

Alm. Brand
interim report - first half of year 2012

2012



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COMPANY INFORMATION

BOARD OF DIRECTORS

Jørgen H. Mikkelsen, Chairman
Boris N. Kjeldsen, Deputy Chairman
Henrik Christensen
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 Revisionspartnerselskab

INTERNAL AUDITOR

Poul-Erik Winther, Chief auditor

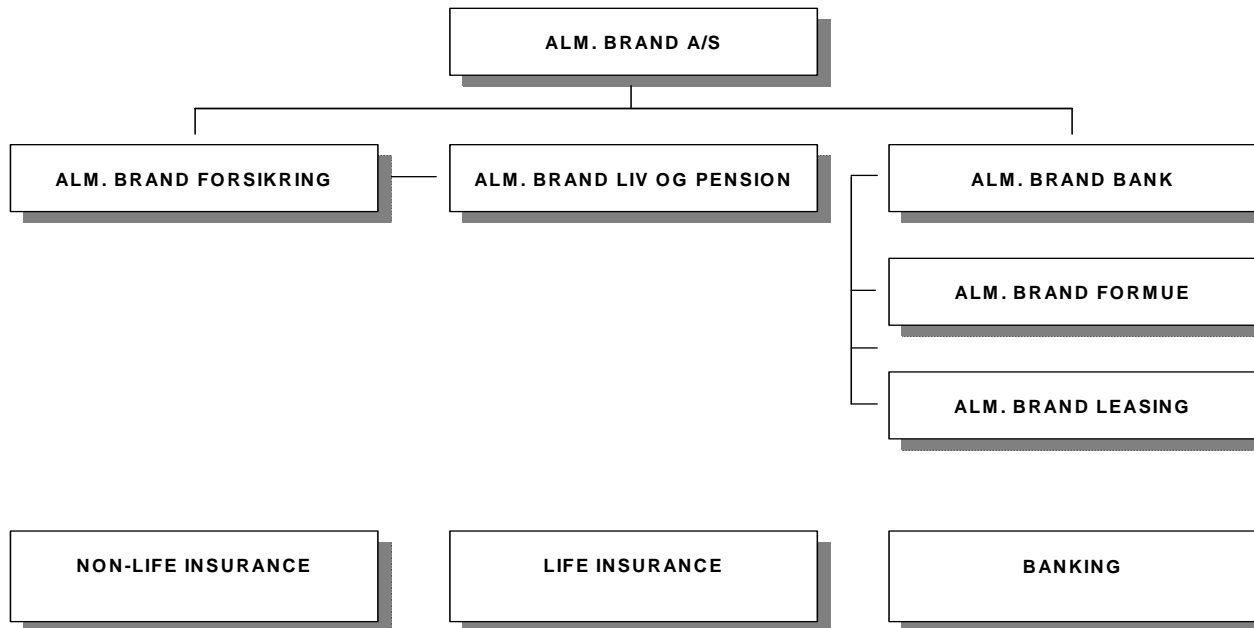
REGISTRATION

Alm. Brand A/S
Registration Number CVR 77 33 35 17

ADDRESS

Alm. Brand Huset
Midtermolen 7, DK-2100 Copenhagen Ø
Phone: +45 35 47 47 47
Fax: +45 35 47 35 47
Internet: www.almbrand.dk
E-mail: almbrand@almbrand.dk

GROUP STRUCTURE



Companies with negligible or discontinued 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 yearly.

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

	Q2	Q2	H1	H1	Year
DKKm	2012	2011	2012	2011	2011
Income					
Non-Life Insurance	1,206	1,170	2,401	2,338	4,772
Banking	213	259	446	527	1,008
Life Insurance	206	150	435	329	724
Investments	177	182	372	359	714
Total income	1,802	1,761	3,654	3,553	7,218
Profit excluding minorities					
Non-Life Insurance	214	207	378	244	460
Banking	-107	-199	-197	-348	-1,154
Life Insurance	27	44	46	62	137
Other activities	-9	-8	-20	-23	-44
Profit before tax	125	44	207	-65	-601
Tax	-34	-11	-53	17	98
Profit after tax	91	33	154	-48	-503
Profit Group					
Profit before tax, Group	118	36	219	-77	-626
Tax	-34	-11	-53	17	97
Profit after tax, Group	84	25	166	-60	-529
Provisions for insurance contracts	19,864	18,759	19,864	18,759	19,197
Shareholders' equity	4,366	4,683	4,366	4,683	4,206
Of which minority interests	121	132	121	132	113
Total assets	46,621	46,523	46,621	46,523	44,913
Return on equity before tax excluding minorities p.a.	12%	4%	10%	-3%	-14%
Return on equity after tax excluding minorities p.a.	9%	3%	7%	-2%	-12%
Earnings per Share	0.5	0.2	0.9	-0.3	-2.9
Diluted Earnings per Share	0.5	0.2	0.9	-0.3	-2.9
Net assets value per Share	25	26	25	26	24
Share price end of period	11.8	11	11.8	11.3	8.2
Share price/Net asset value	0.48	0.43	0.48	0.43	0.34
Number of shares end of period ('000)	173,267	173,358	173,267	173,358	173,202
Average number of shares ('000)	173,358	173,358	173,229	173,358	173,140

The Alm. Brand A/S Group

Financial results

In H1 2012, the Alm. Brand Group generated a profit of DKK 207 million before tax and including losses and writedowns, against a loss of DKK 65 million in H1 2011. Although the performance marked an improvement, it was still not satisfactory.

In Q2 2012, the Alm. Brand Group generated a profit of DKK 125 million before tax and including losses and writedowns, against a profit of DKK 44 million in Q2 2011.

The performance was lifted by a significant improvement in the claims performance, a higher premium income and a sustained low level of costs. On the other hand, the performance was adversely affected by a loss on core earnings in the bank as well as by losses and writedowns.

Excluding losses and writedowns, the H1 performance was a profit of DKK 373 million, which was better than expected.

Non-life insurance

The group's non-life insurance activities reported a very positive performance. The combined ratio was 82.3 for the second quarter and 85.5 for the first half of 2012.

Claims expenses on the underlying business continued to improve, and the performance was also enhanced by favourable weather conditions and lower-than-expected expenses for major claims.

Premium income rose by 2.7% compared with H1 2011, which was better than expected. In addition, the low level of costs was maintained at an expense ratio of 16.2 in the first six months of the year.

Banking

The bank's impairment writedowns on loans were unchanged from the first quarter and thus remained at a high level.

