L. Frederiksen
Henning Kaffka
Susanne Larsen

EXECUTIVE BOARD

Søren Boe Mortensen, Chief Executive

AUDITORS

Deloitte, Statsautoriseret Revisionsaktieselskab

INTERNAL AUDITOR

Poul-Erik Winther, Chief auditor

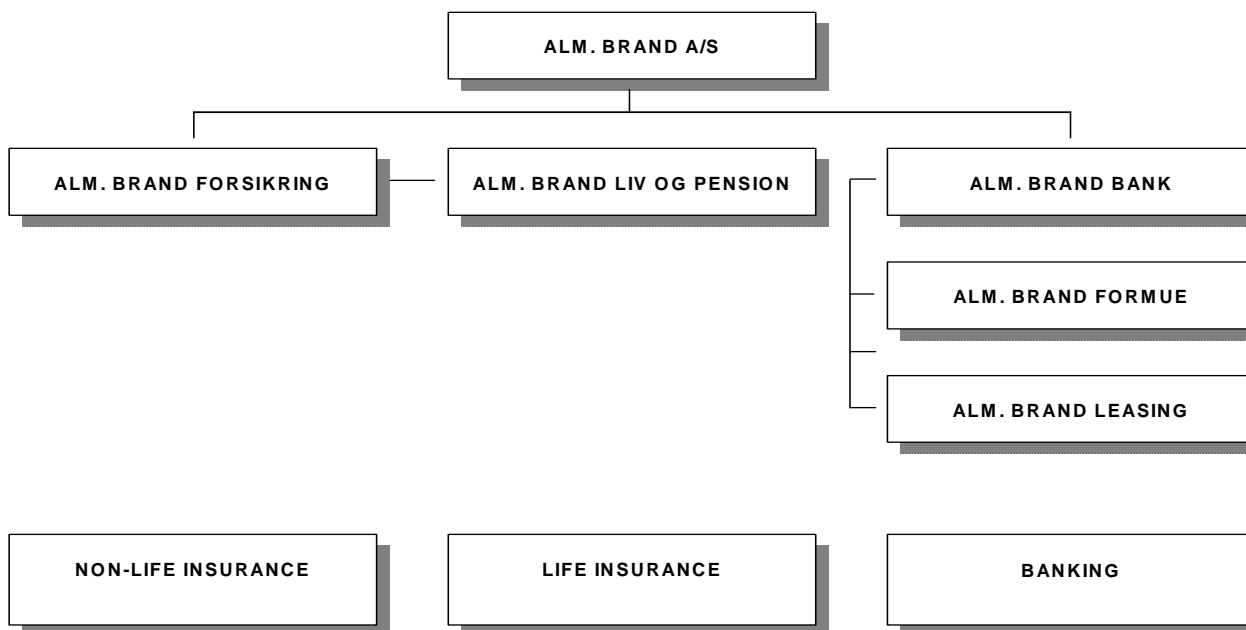
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GROUP STRUCTURE



Dormant or discontinuing activities are not included.

Alm. Brand A/S is a listed Danish financial services group focusing on the Danish market. The group carries on non-life insurance, life insurance and pension activities as well as banking activities and generates annual consolidated revenue of DKK 7 billion.

Alm. Brand's vision "We take care of our customers" is the guiding principle for the experience customers should have when they interact with Alm. Brand.

The group's insurance and pension products cover private lines, agriculture as well as small and medium-sized businesses. The bank focuses primarily on the private customer market as well as on asset management and markets activities.

Alm. Brand is Denmark's fourth largest provider of non-life insurance products. The group's life insurance, pension and banking activities complement the services we provide to our non-life insurance customers.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

	Q3	Q3	Q1-Q3	Q1-Q3	Year
DKKm	2011	2010	2011	2010	2010
Income					
Non-Life Insurance	1,229	1,201	3,567	3,559	4,762
Banking	252	289	779	846	1,132
Life Insurance	126	151	455	499	719
Investments	172	170	531	530	728
Total income	1,779	1,811	5,332	5,434	7,341
Profit excluding minorities					
Non-Life Insurance	39	105	283	41	207
Banking	-156	-488	-504	-660	-869
Life Insurance	38	30	100	159	181
Other activities	-16	-9	-39	-36	-55
Profit before tax	-95	-362	-160	-496	-536
Tax	21	87	38	143	135
Profit after tax	-74	-275	-122	-353	-401
Profit Group					
Profit before tax, Group	-117	-363	-194	-500	-539
Tax	21	87	38	143	135
Profit after tax, Group	-96	-276	-156	-357	-404
Provisions for insurance contracts	19,291	19,164	19,291	19,164	18,413
Shareholders' equity	4,583	3,304	4,583	3,304	4,758
Of which minority interests	107	156	107	156	160
Total assets	46,829	49,669	46,829	49,669	48,149
Return on equity before tax excluding minorities p.a.	-8%	-44%	-5%	-20%	-16%
Return on equity after tax excluding minorities p.a.	-7%	-33%	-4%	-14%	-12%
Earnings per Share	-0.4	-16	-0.7	-21	-24
Diluted Earnings per Share	-0.4	-16	-0.7	-21	-24
Net assets value per Share	26	186	26	186	27
Share price end of period	7.1	48	7.1	48.0	14.2
Share price/Net asset value	0.27	0.26	0.27	0.26	0.53
Number of shares end of period ('000)	173,358	16,929	173,358	16,929	173,079
Average number of shares ('000)	173,358	16,882	173,358	16,882	16,882

The Alm. Brand A/S Group

Financial results

The Alm. Brand A/S Group posted a profit before tax and before losses and writedowns in the bank of DKK 36 million for the third quarter of 2011. Including losses and writedowns, the group incurred a loss of DKK 95 million.

For the year to date, Alm. Brand A/S posted a profit of DKK 197 million before tax and before losses and writedowns, against a profit of DKK 255 million for the same period of 2010. Including losses and writedowns, the company incurred a loss of DKK 160 million, against a loss of DKK 496 million in 2010.

The performance was favourably impacted by a general improvement of the claims experience in spite of many weather-related claims, a positive development of the life insurance activities and a sustained decline in costs.

The performance was adversely affected by value adjustments, substantial financing costs and declining interest income due to the bank's winding up of parts of its lending portfolio.

The group's overall costs amounted to DKK 965 million for the year to date, a fall of 13% relative to the same period of last year.

Non-life insurance

The group's non-life insurance activities continue to develop positively and ahead of expectations. Accordingly, the combined ratio was 95.7 for the third quarter and 93.0 for the year to date in spite of net expenses of DKK 141 million for the 2 July cloudburst. Before reinsurance recoveries, claims expenses in relation to the cloudburst amounted to DKK 500 million.

Claims expenses for the underlying business as well as for major claims declined, while costs continued to fall. The expense ratio was thus 15.7 for the year to date. In the same period of last year, it was 17.3.

Banking

In line with expectations, the bank's third quarter operating performance was adversely affected by value adjustments due to sustained turmoil in the financial markets and by falling net interest income due to a combination of higher financing costs and declining interest income as a result of the winding up of parts of the bank's lending portfolio.

The financial results were thus adversely affected by the bank's substantial expenses for the state-guaranteed bonds and for the hybrid Tier 1 capital raised under Bank Package II.

The bank's performance for the year to date was impacted by expenses paid to the Danish Guarantee Scheme for Depositors and Investors in connection with a number of bank closures and bankruptcies in a total amount of DKK 34 million.

The bank had a substantial amount of excess liquidity of approximately DKK 7 billion, equivalent to an excess cover of 346% relative to the statutory requirement.

The bank's impairment writedowns on loans developed in line with expectations, but they remain high.

The bank has resolved to raise the individual solvency need, primarily for the agricultural segment but also slightly for the private customer segment. The increase is implemented due to the greater uncertainty about future developments in these two areas, although this has not yet led to additional losses and writedowns. The bank's capital base exceeded the individual solvency need by 3.1 percentage points.

Life insurance

Life insurance and pension activities also performed ahead of expectations, supported by good expense and risk results.

As a result of its prudent investment strategy, the company also achieved a bonus rate of 3.1% in spite of the turmoil in the financial markets. Accordingly, there was no need to introduce a transfer and surrender charge.

For the group as a whole, payments into pension schemes rose by 13% for the year to date.

Other business activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations at a pre-tax loss of DKK 39 million for the year to date, against a loss of DKK 36 million for the same period of 2010.

Group

For the year to date, the group had an average of 1,570 employees, compared with 1,724 in the same period of 2010.

The Alm. Brand A/S Group generated total revenue of DKK 5.3 billion in the nine months ended 30 September 2011.

Earnings per share for the year to date were negative at DKK 0.70, and the net asset value per share was DKK 26 at 30 September 2011.