The bank's core earnings declined due to lower net interest income, predominantly as a result of higher funding costs and the ongoing reduction of the lending portfolio. The reduced bond portfolio was another reason for the lower interest income.

Life insurance

The group's life insurance and pension activities performed in line with expectations.

Gross premiums developed quite favourably, increasing by 32.3% compared with H1 2011, and the collective bonus potential was also highly satisfactory at a bonus rate of 5.3%.

Other business activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The H1 performance was a loss of DKK 20 million before tax, against a loss of DKK 23 million for the same period of last year.

Group

In the first six months of 2012, the group had an average of 1,589 employees against 1,569 in H1 2011.

The Alm. Brand Group generated total revenue of DKK 3.7 billion in H1 2012.

Earnings per share were DKK 0.9 for the first six months of the year. At 30 June 2012, the net asset value per share was DKK 25.

The group's equity was DKK 4.4 billion at 30 June 2012, which was DKK 0.2 billion higher than at 31 December 2011.

Capitalisation

The group's capital base stood at DKK 5,363 million at 30 June 2012, corresponding to an excess of DKK 2,328 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 4,898 million.

Capital base of the group	5,363
Statutory capital requirement for the group	3,035
Excess relative to statutory capital requirement	2,328
Internal capital target of the group	4,898
Excess relative to internal capital target	465

Major events

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.

Inspection by the Danish FSA

In the period from December 2011 to February 2012, the Danish FSA carried out an inspection of Alm. Brand Bank. In that connection, the FSA issued a number of orders against the bank, none of which were deemed to be of a critical nature.

The FSA assessed that the bank's internally calculated solvency need makes adequate allowance for the risks currently faced by the bank.

Share option scheme

The group's share option scheme for a number of senior executives was approved by the shareholders at the annual general meeting. The scheme came into force on 26 April 2012, and the initial share option award will take place in the third quarter of 2012.

Outlook

The guidance for the full-year consolidated profit is lifted by DKK 50 million to DKK 575 million before tax and excluding losses and writedowns in the bank.

The guidance for the group's non-life insurance activities is lifted by DKK 100 million to DKK 575 million on the basis of a very strong insurance operations performance.

On the other hand, the profit guidance for the bank is lowered by DKK 60 million. The down-

grade is based on lower-than-expected core earnings.

The forecast reduction of the overall lending portfolio is increased to around DKK 1 billion in 2012.

The forecast for the group's life insurance activities is maintained, while the guidance for other activities is lifted by DKK 10 million.

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

	May 2012 *)	August 2012 *)
Non-Life	475	575
Banking	10	-50
Life	90	90
Other	-50	-40
Profit before tax and minorities	525	575

*) Before writedowns in the bank

Expectations for the full-year combined ratio for the group's non-life insurance activities are upgraded to around 88.5 from 91.5, and expectations for the expense ratio are maintained at around 16.5. The growth forecast is lifted to just under 2%.

We expect full-year consolidated revenue for 2012 of around DKK 7 billion.

Disclaimer

The forecast is based on the interest rate and price levels prevailing in mid-August 2012. All other forward-looking statements are based exclusively on the information available when this report was released.

This announcement contains forward-looking statements regarding the company's expectations for the future financial development 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

REPORT – NON-LIFE INSURANCE

	Q2	Q2	H1	H1	Year
DKKm	2012	2011	2012	2011	2011
Gross premiums	1,206	1,170	2,401	2,338	4,772
Investment income on insurance business	4	13	9	27	40
Claims incurred	-744	-731	-1,715	-1,611	-3,851
Underwriting management expenses	-202	-199	-389	-381	-757
Profit from business ceded	-47	-74	50	-150	207
Underwriting profit	217	179	356	223	411
Interest and dividends etc.	62	70	123	132	262
Capital gains/losses	-36	12	-40	-6	-28
Management expenses relating to investment business	-5	-5	-10	-10	-18
Interest on technical provisions	-24	-49	-51	-95	-167
Profit on investments business after allocation of technical interest	-3	28	22	21	49
Other ordinary items	0	0	0	0	0
Profit before tax	214	207	378	244	460
Tax	-54	-52	-95	-60	-116
Profit for the year	160	155	283	184	344
Run-off gains/losses	38	68	83	77	153
Technical provisions	7,833	7,495	7,833	7,495	7,368
Insurance assets	243	117	243	117	336
Shareholders' equity	2,085	1,992	2,085	1,992	2,152
Total assets	10,573	9,901	10,573	9,901	10,348
Gross claims ratio	61.7%	62.6%	71.4%	68.9%	80.7%
Gross expense ratio	16.7%	16.9%	16.2%	16.3%	15.9%
Net reinsurance ratio	3.9%	6.3%	-2.1%	6.4%	-4.3%
Combined ratio	82.3%	85.8%	85.5%	91.6%	92.3%
Operating ratio	82.1%	84.9%	85.2%	90.6%	91.5%
Return on equity before tax p.a.	43%	43%	36%	26%	23%
Return on equity after tax p.a.	32%	32%	27%	19%	17%

Financial results

The group's non-life insurance activities generated pre-tax profit of DKK 378 million in H1 2012, as compared with profit of DKK 244 million in H1 2011.

The performance was highly satisfactory and significantly better than expected. The improvement was mainly driven by fewer claims on the underlying business, favourable weather conditions, fewer major claims, lower costs and higher premium income. The combined ratio was 85.5.

The technical result was a profit of DKK 356 million in H1 2012, against a profit of DKK 223 million in 2011.

The investment return after transfer to insurance activities was a gain of DKK 22 million, compared with DKK 21 million in H1 2011.

The H1 performance equalled a return on equity before tax of 36% p.a., against a return of 26% p.a. in the year-earlier period.

Q2 performance

In the second quarter, non-life operations generated a profit of DKK 214 million before tax,

equivalent to a combined ratio of 82.3, compared with a profit of DKK 207 million and a combined ratio of 85.8 in the same period of 2011.

The technical result was a profit of DKK 217 million in Q2 2012, against DKK 179 million in Q2 2011.

The highly satisfactory performance was driven by an improved performance of the underlying business, lower costs, fewer major claims and weather-related claims as well as run-off gains.

The investment return after transfer to insurance operations was a loss of DKK 3 million, compared with a gain of DKK 28 million in Q2 2011.

Premiums

Gross premium income for the year to date amounted to DKK 2,401 million, an increase of 2.7% relative to H1 2011. The increase in premiums was better than expected.

After a couple of years of increased cessation in the private customer segment due to premium increases, customer cessation dropped in the first quarter and saw a further reduction in the second quarter.

Premium income in Q2 2012 amounted to DKK 1,206 million, an increase of 3.1% on Q2 2011.

Claims experience

Total gross claims amounted to DKK 1,715 million, compared with DKK 1,611 million in H1 2011. The claims ratio was thus 71.4 in H1 2012, compared with 68.9 in the same period of last year. The increase in gross claims expenses was due to the DKK 155 million upward adjustment of the estimated overall loss from the 2 July 2011 cloudburst announced in the Q1 interim financial statements. The expense ratio excluding this adjustment was 65.0 in H1 2012.

In Q2 2012, the claims ratio was 61.7, against 62.6 in Q2 2011.

The number of reported claims fell by 11% in H1 2012 compared with the year-earlier period. During the same period, the number of insurances fell by 1%.

Average claims continued to increase, although not by as much as average premiums. Combined with the lower number of claims, this made for a sustained improvement of the underlying business.

The number of burglary claims filed continued to decline. In the first six months of 2012, burglary

claims fell by slightly more than 5% relative to the same period of 2011.

Major claims amounted to DKK 140 million in H1 2012, against DKK 163 million in the same period of last year. Expenses for major claims were DKK 38 million lower than expected. In Q2 2012, major claims totalled DKK 56 million, against DKK 79 million in Q2 2011.

Expenses for weather-related claims amounted to DKK 60 million in H1 2012, compared with a forecast of DKK 64 million and with DKK 105 million in H1 2011.

In the second quarter of 2012, weather-related claims totalled DKK 25 million.

Interest rates were significantly lower higher at 30 June 2012 than they were at the year-earlier date. As a result, the discounting effect lifted the claims ratio by 1.0 percentage point relative to H1 2011.

Run-off result

The run-off result net of reinsurance amounted to a gain of DKK 83 million in H1 2012, against DKK 77 million in the same period of last year. The run-off gains were mainly attributable to workers' compensation insurance in the form of capitalisation gains.

In Q2 2012, run-off gains totalled DKK 37 million, against DKK 68 million in Q2 2011.

Costs

Costs totalled DKK 389 million, against DKK 381 million in H1 2011, equivalent to an expense ratio of 16.2 (16.3 in the year-earlier period), which was in line with expectations.

In Q2 2012, the expense ratio was 16.7, compared with 16.9 in the same period of last year.

Net reinsurance ratio

In the first six months of the year, the net reinsurance ratio was negative at 2.1, implying an income for the group, against 6.4, implying an expense, in H1 2011. The income in 2012 was due to the above-mentioned upward adjustment of the July 2011 cloudburst claims being covered by reinsurers.

The net reinsurance ratio for Q2 2012 was 3.9, against 6.3 in Q2 2011.

Combined ratio

The combined ratio was 85.5 in H1 2012, compared with 91.6 in H1 2011. In the second quarter of 2012, the combined ratio was 82.3, against 85.8 in the same period of last year.

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

	2010	2011	H1 2011	H1 2012
Combined Ratio, underlying business	85.5	80.2	83.4	80.2
Major claims	7.1	6.8	7.0	5.8
Weather-related claims	8.5	6.9	4.5	2.5
Reinstatement premiums	-2.9	-3.2	-3.3	-3.4
Run-off result	-	1.6	-	0.4
Combined Ratio	98.2	92.3	91.6	85.5

As a result, the combined ratio of the underlying business improved from 83.4 in H1 2011 to 80.2 in H1 2012.

Investment return

The investment return after transfer to the technical result amounted to DKK 73 million, compared with DKK 116 million in the same period of 2011.

The return after interest on technical provisions was DKK 22 million, against DKK 21 million in H1 2011.

The non-life insurance company's investment assets are predominantly placed in interest-bearing assets most of which are mortgage bonds. Interest-bearing assets had a weighted duration of just over two years. Most of the interest rate exposure on assets is aligned with the interest rate exposure on provisions by way of interest rate swaps. However, over the past few years, the group has chosen to not fully align its investment portfolio with the declining yield level. At 30 June 2012, the net interest rate risk on a 100 bps drop in yields was DKK 98 million.

Both short-term yields (less than two years) and long-term yields (more than six years) fell substantially during the first six months of 2012. Overall, interest rate developments led to value adjustments of provisions of DKK 84 million in the

group's non-life insurance company. These were only partly offset by positive value adjustments of assets of DKK 44 million.

As a result, value adjustments of assets and provisions contributed a net loss of DKK 40 million in H1 2012, against a loss of DKK 5 million in the same period of 2011.

The non-life insurance equity exposure was less than 1% of investment assets in Q2 2012.

The inflation risk on workers' compensation insurance is largely hedged by way of inflation swaps, and this reduced the H1 performance by DKK 6 million.

As from 13 June 2012, the new discount yield curve of the Danish FSA will be used for calculating insurance provisions. This resulted in a decline in provisions of DKK 11 million at 30 June 2012.

Capitalisation

The capital base of Alm. Brand Forsikring A/S totalled DKK 2,452 million at 30 June 2012, of which DKK 149 million was supplementary capital.

The company's Solvency I requirement amounted to DKK 831 million. Accordingly, excess liquidity was DKK 1,621 million for a solvency ratio of 3.0. The individual solvency need was DKK 1,028 million, against DKK 1,132 million at 31 December 2011.

At 30 June 2012, the equity allocated to the non-life insurance division was DKK 2.1 billion.

Major events*Appointment of customer ambassador*

With effect from 1 August 2012, the group appointed a customer ambassador who is to serve as a customer ombudsman and to ensure, among other things, that the number of complaints is reduced. The customer ambassador will also be responsible for two newly established committees, which are to monitor the processing of all customer complaints in future.

Summer newsletter to agricultural customers

In June, Alm. Brand distributed newsletters to around 30,000 of the company's agricultural customers. The letters were primarily intended to promote Alm. Brand's new extended water damage insurance, offering additional cover against water damage which is not comprised by the ordinary water damage insurance.

The letters also contained information to the customers about Alm. Brand's text message weather warning service, new claims prevention recommendations at www.almbrand.dk, annual travel insurance and health insurance.

Outlook

The guidance for the group's non-life insurance activities is lifted by DKK 100 million to a profit of DKK 575 million before tax. The combined ratio is expected to be around 88.5 and the expense ratio around 16.5.

The growth forecast is lifted to just under 2%.