The group's equity stood at DKK 4.6 billion at 30 September 2011, which was DKK 0.2 billion lower than at 31 December 2010.

Capitalisation

The group's capital base stood at DKK 5,581 million at 30 September 2011, corresponding to an excess of DKK 1,874 million relative to the statutory capital requirement for the group.

The group's internal capital target, which has been adapted to the future stricter requirements under Solvency II and Basel III and provides scope for absorbing a number of unforeseen external events, was DKK 5,677 million.

Capital base of the group	5,581
Statutory capital requirement for the group	3,707
Excess relative to statutory capital requirement	
Internal capital target of the group	5,677
Excess relative to internal capital target	-96

Major events

Capital injection

As described in the interim report released in August 2011 and, as announced on 27 September, Alm. Brand A/S injected additional capital in the amount of DKK 200 million into the bank.

Cloudburst in July

On 2 July, Copenhagen was hit by a violent cloudburst. Total claims expenses payable to Alm. Brand's customers are expected to amount to DKK 500 million, and Alm. Brand is expected to incur an expense net of reinsurance, i.e. after reinsurance recoveries, of DKK 141 million.

New Chief Executive of Alm. Brand Bank

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

Changes to the board of directors

At an extraordinary general meeting of Alm. Brand Bank A/S held on 7 September 2011, Søren Boe Mortensen was elected to the bank's board of di-

rectors after having resigned for a brief period to take up the position of acting chief executive of the bank.

Outlook

The guidance for the full-year consolidated profit is lifted by DKK 50 million to DKK 325 million before tax and before losses and writedowns in the bank.

The revised guidance is based on an upgrade of the forecast for non-life and life insurance operations by a total of DKK 50 million, while expectations for the bank's performance are retained.

The banking group's total loans and advances excluding reverse transactions are expected to drop by around DKK 1.5 billion in 2011.

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

The guidance is based on the following forecasts for the individual business areas:

	August 2011 *)	November 2011 *)
Non-Life	380	410
Banking	-155	-155
Life	90	110
Other	-40	-40
Profit before tax and minorities	275	325

*) Before writedowns in the bank

The guidance for the non-life combined ratio for 2011 is improved to around 93.

Full-year consolidated revenue for 2011 is expected to be in the region of DKK 7 billion.

We will continue to focus strongly on the measures already launched to improve the group's performance, including to improve the correlation between price and risk in our insurance operations, to maintain premium income at the current level and to increase the bank's core earnings.

Disclaimer

The forecast is based on the interest rate and price levels that prevailed at 30 September 2011. All other forward-looking statements are based exclusively on the information available when this interim report was released. This announcement contains forward-looking statements regarding the company's expectations for future financial developments and results and other statements which are not historical facts. Such forward-looking statements are based on various assumptions and expectations which reflect the company's current views and assumptions, but which are inherently subject to significant risks and uncertainties, including matters beyond the company's control. Actual and future results and developments may differ materially from those contained or assumed in such statements. Matters which may affect the future development and results of the group as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist events, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

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

REPORT – NON-LIFE INSURANCE

	Q3	Q3	Q1-Q3	Q1-Q3	Year
DKKm	2011	2010	2011	2010	2010
Gross premiums	1,229	1,201	3,567	3,559	4,762
Investment income on insurance business	8	6	35	25	33
Claims incurred	-1,293	-904	-2,904	-2,839	-3,702
Underwriting management expenses	-180	-207	-561	-652	-839
Profit from business ceded	297	4	147	-87	-136
Underwriting profit	61	100	284	6	118
Interest and dividends etc.	65	72	197	214	283
Capital gains/losses	-43	-27	-49	-46	-22
Management expenses relating to investment business	-4	-5	-14	-15	-19
Interest on technical provisions	-40	-36	-135	-120	-155
Profit on investments business after allocation of technical interest	-22	4	-1	33	87
Other ordinary items	0	1	0	2	2
Profit before tax	39	105	283	41	207
Tax	-10	-26	-70	-10	-51
Profit for the year	29	79	213	31	156
Run-off gains/losses	15	65	92	162	139
Technical provisions	7,717	7,399	7,717	7,399	6,920
Insurance assets	483	192	483	192	163
Shareholders' equity	2,021	1,683	2,021	1,683	1,808
Total assets	10,325	9,854	10,325	9,854	9,383
Gross claims ratio	105.2%	75.3%	81.4%	79.8%	77.8%
Gross expense ratio	14.7%	17.2%	15.7%	18.3%	17.6%
Net reinsurance ratio	-24.2%	-0.3%	-4.1%	2.5%	2.8%
Combined ratio	95.7%	92.2%	93.0%	100.6%	98.2%
Operating ratio	95.1%	91.7%	92.1%	99.8%	97.6%
Return on equity before tax p.a.	8%	26%	20%	3%	12%
Return on equity after tax p.a.	6%	20%	15%	2%	9%

Financial results

Non-life insurance operations posted a profit of DKK 283 million before tax for the year to date, against DKK 41 million in the year-earlier period.

The performance for the year to date was highly satisfactory and better than expected in spite of the DKK 141 million expense from the 2 July cloudburst.

Non-life insurance operations continue to outperform expectations. Claims expenses on the underlying business as well as on major claims declined, while costs continued to fall. Finally, the

performance was favourably affected by run-off gains.

The performance equalled a return on equity of 20% p.a. before tax, against a return of 3% p.a. in the year-earlier period.

Third quarter

Non-life insurance operations posted a profit of DKK 39 million before tax in Q3 2011, against a profit of DKK 105 million in Q3 2010. The performance was satisfactory in light of the cloudburst expenses and was better than expected at

the announcement of the half-year financial results.

The Q3 performance was lifted by higher premium income, lower expenses for major claims and lower costs. Moreover, the underlying business again outperformed expectations.

The Q3 performance was adversely affected by the 2 July cloudburst, fewer run-off gains and a lower investment return compared with the same period of 2010.

The performance for the third quarter equalled a return on equity of 8% p.a. before tax, against a return of 26% p.a. in Q3 2010.

Premiums

The year-to-date premium income was DKK 3,567 million, against DKK 3,559 million for the nine months ended 30 September 2010, an increase of 0.2%.

Gross premiums totalled DKK 1,229 million in Q3, an increase of 2.3% on the year-earlier period.

The increase in premium income was attributable to an adjustment of the method for calculating provisions for health and personal accident insurances at market value. The change resulted in a non-recurring income of DKK 25 million in Q3.

Adjusted for this non-recurring effect, premium income was slightly higher than had been forecast in the half-year financial statements.

Claims experience

The year-to-date claims ratio including run-off gains was 81.4, against 79.8 in the same period of last year.

The claims ratio for the year to date was adversely affected by the cloudburst that hit the Copenhagen area on 2 July as well as by fewer run-off gains relative to the same period of 2010.

The claims ratio was also favourably affected by lower expenses for major claims and by a better performance of the underlying business, which represents the overall claims expenses excluding major claims and weather-related claims.

Overall, the claims ratio of the underlying business improved by 3.0 percentage points relative to the same period of last year.

The improvement was driven by a number of performance-enhancing activities implemented by Alm. Brand since 2009, including premium adjustments, changed terms, greater deductibles

and more precise risk assessments and better procurement contracts.

The claims frequency continued to fall on most products, among other things, due to higher deductibles.

The claims ratio was 105.2 in Q3 2011, compared with 75.3 in Q3 2010.

Gross claims expenses from the 2 July cloudburst are estimated at DKK 500 million, which reduced the Q3 claims ratio by 40.6 percentage points.

Moreover, the claims ratio was adversely affected by higher average expenses for minor claims than in the third quarter of 2010, especially on commercial building and motor insurances.

The Q3 claims ratio was favourably affected by fewer minor claims and lower expenses for major claims than had been anticipated. Also, the claims frequency was lower than in the same period of last year.

The decline in the number of burglary claims continued. In the third quarter, Alm. Brand recorded a 20% decline in the number of claims reported relative to the third quarter of 2010. For the year to date, there was a 10% decline in the number of burglary claims reported.

Weather-related claims

Total expenses for weather-related claims amounted to DKK 537 million in Q3, against DKK 160 million in Q3 2010. Weather-related claims affected the gross claims ratio by 43.7 percentage points in Q3, compared with 13.3 percentage points in the year-earlier period.

Alm. Brand's reinsurance programme covers the claims related to the 2 July cloudburst with retention of DKK 75 million. To this should be added an aggregate premium of DKK 66 million to re-establish Alm. Brand's reinsurance cover.

After reinsurance recoveries and premiums paid to re-establish the reinsurance cover, weather-related claims amounted to a net expense of DKK 177 million in Q3, against DKK 105 million in Q3 2010.

The effect on the combined ratio was 5.7 percentage points compared with the third quarter of 2010.