REPORT – BANKING

DKKm	PRO RATA					CONSOLIDATED FIGURES				
	Q2 2012	Q2 2011	H1 2012	H1 2011	Year 2011	Q2 2012	Q2 2011	H1 2012	H1 2011	Year 2011
Interest receivable	179	221	379	447	867	181	223	382	452	877
Interest payable	-118	-125	-246	-245	-506	-120	-126	-248	-248	-513
Net interest income	61	96	133	202	361	61	97	134	204	364
Net fees and commissions receivable and dividends, etc.	31	35	63	74	132	32	36	64	75	131
Net interest and fee income	92	131	196	276	493	93	133	198	279	495
Value adjustments	-19	-127	-29	-171	-399	-29	-138	-15	-187	-431
Other operating income	12	7	22	18	36	13	7	22	18	36
Profit before expenses	85	11	189	123	130	77	2	205	110	100
Expenses and depreciation/amortisation	-142	-124	-262	-244	-476	-143	-124	-263	-245	-477
Other operation costs	-11	-18	-21	-44	-40	-11	-18	-21	-44	-40
Write-downs of loans, advances and receivables, etc.	-38	-68	-103	-181	-768	-38	-68	-103	-181	-768
Profit from equity investments	-1	0	0	-2	0	-1	0	0	-2	0
Profit/loss before tax	-107	-199	-197	-348	-1,154	-116	-208	-182	-362	-1,185
Tax	27	52	49	89	236	27	51	49	88	235
Profit after tax	-80	-147	-148	-259	-918	-89	-157	-133	-274	-950
Share attributable to minority interests	-	-	-	-	-	9	10	-15	15	32
Profit after tax excluding minority interests	-	-	-	-	-	-80	-147	-148	-259	-918
<i>Profit before tax excluding minority interests</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-107</i>	<i>-199</i>	<i>-197</i>	<i>-348</i>	<i>-1,154</i>
Loans and advances	9,566	11,600	9,566	11,600	10,393	9,377	11,358	9,377	11,358	10,217
Deposits	10,451	7,920	10,451	7,920	7,995	10,451	7,920	10,451	7,920	7,995
Shareholders' equity	1,241	1,553	1,241	1,553	1,093	1,393	1,717	1,393	1,717	1,234
Share attributable to minority interests	-	-	-	-	-	152	164	152	164	141
Total assets	22,108	23,512	22,108	23,512	21,053	22,461	23,920	22,461	23,920	21,393
Average no. of employees (full-time equivalents)	279	289	279	290	286	279	289	279	290	286
Interest margin	-	-	-	-	-	1.3%	1.7%	1.4%	1.8%	1.6%
Income/cost ratio	0.44	0.06	0.49	0.26	0.10	0.39	0.02	0.53	0.23	0.08
Impairment ratio	0.3%	0.5%	0.8%	1.3%	5.9%	0.3%	0.5%	0.9%	1.3%	6.0%
Solvency ratio	-	-	-	-	-	17.0%	18.6%	17.0%	18.6%	16.8%
Return on equity before tax	-33%	-57%	-38%	-48%	-106%	-33%	-57%	-38%	-48%	-106%
Return on equity after tax	-25%	-42%	-29%	-36%	-85%	-25%	-42%	-29%	-36%	-85%

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, H1 2011 and Q1 2012, respectively, are used as benchmarks.

Financial results

The bank posted a loss of DKK 197 million before tax in H1 2012.

Before tax and excluding losses and writedowns, the bank posted a loss of DKK 31 million in H1 2012. The performance was not satisfactory.

The bank's total impairment writedowns on loans, including credit-related value adjustments of mortgage deeds and equities, amounted to DKK 166 million in H1 2012, of which DKK 85 million was written down in the first quarter and DKK 81 million in the second quarter. Accordingly, losses and writedowns remain at a high level.

The bank implemented the Danish FSA's new method for calculating impairment charges on property and agricultural exposures already at the end of 2011. The FSA's change of methodology therefore did not have any transitional effect on the bank's writedowns in the first six months of 2012.

Net interest and fee income

In H1 2012, net interest and fee income totalled DKK 196 million, against DKK 276 million in H1 2011.

In Q2 2012, net interest and fee income totalled DKK 92 million, compared with DKK 104 million in Q1 2012.

Interest income and expenses

Net interest income amounted to DKK 133 million in H1 2012, against DKK 202 million in the year-earlier period. Net interest income for the second quarter of 2012 amounted to DKK 61 million, compared with DKK 72 million in Q1 2012.

The development in net interest income was attributable to a combination of lower interest income from lending due to the bank's ongoing winding up of parts of the lending portfolio and generally higher funding costs due, among other things, to the fixed rate campaign run at the beginning of the year. The reduced bond portfolio also contributed to the decline in interest income.

For the parent company and the banking group, the interest margin was 1.3% and 1.4%, respectively, in H1 2012. The interest margin level is too low, and the bank's strategy going forward is to raise the interest margin. The interest margin for the parent company and the banking group was 1.4% in Q1 2012.

Fee income and expenses

Net fee income for H1 2012 was DKK 63 million, against DKK 74 million for the year-earlier period.

The decline was mainly due to a slowdown in activities in Financial Markets.

Value adjustments

In H1 2012, value adjustments amounted to a loss of DKK 29 million.

Value adjustments were adversely affected by credit-related writedowns of the mortgage deed portfolio and equities of DKK 47 million and DKK 16 million, respectively.

Excluding credit-related value adjustments of mortgage deeds and equities, the bank reported a capital gain of DKK 34 million in H1 2012.

The DKK 34 million capital gain in H1 mainly consisted of a DKK 6 million gain on interest-related value adjustments and a DKK 28 million gain on equity-related value adjustments.

The bank's equity portfolio is mainly composed of sector equities, while the trading portfolio of equities represents only a limited amount. In connection with winding-up distressed investment exposures, the bank took over a number of illiquid shares in both 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 these illiquid shares was approximately DKK 119 million at 30 June 2012.

Overall, foreign exchange adjustments and foreign exchange contracts produced a break-even result in H1 2012.

Other operating income

Other operating income was DKK 22 million in H1 2012, against DKK 18 million in the same period of last year. Other operating income is primarily attributable to Alm. Brand Leasing, which has expanded its operating lease activities.

Costs

The bank's payroll costs and administrative expenses amounted to DKK 248 million in H1 2012, against DKK 236 million in the same period of last year. The DKK 12 million increase was mainly caused by a provision of DKK 13 million made in respect of former employees at 30 June 2012. Adjusted for this provision, costs were in line with H1 2011.

Total depreciation, amortisation and impairment charges amounted to DKK 14 million in H1 2012, compared with DKK 8 million in H1 2011. These charges were attributable to the higher level of activity in Alm. Brand Leasing.

Other operating expenses

This item comprises the bank's expenses for the Guarantee Fund for Depositors and Investors of DKK 10 million as well as other operating expenses of DKK 11 million related to properties taken over temporarily.

Impairment of loans, etc.

The bank's impairment writedowns on loans amounted to DKK 103 million in H1 2012, against DKK 181 million in H1 2011.

In addition, the bank reported credit-related value adjustments of the bank's mortgage deed portfolio of DKK 47 million and credit-related value adjustments of equities taken over in connection with the winding up of a DKK 16 million credit exposure. Total credit-related value adjustments were DKK 63 million in H1 2012, compared with DKK 45 million in H1 2011.

These losses and writedowns are recognised under value adjustments but have been included in the table set out in the section "Lending portfolio", which further describes the lending portfolio and losses and writedowns.

Total impairment writedowns on loans, including credit-related value adjustments of mortgage deeds and equities, hence amounted to DKK 166 million in H1 2012, against DKK 226 million in H1 2011.

Balance sheet

Loans and advances, etc.

The bank's loans and advances amounted to DKK 9.6 billion at 30 June 2012, against DKK 10.4 billion at 31 December 2011. Exclusive of reverse transactions, intra-group transactions and writedowns, this performance marked a decline in loans and advances of DKK 0.6 billion in the first six months of 2012.

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 4.3 billion at 30 June 2012, against DKK 4.0 billion at 31 December 2011. The increase was attributable to repo transactions made.

Deposits

The bank's deposits amounted to DKK 10.5 billion at 30 June 2012, against DKK 8.0 billion at 31 December 2011. The increase was mainly attributable to the fixed rate campaign run in the winter of 2011-2012, which secured 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 largely eliminated the bank's deposit deficit, which amounted to DKK 2.4 billion at 31 December 2011, and turned it into a deposit surplus of DKK 0.9 billion at 30 June 2012.

Liquidity

At 30 June 2012, the bank had excess liquidity cover of 236% relative to the statutory requirement. This marked a decline relative to the 327% reported at 31 December 2011.

The decline was due to the bank's repayment of funding in the amount of DKK 4.6 billion in the first half year,

Capitalisation

The bank's equity stood at DKK 1.2 billion at 30 June 2012. The capital base totalled DKK 2.1 billion, and the risk-weighted items amounted to DKK 12.1 billion at 30 June 2012. As a result, the solvency ratio was 17.4, and the tier 1 capital ratio was 13.7. The bank's individual solvency need was made up at 13.1, and the bank's solvency ratio thus exceeded the individual solvency need by 4.3 percentage points.

The banking group's equity stood at DKK 1.4 billion at 30 June 2012, and the capital base totalled DKK 2.1 billion. Risk-weighted items in the banking group totalled DKK 12.6 billion at 30 June 2012. Accordingly, the solvency ratio was 17.0, and the tier 1 capital ratio was 13.6.

Major events

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.

Inspection by the Danish FSA

In the period from December 2011 to February 2012, the Danish FSA carried out an inspection of Alm. Brand Bank. In that connection, the FSA issued a number of orders against the bank, none of which were deemed to be of a critical nature.

The FSA assessed that the bank's internally calculated solvency need makes adequate allowance for the risks currently faced by the bank.

Changes to the Board of Directors

On 27 March 2012, Tage Benjaminsen resigned from the Board of Directors of Alm. Brand Bank. 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.

Outlook

The full-year guidance excluding losses and writedowns is lowered to a loss of DKK 50 million.

The downgrade is motivated by a weak trend in net interest income due to rising funding costs and also by general market developments. Other factors included higher expenses for the Guarantee Fund for Depositors and Investors, higher expenses in connection with properties taken over and costs related to the organisational adjustments made at the end of May 2012.

The expected reduction of the banking group's total loans and advances excluding reverse transactions, losses and writedowns is increased to around DKK 1 billion in 2012.

The amount of impairment writedowns on loans and credit-related value adjustments of mortgage deeds and equities is subject to considerable uncertainty and will depend on, among other factors, general economic developments. Due to the considerable uncertainty, no guidance is provided with respect to the bank's losses and writedowns in 2012.

LENDING PORTFOLIO

The bank's total writedowns and identified losses amounted to an expense of DKK 166 million in H1 2012. Of this amount, identified losses amounted to DKK 22 million.

The banking group's accumulated writedowns totalled DKK 1,678 million at 30 June 2012, against DKK 1,620 million at 31 December 2011. As a result of the increase in accumulated writedowns and the reduction of loans, advances and guarantees, the accumulated impairment ratio increased from 12.6% at 31 December 2011 to 13.7% at 30 June 2012.

The table below shows a consolidated segment-by-segment breakdown of the bank's lending portfolio. The table also shows pro rata consolidated loans and advances which are reviewed in the banking section of this interim report.

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

In H1 2012, total losses and writedowns charged to the income statement represented 1.7% of the average lending portfolio for the banking group excluding reverse transactions.

The overall lending portfolio, excluding reverse transactions, amounted to DKK 9.2 billion, which, including losses and writedowns, was a decline of DKK 0.8 billion relative to 31 December 2011. Adjusted for losses and writedowns, the lending portfolio declined by DKK 0.6 billion.

At 30 June 2012, DKK 6.6 billion was being wound up, equivalent to approximately 69% of the overall lending portfolio.

The performance of the individual lending segments in the first half year of 2012 is reviewed in the following sections. The loss and impairment ratio is calculated relative to average lending during the period.

DKK m	Loans			Total loss and writedowns				Loss ratio *)
	31.12.2011	30.06.2012	Share of portfolio (%)	2011	Q1 2012	Q2 2012	1H 2012	
Continuing portfolio	2,983	2,699	28.2%	105	10	7	17	0.6%
Lending to private customers	2,848	2,567	26.8%	104	10	7	17	0.6%
Other loans and advances **)	135	132	1.4%	1	-	-	-	-
Winding-up portfolio	7,059	6,550	68.6%	888	75	74	149	2.2%
Agriculture	1,038	1,075	11.2%	227	29	30	59	5.6%
Car finance	418	305	3.2%	2	-1	-	-1	-0.3%
Commercial lending	1,613	1,594	16.7%	308	19	-5	14	0.9%
Property development projects	431	242	2.5%	13	-	1	1	0.3%
Mortgage deed financing	405	276	2.9%	112	8	5	13	3.8%
Mortgage deeds ***)	3,154	3,058	32.0%	226	20	27	47	1.5%
Shares ****)	-	-	-	-	-	16	16	-
Bank packages etc.	-	-	-	1	-	-	-	-
Total group lending - excl. Reverse Transactions	10,042	9,249	96.7%	994	85	81	166	1.7%
Reverse Transactions including intercompany transactions	175	130	1.3%	-	-	-	-	-
Total group lending	10,217	9,379	97.9%	994	85	81	166	1.7%
Minority interests	176	187	2.0%	-	-	-	-	-
Total prorata	10,393	9,566	99.9%	994	85	81	166	1.7%

*) Losses and writedowns as a percentage of the average portfolio in H1 2012. 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.