For the year to date, weather-related claims affected the combined ratio by 8.0 percentage points after reinsurance recoveries and re-

establishment of reinsurance cover, against 11.6 percentage points in 2010.

Major claims

For the year to date, total expenses for major claims after reinsurance recoveries amounted to DKK 229 million, compared with DKK 266 million in the same period of 2010, equivalent to 6.4 percentage points of the combined ratio in 9M 2011 and 7.5 percentage points of the combined ratio in 9M 2010.

Major claims after reinsurance recoveries amounted to DKK 67 million in Q3 2011, against DKK 85 million in Q3 2010. The performance was better than expected. Major claims affected the combined ratio by 5.4 percentage points, compared with 7.1 percentage points after reinsurance recoveries last year.

Effect of interest rate fluctuations

The discounting rate used for provisions was higher in 2011 to date than it was in the same period of 2010. This reduced the claims ratio by 0.2 of a percentage point for the year to date.

Interest rates declined in the third quarter, and at 30 September 2011 interest rates were lower than they were at 30 September 2010. During the third quarter of 2011, however, average interest rates were slightly higher compared with the same period of 2010. The effect on the claims ratio in the third quarter was a reduction of 0.3 of a percentage point relative to the third quarter of 2010.

Run-off result

The run-off result for the year to date amounted to a gain of DKK 92 million, against DKK 162 million in 2010. Gains were reported in the motor, personal accident and building and house contents lines.

The run-off result was a gain of DKK 15 million in Q3 2011, against a gain of DKK 65 million in Q3 2010.

Net reinsurance ratio

For the year to date, the net reinsurance ratio amounted to a 4.1% income, against a 2.5% expense for the same period of 2010.

The Q3 reinsurance result was a net income of DKK 297 million, equivalent to a net reinsurance ratio of 24.2%. In Q3 2010, the net reinsurance ratio was 0.3%, equivalent to an income of DKK 4 million for Alm. Brand.

Expenses for claims related to the 2 July cloudburst are estimated at DKK 500 million, of which reinsurers will cover DKK 425 million. Reinsuran-

ce premiums of DKK 66 million were paid to re-establish Alm. Brand's reinsurance cover.

The 2 July cloudburst thus reduced the financial results by DKK 141 million, which was in line with the guidance provided in connection with the half-year financial statements.

Costs

For a number of years, the group has made a dedicated effort to reduce costs, including through the implementation of a number of organisational adjustments, the most recent of which took place in the third quarter of 2010.

Year-to-date expenses totalled 15.7%, against 18.3% last year. This means that the group has achieved its goal of changing the level of costs a year ahead of schedule.

The Q3 expense ratio was 14.7, against 17.2 in Q3 2010.

Combined ratio

The year-to-date performance produced a combined ratio of 93.0, against 100.6 in the same period of 2010.

The Q3 combined ratio was 95.7, against 92.2 in Q3 2010.

The table below breaks down the combined ratio into claims relating to the underlying business, re-establishment premiums, major claims, weather-related claims and run-off result after reinsurance recoveries.

	2009	2010	Q1-Q3 2010	Q1-Q3 2011
Combined Ratio, underlying business	88.8	85.5	86.0	81.2
Major claims	7.8	7.1	7.5	6.4
Weather-related claims	3.1	8.5	11.6	6.1
Reinstatement premiums	0.0	0.0	0.0	1.9
Run-off result	-1.7	-2.9	-4.5	-2.6
Combined Ratio	98.0	98.2	100.6	93.0

Investment return

The investment return totalled DKK 321 million for the year to date, and value adjustments of provisions produced a loss of DKK 187 million. The return before transfer to insurance activities was thus DKK 134 million for the year to date, against DKK 153 million for the same period of last year.

The return after interest on technical provisions was negative at DKK 1 million, against a positive return of DKK 33 million in 2010.

The non-life investment assets are predominantly placed in interest-bearing assets with an overweight of mortgage bonds. Throughout the third quarter, the interest-bearing assets had a weighted duration of approximately two years.

Alm. Brand intends, through the use of interest rate swaps, to roughly align the interest rate exposure on assets with the interest rate exposure on provisions.

The non-life equity exposure was less than 1% of the investment assets in Q3 2011.

Interest rates declined significantly during the third quarter of 2011, which resulted in positive value adjustments of assets. However, these positive value adjustments were outweighed by the negative value adjustments of provisions in non-life insurance resulting from the decline in interest rates. Value adjustments of assets and provisions contributed a net loss of DKK 43 million in Q3 2011.

For the year to date, value adjustments of assets and provisions contributed a loss of DKK 49 million.

Balance sheet

At 30 September 2011, the equity allocated to the non-life insurance business was DKK 2.0 billion. Alm. Brand Forsikring A/S had a solvency ratio of 2.9 at 30 September 2011, compared with 2.7 at 31 December 2010.

Major events

Cloudburst on 2 July

The cloudburst on 2 July was the most severe single cloudburst event ever recorded in Denmark.

In aggregate, Alm. Brand received almost 8,000 claims related to this one event. In terms of numbers, almost 56% of the claims reported were related to residential dwellings and house contents, while the rest of the claims were related to the commercial segment. In terms of amounts, the commercial segment accounted for approximately 70% of the claims expenses.

Since the affected area is characterised by a large concentration of properties, heavy asphalted and a shortage of green areas suited for natural water drainage, the individual claims were greater than previously experienced.

As a result, many of the group's customers, particularly in the residential, office and retail property segments, experienced flooded basements and shop areas, triggering substantial expenses for the clearing and re-establishment of damaged buildings and inventories.

In connection with the processing of the many claims, Alm. Brand's claims assessors also focused on discussing preventative measures with the customers in connection with future claims – both in terms of construction and materials.

Higher deductibles for commercial and agricultural customers

In order to redress several years of unprofitable results on commercial and agricultural building insurances, Alm. Brand changed its terms for this segment. Among other things, both existing and new customers will have higher deductibles in the future. Most of the portfolio is expected to be transferred to the new terms by the end of 2012.

Workers' compensation

In September 2011, Alm. Brand introduced a new workers' compensation insurance product. This product enables more precise risk assessments relative to the insured employees of Alm. Brand's customers. The more precise risk exposure will produce more competitive prices without affecting the level of earnings. The new workers' compensation product will also result in smoother processes for writing new business for self-employed business operators, which is expected to benefit many of Alm. Brand's customers.

Outlook

The full-year guidance for non-life operations is upgraded from a profit of DKK 380 million to a profit of DKK 410 million before tax. The upgrade is based on an improved performance of the underlying business, lower costs and run-off gains. Moreover, the combined ratio is expected to improve from 94 to around 93.

The growth forecast is lifted from around minus 1% to 0 for the year as a whole.

REPORT – BANKING

DKKkm	PRO RATA					CONSOLIDATED FIGURES				
	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Year 2010	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Year 2010
Interest receivable	222	250	669	703	954	224	254	676	720	974
Interest payable	-131	-104	-376	-297	-416	-133	-105	-381	-301	-421
Net interest income	91	146	293	406	538	91	149	295	419	553
Net fees and commissions receivable and dividends, etc.	28	36	102	126	159	28	35	103	126	158
Net interest and fee income	119	182	395	532	697	119	184	398	545	711
Value adjustments	-62	-138	-233	-217	-350	-88	-137	-275	-221	-351
Other operating income	7	7	25	16	23	6	7	24	17	23
Profit before expenses	64	51	187	331	370	37	54	147	341	383
Expenses and depreciation/amortisation	-118	-140	-362	-397	-516	-119	-143	-364	-404	-523
Other operation costs	4	-23	-40	-65	-67	4	-22	-40	-66	-76
Write-downs of loans, advances and receivables, etc.	-107	-375	-288	-548	-668	-107	-375	-288	-548	-660
Profit from equity investments	1	-1	-1	19	12	1	-1	-1	19	11
Profit/loss before tax	-156	-488	-504	-660	-869	-184	-487	-546	-658	-865
Tax	36	119	125	184	222	37	119	125	184	222
Profit after tax	-120	-369	-379	-476	-647	-147	-368	-421	-474	-643
Share attributable to minority interests	-	-	-	-	-	27	-1	42	-2	-4
Profit after tax excluding minority interests	-	-	-	-	-	-120	-369	-379	-476	-647
<i>Profit before tax excluding minority interests</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-156</i>	<i>-488</i>	<i>-504</i>	<i>-660</i>	<i>-869</i>
Loans and advances	11,240	14,286	11,240	14,286	12,738	11,061	14,010	11,061	14,010	12,485
Deposits	7,723	9,620	7,723	9,620	8,599	7,723	9,618	7,723	9,618	8,598
Shareholders' equity	1,633	886	1,633	886	1,564	1,766	1,076	1,766	1,076	1,759
Share attributable to minority interests	-	-	-	-	-	133	190	133	190	195
Total assets	23,034	27,031	23,034	27,031	24,782	23,420	27,339	23,420	27,339	25,597
Average no. of employees (full-time equivalents)	289	336	290	349	327	289	336	287	349	327
Interest margin	-	-	-	-	-	1.7%	2.4%	1.7%	2.4%	2.3%
Income/cost ratio	0.30	0.10	0.27	0.35	0.31	0.17	0.10	0.21	0.35	0.31
Impairment ratio	0.8%	2.1%	2.1%	3.1%	4.3%	0.8%	2.2%	2.2%	3.2%	4.3%
Solvency ratio	-	-	-	-	-	20.6%	12.6%	20.6%	12.6%	18.8%
Return on equity before tax	-39%	-182%	-45%	-78%	-81%	-39%	-182%	-45%	-78%	-81%
Return on equity after tax	-30%	-138%	-34%	-57%	-60%	-30%	-138%	-34%	-57%	-60%