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

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

Continuing portfolio

Lending to private customers

This portfolio consists of loans and advances to private customers and is geographically diversi-

fied across Denmark. The portfolio includes 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 281 million from 31 December 2011 to 30 June 2012. A significant part of the decline was attributable to the conversion of home loans to mortgage loans through the bank's business partner Totalkredit. The limited borrowing appetite of private customers also contributed to the portfolio decline. In future, efforts will be made to attract new private customers to the bank.

In H1 2012, losses and writedowns amounted to DKK 17 million, equivalent to 0.6% of the average portfolio.

Other loans and advances

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 3 million relative to 31 December 2011. No losses or writedowns were identified in this segment in the first six months of 2012.

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 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 in relation to the bank's collateral. This means that lending may increase in individual segments, although the lending segment is being wound up.

Agriculture

The portfolio increased by DKK 37 million during the period from 31 December 2011 to 30 June 2012. Adjusted for losses and writedowns, the portfolio increased by DKK 96 million because the bank has granted loans to necessary investments and to secure continuing operations, thereby protecting the underlying value to the bank.

In H1 2012, losses and writedowns amounted to DKK 59 million, equivalent to 5.6% of the average portfolio. The level of losses and writedowns reflects the difficult conditions agricultural customers continue to face.

Car finance

This portfolio declined because the bank no longer provides financing through car dealers. 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 113 million during the period from 31 December 2011 to 30 June 2012 to stand at DKK 305 million. In H1 2012, losses and writedowns amounted to DKK 1 million, equivalent to -0.3% of the average portfolio.

Commercial lending

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

The overall portfolio declined by DKK 19 million during the period from 31 December 2011 to 30 June 2012. In connection with the completion of a property development project, the exposure was reclassified to the commercial customer segment. Adjusted for this reclassification, the commercial customer portfolio declined by DKK 131 million relative to 31 December 2011.

In H1 2012, losses and writedowns amounted to DKK 14 million, equivalent to 0.9% of the average portfolio.

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.

From 31 December 2011 to 30 June 2012, the portfolio declined by DKK 189 million, of which DKK 112 million was attributable to reclassification to the commercial customer segment because of a project completion. In H1 2012, losses and writedowns amounted to DKK 1 million, equivalent to 0.3% of the average portfolio.

Mortgage deed exposure

The bank's overall mortgage deed exposure, comprising mortgage deed financing and mortgage deeds, declined by DKK 225 million to DKK 3,334 million in H1 2012.

Mortgage deeds have a natural run-off effect as a result of regular payments and redemptions. Natural run-off accounted for around 9% p.a. of the total mortgage deed exposure in H1 2012 when excluding credit writedowns and interest rate impacts.

Mortgage deed financing

This portfolio consists of investment exposures secured against mortgage deeds.

The portfolio declined by DKK 129 million during the period from 31 December 2011 to 30 June 2012. The decline was primarily attributable to the winding up of a number of investment exposures. In that connection, the bank took over the mortgage deeds provided as security.

In H1 2012, losses and writedowns amounted to DKK 13 million, equivalent to 3.8% of the average portfolio.

The writedowns were due to mortgage 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 mortgage deeds and commercial mortgage deeds.

Private mortgage deeds amounted to DKK 2,312 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 746 million, comprising the bank's portfolio of commercial mortgage deeds secured against residential rental property, commercial property designated 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.

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.

The portfolio declined by DKK 96 million from 31 December 2011 to 30 June 2012. In H1 2012, losses and writedowns amounted to DKK 47 million, equivalent to 1.5% of the average portfolio.

Shares

In connection with the winding up of a credit exposure, the bank has previously taken over a shareholding. The bank made a negative, credit-related value adjustment of DKK 16 million on this shareholding in the second quarter of 2012.

Bank packages etc.

No movements were recorded in this segment in 2012.

Capital reservation

The banking group's total capital reservation amounted to DKK 3,639 million at 30 June 2012, against DKK 3,916 million at 31 December 2011.

The capital reservation corresponded to 31% of gross loans and advances and residual debt on mortgage deeds at 30 June 2012, which was unchanged compared with 31 December 2011.

As regards the continuing portfolio, the capital reservation corresponded to 16% of gross loans and advances, which marked an increase of 2 percentage points relative to 31 December 2011. As regards the winding-up portfolio, the capital reservation corresponded to 36% of gross loans and advances and residual debt on mortgage deeds, which was a decline of 1 percentage point relative to 31 December 2011.

CAPITAL RESERVATION DKKm	30.06.2012							31.12.2011	
	Gross lending/ outstanding			Required capital	Total reservation	Reservation relative to gross lending	Total reservation	Reservation relative to gross lending	
debt	Balance	Difference*)	reservation						gross lending
Continuing portfolio	2,872	2,699	173	338	511	18%	426	14%	
Winding-up portfolio	8,786	6,550	2,236	856	3,092	35%	3,439	37%	
Bank packages etc. **)	-	-	9	7	16	-	23	-	
Total, excl. reverse transactions	11,658	9,249	2,418	1,201	3,619	31%	3,888	31%	
Reverse transactions and intra-group transactions	130	130	-	20	20	15%	28	16%	
Total, group	11,788	9,379	2,418	1,221	3,639	31%	3,916	31%	

*) Accumulated writedowns and value adjustments of mortgage deeds.