In order to increase the transparency of Alm. Brand Bank A/S' financial statements, the bank publishes pro rata consolidated figures. The figures are set out in the financial highlights and key ratios above and, unless otherwise indicated, the comments provided in the review below concern pro-rata figures. Banking group figures are commented on only when found relevant. To the extent it is deemed relevant, Q1-Q3 2010 and Q3 2010, respectively, are used as benchmarks for Q1-Q3 2011 and Q3 2011, respectively.

Financial results

The bank posted a loss of DKK 25 million before losses and writedowns in Q3 2011.

The performance was highly unsatisfactory but in line with the guidance provided in the half-year financial statements.

The performance was adversely affected by value adjustments due to sustained turmoil in the financial markets and by falling net interest income due to a combination of substantial financing costs and declining interest income as a result of the winding up of parts of the bank's lending portfolio.

After losses and writedowns, the bank incurred a loss of DKK 156 million before tax.

Total impairment writedowns on loans, including credit-related losses and writedowns on mortgage deeds, amounted to DKK 131 million in Q3 2011. Losses and writedowns developed in line with expectations, but they remain high.

For the year to date, the bank posted a loss of DKK 504 million before tax, of which DKK 357 million was attributable to the bank's total impairment writedowns on loans. In the same period of last year, the bank incurred a loss of DKK 660 million after losses and writedowns.

Net interest and fee income

In Q3 2011, net interest and fee income totalled DKK 119 million, which was DKK 12 million lower than in Q2 2011. In Q3 2010, net interest and fee income amounted to DKK 182 million.

Interest income and expenses

In Q3 2011, net interest income totalled DKK 91 million, which was DKK 5 million lower than in Q2 2011. In Q3 2010, net interest income amounted to DKK 146 million.

For the year to date, net interest income was DKK 293 million, against DKK 406 million for the same period of 2010.

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 a bond issue secured against a government guarantee which was completed at the end of June 2010.

The interest margins for the parent company and the banking group were 1.6% and 1.7%, respectively, in both Q2 and Q3 2011. The level of the interest margin is too low, and the bank's strategy

going forward is intended to raise the interest margin.

The parent company and the banking group both had an interest margin of 1.7% for the year to date, against 2.1% and 2.3%, respectively, in 2010.

Fee income and expenses

In Q3 2011, net fee income totalled DKK 28 million, against DKK 36 million in Q3 2010.

For the year to date, net fee income was DKK 102 million, against DKK 126 million for the same period of 2010.

Value adjustments

Value adjustments amounted to a DKK 62 million loss in Q3.

For the year to date, value adjustments amounted to a loss of DKK 233 million, against a DKK 217 million loss in the same period of last year.

Value adjustments in Q3 2011 were adversely affected by credit-related writedowns on the mortgage deed portfolio in the amount of DKK 24 million. Excluding credit-related writedowns on mortgage deeds, the bank thus posted a capital loss of DKK 38 million in Q3 2011.

Value adjustments for the year to date were adversely affected by credit-related value adjustments of mortgage deeds in the amount of DKK 69 million. Interest-related value adjustments, excluding credit-related writedowns on mortgage deeds, amounted to a loss of DKK 98 million for the year to date, of which DKK 13 million was related to the third quarter.

The capital loss was, among other things, due to the fact that the bank had taken positions in expectation of rising interest rates in the second quarter and in the first half of the third quarter. The capital loss was thus primarily attributable to the turmoil in the financial markets and to the positions taken by the bank.

Today, the bank's excess liquidity is placed in bonds with short duration and in certificates of deposit.

Equity-related value adjustments amounted to a loss of DKK 33 million in Q3 and a loss of 65 million for the year to date. Of this amount, illiquid shares accounted for a loss of DKK 13 million in Q3 and DKK 43 million for the year to date.

The bank's equity portfolio is mainly composed of sector equities, while the trading portfolio of equi-

ties makes up only a limited amount. In connection with the winding up of distressed investment exposures, the bank acquired a number of illiquid shares in 2010 and 2011 on which it incurred capital losses in Q3 2011. The market value of the illiquid shares was just over DKK 100 million at 30 September 2011.

Foreign exchange adjustments amounted to a gain of DKK 8 million in Q3 and a gain of 1 million for the year to date.

Costs

The bank's costs amounted to DKK 118 million in Q3 2011, against DKK 124 million in Q2 2011.

For the year to date, costs totalled DKK 362 million, against DKK 397 million for the same period of 2010.

Other operating expenses

This item mainly comprises the bank's expenses for the Danish Guarantee Fund for Depositors and Investors. In Q3 2011, there was a net income of DKK 6 million attributable to the revised dividend from Amagerbanken and the bankruptcy of Max Bank. For the year to date, the bank's expenses due to the bankruptcies of Amagerbanken, Fjordbank Mors and Max Bank totalled DKK 34 million. In 2010, the item primarily comprised the bank's expenses in connection with Bank Package I.

Impairment of loans, etc.

The bank's impairment writedowns on loans amounted to DKK 288 million for the year to date, against DKK 548 million for the same period of 2010.

In Q3 2011, impairment writedowns on loans amounted to DKK 107 million, compared with DKK 375 million in Q3 2010.

In addition, the bank incurred credit-related losses and writedowns on its mortgage deed portfolio of DKK 24 million in Q3 2011 and of DKK 69 million for the year to date. These losses and writedowns are recognised under value adjustments but have been included in the table in the section "Lending portfolio" below, in which the lending portfolio and losses and writedowns are described in further detail.

Total impairment writedowns on loans, including credit-related losses and writedowns on mortgage deeds, amounted to DKK 131 million in Q3 2011, against DKK 465 million in Q3 2010.

For the year to date, total losses and writedowns, including credit-related losses and writedowns on mortgage deeds, amounted to DKK 357 million,

compared with DKK 751 million for the same period of 2010.

Balance sheet

Loans and advances, etc.

The bank's loans and advances amounted to DKK 11.2 billion at 30 September 2011, against DKK 12.7 billion at 31 December 2010.

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

Debt to credit institutions

The bank's debt to credit institutions amounted to DKK 5.5 billion at 30 September 2011, which was DKK 0.8 billion lower than at 31 December 2010.

Deposits

The bank's deposits amounted to DKK 7.7 billion at 30 September 2011, against DKK 7.9 billion at 30 June 2011 and DKK 8.6 billion at 31 December 2010.

In spite of the decline in deposits, the bank's deposit deficit fell from DKK 4.1 billion at 31 December 2010 to DKK 3.5 billion at 30 September 2011. The bank's strategy is to continue to reduce the deposit deficit.

Liquidity

At 30 September 2011, the bank had excess liquidity cover of 346% relative to the statutory requirement. This marked an increase from 319% at 30 June 2011 and 266% at 31 December 2010. The increase was attributable to the bank's significant reduction of its lending portfolio, which served to compensate for the decline in deposits.

Capitalisation

The bank's equity stood at DKK 1.6 billion at 30 September 2011. The capital base totalled DKK 2.6 billion, and the risk-weighted items amounted to DKK 12.8 billion at 30 September 2011. Accordingly, the solvency ratio was 20.3, and the Tier 1 capital ratio was 17.8.

The bank has resolved to raise the individual solvency need, primarily for the agricultural segment but also slightly for the private customer segment. The increase is implemented due to the greater uncertainty about future developments in these two areas, although this has not yet led to additional losses and writedowns. The bank's capital base exceeded the individual solvency need by 3.1 percentage points.

Major events

New Chief Executive of Alm. Brand Bank

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

Changes to the board of directors

At an extraordinary general meeting of Alm. Brand Bank A/S held on 7 September 2011, Søren Boe Mortensen was elected to the bank's board of directors after having resigned for a brief period to take up the position of acting chief executive of the bank.

Outlook

The bank retains its expectations of a full-year loss of around DKK 155 million before losses and writedowns.

The banking group's total loans and advances excluding reverse transactions are expected to drop by around DKK 1.5 billion in 2011.

The bank expects losses and writedowns in the upcoming quarters to be on a par with recent quarters. The relatively high level is mainly due to developments in the agricultural sector and deteriorated conditions in the property and housing markets.

LENDING PORTFOLIO

The bank's total writedowns and losses on the lending and guarantee portfolio amounted to an expense of DKK 131 million in Q3 2011. Of this amount, identified losses amounted to DKK 25 million.

For the year to date, total writedowns and identified losses amounted to DKK 357 million. Of this amount, identified losses totalled DKK 87 million.

In addition, losses in the amount of DKK 364 million were identified for the year to date, but since provisions have previously been made to cover these losses, they will have no impact on operations in 2011. Identified losses, for which provisions have previously been made, were attributable to lending commitments on which the bank is close to incurring or has already incurred a loan loss as well as to the guarantee provided in connection with Bank Package II.

The banking group's accumulated writedowns at 30 September 2011 were on a par with 31 December 2010, but due to the reduction of lending and guarantees during the year, accumulated writedowns rose from 9.2% at 31 December 2010 to 9.4% at 30 September 2011.

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

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

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

Total losses and writedowns charged to the income statement equalled 3.1% of the average lending portfolio for the banking group excluding reverse transactions made for the year to date.

The overall lending portfolio amounted to DKK 11.0 billion, which including losses and writedowns was a decline of DKK 1.3 billion relative to 31 December 2010. Adjusted for losses and writedowns, the lending portfolio declined by DKK 0.9 billion.

At 30 September 2011, DKK 7.8 billion was being wound up, equivalent to approximately 70% of the overall lending portfolio.

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

DKKm	Loans			Total loss and writedowns					Loss ratio *)
	31.12.2010	30.09.2011	Share of portfolio (%)	2010	Q1 2011	Q2 2011	Q3 2011	Q1-Q3 2011	
<u>Continuing portfolio</u>									
Lending to private customers	3,318	3,013	26.8%	29	25	11	4	40	1.3%
Other lending (**)	176	145	1.3%	0	0	0	0	0	0.0%
<u>Winding-up portfolio</u>									
Agriculture	1,199	1,221	10.9%	74	35	11	27	73	6.0%
Car finance	736	466	4.1%	13	2	2	0	4	0.7%
Commercial lending	2,230	1,921	17.1%	57	14	-4	40	50	2.4%
Property development projects	492	433	3.9%	61	0	8	2	10	2.2%
Mortgage deed financing	1,936	626	5.6%	380	36	40	34	110	8.6%
Mortgage deeds	2,190	3,154	28.1%	264	16	29	24	69	2.6%
Bank packages etc.	-	-	-	46	1	-1	0	1	-
Total group lending - excl. Reverse Transactions	12,277	10,979	97.7%	924	129	96	131	357	3.1%
Reverse Transactions including intercompany transactions	207	82	0.7%	-	-	-	-	-	-
Total group lending	12,484	11,061	98.4%	924	129	96	131	357	3.0%
Minority interests	254	179	1.6%	-16	-	-	-	-	-
Total prorata	12,738	11,240	100.0%	908	129	96	131	357	3.0%

*) Losses and writedowns as a percentage of the average portfolio in Q1-Q3 2011. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.

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

Continuing portfolio

Lending to private customers

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

Total loans and advances to private customers declined by DKK 305 million from 31 December 2010 to 30 September 2011. For the year to date, losses and writedowns amounted to DKK 40 million, equivalent to 1.3% of the average portfolio.

Other lending

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

Other loans and advances declined by DKK 31 million relative to 31 December 2010. No losses or writedowns were identified in this segment in the nine months ended 30 September 2011.

Winding-up portfolio

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

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

Agriculture

The portfolio at 30 September 2011 was on a par with 31 December 2010. For the year to date, losses and writedowns amounted to DKK 73 million, equivalent to 6.0% of the average portfolio. The level of losses and writedowns reflects the continuing difficult conditions affecting agricultural customers.

Car finance

This portfolio has declined because the bank no longer provides financing through car dealers etc. These loans typically have a maximum term of five years, and most of the loans are expected to be settled over the next couple of years.

The overall portfolio declined by DKK 270 million during the period from 31 December 2010 to 30 September 2011 to stand at DKK 466 million. For the year to date, losses and writedowns amounted to DKK 4 million, equivalent to 0.7% of the average portfolio.

Commercial customers

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

The overall portfolio declined by DKK 309 million from 31 December 2010 to 30 September 2011. For the year to date, losses and writedowns amounted to DKK 50 million, equivalent to 2.4% of the average portfolio. Writedowns during the quarter were affected by a single large commitment.

Property development projects

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

The portfolio declined by DKK 59 million from 31 December 2010 to 30 September 2011. For the year to date, losses and writedowns amounted to DKK 10 million, equivalent to 2.2% of the average portfolio.

Mortgage deed financing

This portfolio consists of investment exposures secured against mortgage deeds.

The portfolio declined by DKK 1.3 billion from 31 December 2010 to 30 September 2011. The decline was primarily attributable to the bank winding up a number of investment exposures. In that connection, the bank has taken over the mortgage deeds provided as security.

For the year to date, losses and writedowns amounted to DKK 110 million, equivalent to 8.6% of the average portfolio.

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

Mortgage deeds

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

Private mortgage deeds amounted to DKK 2,277 million, comprising the bank's portfolio of mortgage deeds secured primarily against single-family houses, commonhold flats and summer houses. The properties are located throughout Denmark.

Commercial mortgage deeds amounted to DKK 877 million, comprising the bank's portfolio of commercial mortgage deeds secured against residential rental property, commercial property for office, trade and industrial use as well as land and mixed residential/commercial property.

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 write-downs are taken on all mortgages in arrears or known to be showing signs of weakness.

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

In that connection, the portfolio increased by DKK 964 million from 31 December 2010 to 30 September 2011. For the year to date, losses and writedowns amounted to DKK 69 million, equivalent to 2.6% of the average portfolio.

Bank packages etc.

The guarantee of DKK 107 million provided to Finansiel Stabilitet A/S was settled in the first quarter of 2011.

REPORT – LIFE INSURANCE

	Q3	Q3	Q1-Q3	Q1-Q3	Year
DKKm	2011	2010	2011	2010	2010
Premiums	126	151	455	499	719
Claims incurred	-231	-236	-791	-788	-1,056
Investment return after allocation of interest	465	323	548	962	786
Total underwriting management expenses	-19	-18	-54	-54	-73
Profit on business ceded	-6	-3	3	5	2
Change in life insurance provisions	-473	-189	-289	-373	65
Change in collective bonus potential	162	-4	210	-122	-292
Underwriting profit/loss	24	24	82	129	151
Return on investments allocated to equity	14	6	18	30	30
Profit before tax	38	30	100	159	181
Tax	-9	-8	-25	-40	-50
Profit after tax	29	22	75	119	131
Result in life insurance					
Administrative result	0	2	11	9	11
Investment result	481	404	398	911	521
Change in provision for guaranteed pension benefits	-608	-380	-572	-671	-109
Change in collective bonus potential	162	-4	210	-122	-292
Risk result	9	11	50	27	48
Profit on business ceded	-6	-3	3	5	2
Profit before tax	38	30	100	159	181
Tax	-9	-8	-25	-40	-50
Profit after tax	29	22	75	119	131
Total technical provisions	11,574	11,764	11,574	11,764	11,493
Shareholders' equity	997	1,111	997	1,111	1,122
Total assets	13,309	14,336	13,309	14,336	13,131
Return on equity before tax p.a.	15%	23%	13%	19%	17%
Return on equity after tax p.a.	11%	17%	10%	15%	12%
Bonus rate	3.1%	3.4%	3.1%	3.4%	5.1%

Financial results

Life insurance operations posted a profit of DKK 38 million before tax in Q3 2011, against DKK 30 million in Q3 2010. For the year to date, profit was DKK 100 million before tax, against DKK 159 million in 2010.

The performance was highly satisfactory and better than expected.

The difference in the results reported for the nine months ended 30 September 2011 and the same period of 2010 was primarily due to a DKK 56 million reversal from the shadow account.

The performance for the year to date equalled a return on equity before tax of 13% p.a., compared with 19% p.a. in the year-earlier period.

New principles for calculating return

The principles for calculating the return on equity have been changed for 2011 as a result of the changed contribution rules.

As from 1 January 2011, customers are divided into a number of contribution groups based on interest rate, insurance risk and expenses. The risk premium on shareholders' equity is calculated separately for each group. Similarly, any shadow account, collective bonus potential, transfer and surrender charge, etc. will be determined separately for each contribution group.