**) No loans or advances in this segment. Reservation is related to guarantees

REPORT – LIFE INSURANCE

	Q2	Q2	H1	H1	Year
DKKm	2012	2011	2012	2011	2011
Premiums	206	150	435	329	724
Claims incurred	-211	-288	-538	-560	-1,057
Investment return after allocation of interest	174	183	360	83	856
Total underwriting management expenses	-19	-16	-38	-35	-70
Profit on business ceded	1	4	10	9	1
Change in life insurance provisions	-167	56	-104	184	-401
Change in collective bonus potential	60	-52	-87	48	63
Underwriting profit/loss	44	37	38	58	116
Return on investments allocated to equity	-17	7	8	4	21
Profit before tax	27	44	46	62	137
Tax	-9	-12	-12	-16	-32
Profit after tax	18	32	34	46	105
Result in life insurance					
Administrative result	-1	8	0	11	14
Investment result	-14	120	201	-83	528
Change in provision for guaranteed pension benefits	-36	-66	-106	36	-561
Change in collective bonus potential	60	-52	-87	48	63
Risk result	17	30	28	41	92
Profit on business ceded	1	4	10	9	1
Profit before tax	27	44	46	62	137
Tax	-9	-12	-12	-16	-32
Profit after tax	18	32	34	46	105
Total technical provisions	12,031	11,264	12,031	11,264	11,829
Shareholders' equity	910	969	910	969	1,026
Total assets	13,757	12,701	13,757	12,701	13,624
Return on equity before tax p.a.	16%	16%	10%	12%	13%
Return on equity after tax p.a.	12%	12%	7%	9%	10%
Bonus rate	5.3%	4.6%	5.3%	4.6%	4.5%

Investment return in life insurance in Q1 2012**Return
ratio**

Interest-bearing assets	3.3%
Shares	7.7%
Property	2.5%
Total	3.6%

Financial results

The life insurance company posted a pre-tax profit of DKK 46 million in H1 2012, against DKK 62 million for the same period of last year. The performance was satisfactory.

In Q2 2012, the performance was a pre-tax profit of DKK 27 million, against DKK 44 million in Q2 2011.

The return on equity principles applied in 2012 are unchanged from 2011.

The full risk allowance was booked for all contribution groups, except one, for which only a partial risk allowance was booked.

The outstanding risk allowance of DKK 2 million was transferred to the shadow account for the group in question. This brought the shadow accounts to an aggregate of DKK 8 million.

The H1 performance resulted in a return on equity of 10% p.a. before tax, compared with 12% p.a. in the year-earlier period.

Premiums

Gross premiums rose by 32.3% to DKK 435 million in H1 2012 from DKK 329 million in the year-earlier period. The increase was primarily attributable to a number of one-time payments from a growing number of new customers who have chosen to transfer their existing pension savings from other banks to Alm. Brand Liv og Pension.

The group's strategy is for both the life insurance company, Alm. Brand Liv og Pension, and Alm. Brand Bank to generate growth in pension contributions. In the bank, growth should primarily take place through the Alm. Brand Investment Scheme.

The total amount of pension contributions, including investment schemes with the bank and premium income in the life insurance company rose by 22.9% overall to DKK 606 million in H1 2012 from DKK 493 million in H1 2011.

Investment return

return on investment assets belonging to policyholders was DKK 438 million for H1 2012, corresponding to a return of 3.6% (7.1% p.a.), against a return of DKK 90 million in H1 2011. The return was made up before tax on pension returns but after investment costs.

Calculation of risk allowance

Customers have been divided into a number of contribution groups based on rate of interest, insurance risk and expenses. The risk allowance 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 allowance for 2012 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

Relative to the benchmark performance, the return on policyholders' investment assets was satisfactory.

In the second quarter of 2012, the return on the bond portfolio was lifted by declining yields and, consequently, rising prices. During the quarter, a minor change was made from government bonds to emerging market bonds, credit bonds and index-linked bonds. The company has no investments in government bonds issued by southern European economies such as Greece, Italy, Spain or Portugal.

Equity market developments had a favourable effect on the equity portfolio return in the first quarter, but had an adverse effect in the second quarter. The overall equity return for the first six months of the year remained positive.

The return on the property portfolio was in line with expectations.

Financial instruments used for the hedging of insurance liabilities made a positive contribution to the return both in the first and second quarters.

The H1 return on investment assets attributable to shareholders' equity was DKK 8 million, equivalent to a return of 0.8% (1.5% p.a.), against a return of DKK 4 million in the same period of last year. The assets were placed in short-term bonds. Considering the very low level of interest rates and relative to the benchmark

performance, the return on equity was satisfactory.

Benefits paid

Benefits paid amounted to DKK 538 million in H1 2012, compared with DKK 560 million in 2011.

Payments as a result of surrenders/transfers to other pension institutions declined relative to the year-earlier period.

As a result of the age of the insurance portfolio, benefits paid on normal retirement are increasing.

Life insurance provisions

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

Total life insurance provisions increased by DKK 104 million to DKK 11.4 billion in the six months ended 30 June 2012.

The calculation of the market value of life insurance provisions was adjusted in the first quarter of the year, causing a reduction of provisions by approximately DKK 50 million.

Moreover, the adjustment of the yield curve in June reduced provisions by DKK 68 million.

The lower provisions were offset by a corresponding increase in the collective bonus potential.

Collective bonus potential

The collective bonus potential increased by DKK 87 million in H1 2012 to a total of DKK 537 million, corresponding to a highly satisfactory average bonus rate of 5.3%.

Costs

Acquisition and administrative expenses totalled DKK 38 million in H1 2012, against DKK 35 million in the same period of 2011.

Administrative expenses were unchanged, while acquisition costs rose due to an increase in the number of specialist pension advisers.

Expense and risk results

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 2 million in H1 2012. 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 an income of DKK 35 million in H1 2012. The overall risk result was highly satisfactory.

Capitalisation

The capital base of Alm. Brand Liv og Pension A/S totalled DKK 1,039 million at 30 June 2012, of which DKK 120 million was supplementary capital.

The company's Solvency I requirement amounted to DKK 496 million. Accordingly, excess liquidity was DKK 543 million, corresponding to an excess over the solvency requirement of 210%. The individual solvency need was made up at DKK 314 million, against DKK 440 million at 31 December 2011.

Equity allocated to life insurance was DKK 910 million at 30 June 2012.

The Danish FSA's stress scenarios were computed on an ongoing basis. The life group was in the green scenario by a fair margin throughout the reporting period.

Major events

Tax reform

A political agreement on a tax reform was concluded in June. The reform includes various elements of material importance to the pension area, including a phase-out of the tax deductibility of capital pensions.

Although the final legislation is not yet in place, expectations are that implementing the necessary reorganisation of the many existing capital pension schemes will pose considerable challenges.

The phase-out of the tax deductibility of capital pensions will, together with other elements of the reform, have an adverse effect on premium income and hence also on the expense and risk results.

Outlook

Alm. Brand Liv og Pension retains its guidance for a full-year profit of DKK 90 million before tax.

Alm. Brand Liv og Pension expects to be able to book a risk allowance for all contribution groups in 2012.

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 six months ended 30 June 2012.