The risk premium for 2011 has been determined as follows:

- Interest rate groups: 0.1% of the average life insurance provisions net of reinsurance exclusive of collective bonus potential and any use of the bonus potential on paid-up policies;
- Insurance risk groups: 100% of the risk result net of reinsurance after bonuses;
- Expense groups: 100% of the expense result net of reinsurance after bonuses.

In the nine months ended 30 September 2011, no risk premium was allocated to shareholders' equity for any of the interest rate groups, but the full risk premium was allocated for all risk and expense groups. The outstanding risk premium for the four interest rate groups of DKK 8 million was transferred to the respective shadow accounts, which had a combined balance of DKK 8 million at 30 September 2011.

Premiums

Gross premiums fell by 17% to DKK 126 million in Q3 2011 from DKK 151 million in Q3 2010. For the year to date, gross premiums fell by 9% to DKK 455 million, from DKK 499 million for the same period of 2010. The decline for the year was attributable to both single premiums and regular premiums.

The total amount of pension contributions, including investment schemes with the bank and premium income in the life insurance company rose by 17% to DKK 226 million in Q3 2011 from DKK 193 million in Q3 2010. Year-to-date contributions rose by 13% to DKK 719 million, against DKK 634 million in the same period of last year.

The group aims for the life insurance company, Alm. Brand Liv og Pension, to generate growth and for an increasing proportion of overall pension savings to be placed in the Alm. Brand Investment Scheme, which has been set up with Alm. Brand Bank.

This strategy has produced a highly satisfactory 94% increase in contributions to investment schemes in the bank. On the other hand, the development in premium income in the life insurance company's guaranteed schemes was not satisfactory.

New agreements in the life insurance company are placed in an interest rate group in which the composition of investments is roughly as follows: equities 20%, properties 15% and bonds 65%. This composition and the low level of investment costs involved are considered to be attractive for a large part of the customer base.

This is expected to make a positive contribution to growth in the life insurance company going forward.

Investment return

The return on investment assets belonging to policyholders was DKK 665 million for the year to date, corresponding to a return of 5.6% (7.4% p.a.), against a return of DKK 1,148 million for the same period of 2010. The return was made up before tax on pension returns but after finance costs.

The return on financial instruments for (partial) hedging of insurance obligations was affected by falling interest rates. The portfolio consists of swaps and swaptions, which have produced significant capital gains.

The return on the bond portfolio was favourably affected by the sustained decline in interest rates and in turn by the rising prices on the bond portfolio in the third quarter. The return was not entirely satisfactory relative to the benchmark, as investments were made at a lower interest rate risk, i.e. with a shorter duration, than the benchmark.

The return on the equity portfolio was adversely affected by the general equity market trends of the third quarter of 2011. The total equity return for Q3 was a loss of DKK 254 million. For the year to date, the return on the equity portfolio was a loss of 246 million. The return was not entirely satisfactory, as the portfolio was overweight in equities relative to the benchmark.

The return on the portfolio of properties was above expectations, primarily due to positive a value adjustment. The valuation of properties is based on assessments made by independent estate agents. The company's properties are valued at an average rate of return of 6.1%.

The return on investment assets attributable to shareholders' equity was DKK 18 million for the nine months ended 30 September 2011, equivalent to a return of 1.6% (2.1% p.a.), against a return of DKK 30 million in the same period of last year. Investments of shareholders' equity are placed in short-term interest-bearing assets. This return was acceptable considering the low yield level for short-term bonds.

Benefits paid

Benefits paid in Q3 2011 amounted to DKK 231 million, against DKK 236 million in 2010. For the year to date, the benefits paid amounted to DKK 791 million, against DKK 788 million for the same period of 2010.

Life insurance provisions

Life insurance provisions are calculated using a market value principle that applies an expected cash flow discounted by the adjusted yield curve published by the Danish FSA for discounting provisions.

Total provisions for the year to date increased by DKK 289 million.

Collective bonus potential

The collective bonus potential declined by DKK 162 million in Q3 2011 to a total of DKK 307 million, corresponding to an average bonus rate of 3.1%.

The collective bonus potential declined for all interest rate groups, but it remains positive. For the interest rate groups with the lowest basic rates of interest, the decline was mainly due to the equity portfolio. For the interest rate group with the highest basic rates of interest, the decline was mainly due to insurance obligations not being fully hedged against interest rate declines.

Costs

Acquisition and administrative expenses totalled DKK 19 million in Q3 2011, against DKK 18 million in Q3 2010. Expenses for the year to date amounted to DKK 54 million, which was equivalent to the same period of last year.

Total expenses for 2011 to date were slightly lower than anticipated, due to a lower-than-expected level of new business written in traditional guaranteed products and thus lower-than-expected acquisition costs.

Expense and risk results

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 9 million for the year to date. The overall expense result was satisfactory. The aim is for the overall expense result to be positive.

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was positive at DKK 60 million for the year to date. The overall risk result was highly satisfactory.

Balance sheet

The life group's shareholders' equity was DKK 997 million at 30 September 2011. The solvency ratio was 236 at 30 September 2011.

Major events

Financial turmoil

In spite of declining equity markets, declining interest rates and increased volatility in the financial markets, there was no need to introduce a transfer and surrender charge. The financial buffers were reduced, but they remain positive.

The overall investment strategy was maintained during the period. However, there was a slight realignment of the interest rate groups to the effect that the equity portfolio was reduced in interest group 3 (the group with the highest basic rates of interest), while the equity portfolio was increased accordingly for interest groups 0 and 1 (the groups with the lowest basic rates of interest).

Significant events after the end of the reporting period

Reduction of cost rates

With effect from 1 October 2011, the company reduced the costs payable by customers as a percentage of their premiums. On the other hand, the fixed monthly cost was increased.

Customers who set up a scheme with regular premiums may now transfer existing savings from other companies to Alm. Brand Liv og Pension free of charge.

Overall, costs have been reduced, and comparisons made using the new online 'cost meters' indicate that the company is very competitive.

As a result, the low costs are expected to make a positive contribution to growth in the life insurance company.

Outlook

Alm. Brand Liv og Pension expects a full-year profit of DKK 110 million before tax, equivalent to an upgrade of DKK 20 million.

The guidance for 2011 does not include recognition of the full risk premium for all interest rate groups. However, this will have no significant impact on the profit for the year.

STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

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

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

In our opinion, the accounting policies applied are appropriate, and the interim report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 September 2011 and of the results of the group's and the parent company's operations and the group's cash flows for the nine months ended 30 September 2011.

The Management's review also gives a true and fair view of developments in the activities and financial position of the group and a true and fair description of significant risk and uncertainty factors that may affect the group.

MANAGEMENT BOARD

Copenhagen, 16 November 2011

Søren Boe Mortensen
Chief Executive

BOARD OF DIRECTORS

Copenhagen, 16 November 2011

Jørgen H. Mikkelsen
Chairman

Boris N. Kjeldsen
Deputy Chairman

Tage Benjaminsen

Henrik Christensen

Per Dahlbom

Per V. H. Frandsen

Arne Nielsen

Jan S. Pedersen

Helle L. Frederiksen

Henning Kaffka

Susanne Larsen

BALANCE SHEET**Group**

DKKm	30 September 2011	30 September 2010	31 December 2010
Assets			
Intangible assets	56	91	82
Owner-occupied properties	1,077	1,032	1,030
Deferred tax assets	699	665	660
Participating interests in joint ventures	35	35	35
Reinsurers' share of insurance contracts	509	226	190
Current tax assets	4	14	2
Other assets	1,322	1,544	2,006
Loans	11,061	12,879	12,485
Investment properties	421	440	451
Investment assets	25,624	31,790	29,292
Amounts due from credit institutions and central banks	5,983	847	1,537
Cash in hand and demand deposits	38	106	379
Total assets	46,829	49,669	48,149
Liabilities and equity			
Share capital	1,735	1,388	1,735
Reserves, retained profit etc.	2,741	1,760	2,863
Minority interests	107	156	160
Consolidated shareholders' equity	4,583	3,304	4,758
Subordinated debt	1,828	1,828	1,828
Provisions for insurance contracts	19,291	19,164	18,413
Other provisions	31	163	131
Deferred tax liabilities	46	46	46
Issued bonds	6,032	6,032	6,032
Other liabilities	1,242	1,709	1,751
Deposits	7,610	9,207	8,602
Payables to credit institutions and central banks	6,166	8,216	6,588
Total liabilities and equity	46,829	49,669	48,149

Note 1 Own shares

Note 2 Contingent liabilities, guaranties and leasing

Note 3 Accounting policies

Note 4 Financial highlights and key ratios

INCOME STATEMENT

Group

DKKm	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Year 2010
Income					
Premium income	1,355	1,352	4,022	4,058	5,481
Interest income etc.	397	427	1,203	1,252	1,699
Fee income etc.	20	26	76	100	123
Other income from investment activities	0	0	7	2	7
Income associates	1	-1	0	5	6
Other income	6	7	24	17	25
Total income	1,779	1,811	5,332	5,434	7,341
Costs					
Claims incurred	-1,524	-1,140	-3,695	-3,627	-4,758
Interest expenses	-172	-142	-499	-419	-580
Other cost from investment activities	-14	-4	-39	-23	-35
Impairment of loans, advances and receivables, etc.	-107	-375	-288	-548	-660
Acquisition and administrative costs	-297	-369	-965	-1,113	-1,432
Total costs	-2,114	-2,029	-5,486	-5,728	-7,465
Profit from business ceded	291	1	150	-82	-134
Change in life insurance provisions	-473	-189	-289	-373	65
Change in collective bonus potential	162	-4	210	-122	-279
Exchange rate adjustments	319	104	-24	523	47
Tax on pension investment returns	-81	-57	-87	-152	-114
Profit before tax	-117	-363	-194	-500	-539
Tax	21	87	38	143	135
Profit after tax	-96	-276	-156	-357	-404
The profit before tax is allocated as follows:					
Share attributable to Alm. Brand	-95	-362	-160	-496	-536
Share attributable to minority shareholders	-22	-1	-34	-4	-3
	-117	-363	-194	-500	-539
The profit after tax is allocated as follows:					
Share attributable to Alm. Brand	-74	-275	-122	-353	-401
Share attributable to minority shareholders	-22	-1	-34	-4	-3
	-96	-276	-156	-357	-404
Earnings per share, DKK	-0.4	-16	-0.7	-21	-24
Diluted earnings per share, DKK	-0.4	-16	-0.7	-21	-24
Comprehensive income					
Profit for the year	-96	-276	-156	-357	-404
Revaluation of owner-occupied properties	0	0	0	0	11
Comprehensive income	-96	-276	-156	-357	-406
Proposed allocation of profit/loss:					
Share attributable to Alm. Brand	-74	-275	-122	-353	-403
Share attributable to minority shareholders	-22	-1	-34	-4	-3
Comprehensive income	-96	-276	-156	-357	-406

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Contingency funds	Revaluation reserve	Other provisions	Retained profit	Shareholders' equity	Minority interests	Consolidated equity
Shareholders equity, 01.01.2010	1,388	182	2	0	1,923	3,495	199	3,694
Changes in equity Q1-Q3 2010								
Profit/loss for the period					-353	-353	-4	-357
Revaluation of owner-occupied properties						-2		-2
Total income	0	0	0	0	-353	-355	-4	-359
Repurchased shares					8	8		8
Change in share attributable to minority interest							-39	-39
Changes in equity	0	0	0	0	-345	-347	-43	-390
Shareholders equity, 30.09.2010	1,388	182	2	0	1,578	3,148	156	3,304
Shareholders equity, 01.01.2010	1,388	182	2	0	1,923	3,495	199	3,694
Changes in equity 2010								
Profit/loss for the year					-401	-401	-3	-404
Revaluation of owner-occupied properties			-2		13	11		11
Transferred to collective bonus potential					-13	-13		-13
Total income	0	0	-2	0	-401	-403	-3	-406
Reduction of capital on 11 November 2010	-1,215			1,215		0		0
Share issue on 30 December 2010	1,562					1,562		1,562
Cost relating to share issue					-63	-63		-63
Purchase and sale of treasury shares					9	9		9
Purchase and sale of treasury shares in subsidiaries					-2	-2	-2	-4
Change in share attributable to minority interest					0	0	-34	-34
Changes in equity	347	0	-2	1,215	-457	1,103	-39	1,064
Shareholders equity, 31.12.2010	1,735	182	0	1,215	1,466	4,598	160	4,758
Shareholders equity, 01.01.2011	1,735	182	0	1,215	1,466	4,598	160	4,758
Changes in equity Q1-Q3 2011								
Profit/loss for the period					-122	-122	-34	-156
Total income	0	0	0	0	-122	-122	-34	-156
Purchase and sale of treasury shares					3	3		3
Purchase and sale of treasury shares in subsidiaries					-4	-4	-8	-12
Tax on changes recognised in equity					1	1		1
Change in share attributable to minority interest					0	0	-11	-11
Changes in equity	0	0	0	0	-122	-122	-53	-175
Shareholders equity, 30.09.2011	1,735	182	0	1,215	1,344	4,476	107	4,583
							30 September 2011	31 December 2010
Shareholders' equity exclusive minority interests							4,476	4,598
Consolidation of Pensionskassen under Alm. Brand A/S							0	-8
Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests							4,476	4,590
Share of profit attributable to Alm. Brand A/S							-122	-401
Consolidation of Pensionskassen under Alm. Brand A/S							8	-1
Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial Supervisory							-114	-402

CAPITAL TARGET

DKKm	Capital base at 30 September 2011
Consolidated equity	4,583
Intangible assets	-56
Tax asset	-699
Supplementary capital	1,753
Consolidated capital base	5,581

DKKm	Capital target 30 September 2011
Non-life insurance (45% of gross premium income)	2,146
Life insurance (9% of life insurance provisions)	1,010
Alm. Brand Bank (20.2% of risk weighted assets) *)	2,581
Alm. Brand Bank subsidiaries	240
Diversification effects	-300
Consolidated capital target	5,677

**) calculated as the individual solvency need at 30 September 2011 plus 3 percentage points*

Statutory capital requirement for the group at 30 September 2011	3,707
Excess relative to statutory capital requirement	1,874
Excess relative to internal capital target	-96

CASH FLOW STATEMENT

DKKm	Group		
	Q1-Q3 2011	Q1-Q3 2010	Year 2010
Cash flows from operating activities			
Premiums received	4,343	4,325	5,284
Claims paid	-3,411	-3,482	-4,512
Interest receivable, dividends, etc.	1,119	1,109	1,652
Interest payable	-379	-276	-395
Payments concerning reinsurance	-128	-185	-193
Fee income received	146	144	161
Fee income paid	-33	-29	-43
Expences paid	-1,178	-906	-1,270
Tax on pension investment returns paid	-111	0	8
Acquisition of intangible assets, furniture, equipments etc.	-40	-3	7
Other ordinary income received	25	17	23
Taxes paid/received	2	-2	9
Cash flows from operating activities	355	712	731
Change in investment placement (net)			
Properties acquired or converted	36	3	-5
Sale/aquisition of equity investments	127	-173	20
Sale/repayment of mortgage deeds and loans	1,138	1,169	1,328
Sale/aquisition of bonds	3,886	-3,327	-1,697
Change in investment placement (net)	5,187	-2,328	-354
Change in financing (net)			
Other provisions	0	2	1
Sale/purchase of treasury shares	3	8	-54
Sale/acquisition of subsidiaries (change in minority interests)	-22	-39	-38
Share issue	0	0	1,562
Change in issued bonds	0	6,000	6,006
Change in deposits	-993	-1,667	-2,271
Change in payables to credit institutions	-425	-3,115	-4,744
Change in other payables	0	0	-303
Change in financing (net)	-1,437	1,189	159
Net change in cash and cash equivalents	4,105	-427	536
Cash and cash equivalents, beginning of period	1,916	1,380	1,380
Cash and cash equivalents, end of period	6,021	953	1,916

SEGMENT REPORTING

Q1-Q3 2011

DKKm	Q1-Q3 2011					
	Non-life	Bank	Life	Other	Elimi- nation	Group
Premium income	3,567	0	455	0		4,022
Interest income etc.	201	676	324	3	-1	1,203
Fee income etc.	0	103	0	0	-27	76
Other investment income	1	0	61	0	-55	7
Income associates	0	0	-8	0	8	0
Other income	0	24	0	0		24
Total income	3,769	803	832	3	-75	5,332
Claims incurred	-2,904	0	-791	0		-3,695
Interest expenses	-105	-381	-3	-11	1	-499
Other investment expenses	-14	0	-21	-31	27	-39
Provisions for bad and doubtful debts	0	-288	0	0		-288
Acquisition and administrative expenses	-561	-405	-54	0	55	-965
Total expenses	-3,584	-1,074	-869	-42	83	-5,486
Result of business ceded	147	0	3	0		150
Change in life insurance provisions	0	0	-289	0		-289
Change in collective bonus potential	0	0	210	0		210
Exchange rate adjustments	-49	-275	300	0		-24
Tax on pension investment returns	0	0	-87	0		-87
Profit before tax	283	-546	100	-39	8	-194
Tax	-70	125	-25	8		38
Profit after tax	213	-421	75	-31	8	-156

Q1-Q3 2010

DKKm	Q1-Q3 2010					
	Non-life	Bank	Life	Other	Elimi- nation	Group
Premium income	3,559	0	499	0		4,058
Interest income etc.	216	720	323	0	-7	1,252
Fee income etc.	0	126	0	0	-26	100
Other investment income	1	0	64	0	-63	2
Income associates	0	5	6	0		5
Other income	0	17	0	0		17
Total income	3,776	868	892	0	-96	5,434
Claims incurred	-2,839	0	-788	0	0	-3,627
Interest expenses	-98	-301	-4	-23	7	-419
Other investment expenses	-15	0	-21	-13	26	-23
Provisions for bad and doubtful debts	0	-548	0	0	0	-548
Acquisition and administrative expenses	-652	-470	-54	0	63	-1,113
Total expenses	-3,602	-1,319	-867	-36	96	-5,728
Result of business ceded	-87	0	5	0	0	-82
Change in life insurance provisions	0	0	-373	0	0	-373
Exchange rate adjustments	-46	-207	776	0	0	523
Tax on pension investment returns	0	0	-152	0	0	-152
Profit before tax	41	-658	159	-36	0	-500
Tax	-10	184	-40	9	0	143
Profit after tax	31	-474	119	-27	0	-357

NOTES

DKKm	Group		
	Q1-Q3 2011	Q1-Q3 2010	Year 2010
Note 1 Own Shares - Group			
Carrying amount, beginning of year	0	0	0
Value adjustments	3	8	9
Acquired during the period	3	0	0
Sold during the period	-6	-8	-9
Cancellation of shares	0	0	0
Carrying amount, end of period	0	0	0
Nominal value, beginning of year	4	41	41
Acquired during the period	3	0	0
Sold during the period	-6	-7	-7
Cancellation of shares	0	0	-29
Nominal value, end of period	1	34	5
Holding (number of shares), beginning of year	421	514	515
Additions, number of shares	300	0	0
Disposals, number of shares	-579	-93	-94
Sale of Pre-emptive Rights	0	0	-3,793
Allocation of Pre-emptive Rights	0	0	3,793
Cancellation of shares	0	0	0
Holding (number of shares), end of period	142	421	421
Percentage of share capital, end of period	0.1%	2.4%	0.2%

Note 2 Contingent liabilities, guaranties and leasing

Guarantee commitments	1,710	2,300	1,888
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Note 3 Accounting policies - Group

The consolidated interim report has been prepared in compliance with IAS 34 "Interim Financial Reporting" and the requirements of the Danish Financial Business Act and NASDAQ OMX Copenhagen A/S applying to interim financial reporting of Danish listed financial enterprises. The application of IAS 34 means that the report is limited relative to the presentation of a full annual report.

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 insurance

companies and profession-specific pension funds.

The accounting policies applied for the consolidated financial statements are unchanged from the policies applied for the Annual Report 2010.

The accounting policies of the parent company are described in connection with the parent company's interim report, as detailed in a separate section of this report.

The interim report for the nine months ended 30 September 2011 is unaudited.

Note 4 Financial highlights and key ratios

Referring to management's report.

BALANCE SHEET

DKKm	Note	Parent company		
		30 September 2011	30 September 2010	31 December 2010
Assets				
Investment in group enterprises	1	4,652	3,681	4,495
Investment in associates		0	0	0
Total investments in group enterprises and associates		4,652	3,681	4,495
Equity investments		1	1	1
Other loans and advances		2	2	2
Deposits with credit institutions		135	50	50
Cash in hand and balances at call		11	40	371
Total other financial investment assets		149	93	424
Total investment assets		4,801	3,774	4,919
Receiveables from group enterprises		9	30	0
Other receivables		28	32	38
Total receivables		37	62	38
Current tax assets		17	20	8
Deferred tax assets		18	14	19
Total other assets		35	34	27
Total assets		4,873	3,870	4,984
Liabilities and equity				
Share capital		1,735	1,388	1,735
Other provisions		1,215	0	1,215
Retained earnings		1,526	1,753	1,640
Total shareholders' equity		4,476	3,141	4,590
Subordinated loan capital		250	250	250
Total subordinated loan capital		250	250	250
Deferred tax liabilities		46	46	46
Total provisions		46	46	46
Payables to subsidiaries		3	303	13
Issued bonds		32	32	32
Other payables		66	98	53
Total payables		101	433	98
Deferred income		0	0	0
Total liabilities and equity		4,873	3,870	4,984

INCOME STATEMENT

DKKm	Note	Parent company				
		Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Year 2010
Income from group enterprises	2	-62	-268	-91	-326	-360
Interest income and dividends, etc.		1	0	3	0	1
Interest expenses		-4	-8	11	23	-34
Administrative expenses related to investment activities		-8	2	-23	-11	-21
Profit before tax		-73	-274	-100	-314	-414
Tax		3	2	8	9	14
Profit for the Year		-70	-272	-92	-305	-400

Comprehensive income

Profit for the period		-70	-272	-114	-351	-400
Revaluation of owner-occupied properties		0	0	0	-2	-2
Comprehensive income		-70	-272	-114	-353	-402
Proposed allocation of profit/loss:						
Retained earnings		-71	-272	0	0	-402

Note 3 **Accounting policies parent company**

STATEMENT OF CHANGES IN EQUITY

DKK m	Parent company			
	Share-Capital	Other provisions	Retained earnings	Shareholders' equity
Shareholders equity, 01.01.2010	1,388	0	2,098	3,486
Changes in equity Q1-Q3 2010				
Profit/loss for the period			-351	-351
Revaluation of owner-occupied properties				-2
Total income	0		-351	-353
Purchase and sale of treasury shares			8	8
Changes in equity	0		-343	-345
Shareholders equity, 30.09.2010	1,388		1,755	3,141
Shareholders equity, 01.01.2010	1,388	0	2,098	3,486
Changes in equity 2010				
Profit/loss for the year			-400	-400
Revaluation of owner-occupied properties			-2	-2
Total income	0		-402	-402
Reduction of capital on 11 November 2010	-1,215	1,215	0	0
Share issue on 30 December 2010	1,562			1,562
Cost relating to share issue			-63	-63
Purchase and sale of treasury shares			9	9
Purchase and sale of treasury shares in subsidiaries			-2	-2
Changes in equity	347	1,215	-458	1,104
Shareholders equity, 31.12.2010	1,735	1,215	1,640	4,590
Shareholders equity, 01.01.2011	1,735	1,215	1,640	4,590
Changes in equity Q1-Q3 2011				
Profit/loss for the period			-114	-114
Total income	0		-114	-114
Purchase and sale of treasury shares			3	3
Purchase and sale of treasury shares in subsidiaries			-4	-4
Tax on changes recognised in equity			1	1
Changes in equity	0	0	-114	-114
Shareholders equity, 30.09.2011	1,735	1,215	1,526	4,476

NOTES

Note 1 Investment in group enterprises

DKKm	Parent company		
	30 September 2011	30 September 2010	31 December 2010
Cost, beginning of year	6,841	5,991	5,991
Additions during the period	450	0	850
Cost, end of period	7,291	5,991	6,841
Revaluation and impairment, beginning of year	-2,346	-1,683	-1,683
Dividend received	-200	-300	-300
Profit for the period	-91	-326	-360
Revaluation of owner-occupied associates	0	-1	-2
Revaluation and impairment of treasury shares in subsidiaries	-3	0	-1
Revaluation and impairment, end of period	-2,640	-2,310	-2,346
Carrying amount, end of period	4,651	3,681	4,495
Specification of carrying amount:			
Alm. Brand Bank A/S	1,633	886	1,564
Alm. Brand Forsikring A/S	3,017	2,794	2,930
Asgaard Finans A/S	1	1	1
Carrying amount, end of period	4,651	3,681	4,495

Note 2 Income from group enterprises

DKKm	Parent company		
	Q1-Q3 2011	Q1-Q3 2010	Year 2010
Alm. Brand Bank A/S	-379	-476	-647
Alm. Brand Forsikring A/S	288	150	287
Asgaard Finans A/S	0	0	0
Total income from group enterprises	-91	-326	-360

Note 3 Accounting policies parent company

The interim report is presented in compliance with the Danish Financial Business Act, including the Executive Order on financial reports presented by insurance companies and profession-specific pension funds. In addition, the interim report has been presented in accordance with additional Danish disclosure requirements for the interim reports of listed financial enterprises.

The accounting policies of the parent company on the recognition and measurement are in accordance with the accounting policies of the group, except for the following point:

Investments in subsidiaries are recognised and measured at the parent company's share of the subsidiaries' net asset value at the balance sheet date. The value of Pensionskassen under Alm. Brand A/S is not recognised in the balance sheet but is exclusively disclosed as a contingent liability.

The accounting policies are unchanged from the policies applied in the Annual Report 2010.

The interim report for the nine months ended 30 September 2011 is unaudited.