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 June 2012 and of the results of the group's and the parent company's operations and the group's cash flows for the six months ended 30 June 2012.

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, 23 August 2012

Søren Boe Mortensen
Chief Executive

BOARD OF DIRECTORS

Copenhagen, 23 August 2012

Jørgen H. Mikkelsen
Chairman

Boris N. Kjeldsen
Deputy Chairman

Henrik Christensen

Per Dahlbom

Per V. H. Frandsen

Arne Nielsen

Jan S. Pedersen

Helle L. Frederiksen

Henning Kaffka

Susanne Larsen

BALANCE SHEET

DKKm	Group		
	30 June 2012	30 June 2011	31 December 2011
Assets			
Intangible assets	0	65	0
Owner-occupied properties	1,085	1,016	1,085
Deferred tax assets	707	704	758
Participating interests in joint ventures	43	34	51
Reinsurers' share of insurance contracts	269	148	362
Current tax assets	6	4	6
Other assets	1,332	1,413	1,514
Loans	9,377	11,358	10,217
Investment properties	417	421	433
Investment assets	30,444	29,972	29,280
Amounts due from credit institutions and central banks	1,906	1,339	1,068
Cash in hand and demand deposits	1,035	49	139
Total assets	46,621	46,523	44,913
Liabilities and equity			
Share capital	1,735	1,735	1,735
Reserves, retained profit etc.	2,510	2,816	2,358
Minority interests	121	132	113
Consolidated shareholders' equity	4,366	4,683	4,206
Subordinated debt	1,829	1,828	1,829
Provisions for insurance contracts	19,864	18,759	19,197
Other provisions	30	41	28
Deferred tax liabilities	46	46	46
Issued bonds	4,032	6,032	6,032
Other liabilities	1,072	1,156	1,008
Deposits	10,296	7,793	7,956
Payables to credit institutions and central banks	5,086	6,185	4,611
Total liabilities and equity	46,621	46,523	44,913

Note 1 Own shares

Note 2 Contingent liabilities, guaranties and leasing

Note 3 Accounting policies

Note 4 Financial highlights and key ratios

INCOME STATEMENT

DKKm	Group				
	Q2 2012	Q2 2011	H1 2012	H1 2011	Year 2011
Income					
Premium income	1,412	1,320	2,836	2,667	5,496
Interest income etc.	355	404	730	806	1,582
Fee income etc.	18	25	43	56	96
Other income from investment activities	5	6	22	7	9
Income associates	0	-1	1	-1	-1
Other income	12	7	22	18	36
Total income	1,802	1,761	3,654	3,553	7,218
Costs					
Claims incurred	-955	-1,019	-2,253	-2,171	-4,908
Interest expenses	-141	-167	-298	-327	-663
Other cost from investment activities	-12	-9	-25	-25	-44
Impairment of loans, advances and receivables, etc.	-38	-68	-103	-181	-768
Acquisition and administrative costs	-354	-341	-686	-668	-1,270
Total costs	-1,500	-1,604	-3,365	-3,372	-7,653
Profit from business ceded	-46	-70	60	-141	208
Change in life insurance provisions	-167	56	-104	184	-401
Change in collective bonus potential	60	-52	-87	48	27
Exchange rate adjustments	-4	-28	127	-343	125
Tax on pension investment returns	-27	-27	-66	-6	-150
Profit before tax	118	36	219	-77	-626
Tax	-34	-11	-53	17	97
Profit after tax	84	25	166	-60	-529
The profit before tax is allocated as follows:					
Share attributable to Alm. Brand	125	44	207	-65	-601
Share attributable to minority shareholders	-7	-8	12	-12	-25
	118	36	219	-77	-626
The profit after tax is allocated as follows:					
Share attributable to Alm. Brand	91	33	154	-48	-503
Share attributable to minority shareholders	-7	-8	12	-12	-26
	84	25	166	-60	-529
Earnings per share, DKK	0.5	0.2	0.9	0	-2.9
Diluted earnings per share, DKK	0.5	0.2	0.9	0	-2.9
Comprehensive income					
Profit for the year	84	25	166	-60	-529
Revaluation of owner-occupied properties	0	0	0	0	36
Transferred to collective bonus potential	0	0	0	0	-36
Comprehensive income	84	25	166	-60	-529
Proposed allocation of profit/loss:					
Share attributable to Alm. Brand	91	33	154	-48	-503
Share attributable to minority shareholders	-7	-8	12	-12	-26
Comprehensive income	84	25	166	-60	-529

STATEMENT OF CHANGES IN EQUITY

DKKmn	Share capital	Contingency funds	Other provisions	Retained profit	Shareholders' equity	Minority interests	Consolidated equity
Shareholders equity, 1 January 2011	1,735	182	1,215	1,466	4,598	160	4,758
Changes in equity H1 2011							
Profit/loss for the period				-48	-48	-12	-60
Total income	0	0		-48	-48	-12	-60
Repurchased shares				3	3		3
Purchase and sale of treasury shares in subsidiaries				-3	-3	-7	-10
Tax on changes recognised in equity				1	1		1
Change in share attributable to minority interest				0	0	-9	-9
Changes in equity	0	0	0	-47	-47	-28	-75
Shareholders equity, 30 June 2011	1,735	182	1,215	1,419	4,551	132	4,683
Shareholders equity, 1 January 2011	1,735	182	1,215	1,466	4,598	160	4,758
Changes in equity 2011							
Profit/loss for the year				-503	-503	-26	-529
Revaluation of owner-occupied properties				36	36		36
Transferred to collective bonus potential				-36	-36		-36
Tax on changes recognised in equity				0	0		0
Total income	0	0	0	-503	-503	-26	-529
Purchase and sale of treasury shares				2	2		2
Purchase and sale of treasury shares in subsidiaries				-4	-4	-4	-8
Tax on changes recognised in equity				0	0		0
Change in share attributable to minority interest				0	0	-17	-17
Changes in equity	0	0	0	-505	-505	-47	-552
Shareholders equity, 31 December 2011	1,735	182	1,215	961	4,093	113	4,206
Shareholders equity, 1 January 2012	1,735	182	1,215	961	4,093	113	4,206
Changes in equity H1 2012							
Profit/loss for the period				154	154	12	166
Total income	0	0	0	154	154	12	166
Purchase and sale of treasury shares				0	0		0
Purchase and sale of treasury shares in subsidiaries				-3	-3		-3
Share option scheme				1	1		1
Change in share attributable to minority interest				0	0	-4	-4
Changes in equity	0	0	0	152	152	8	160
Shareholders equity, 30 June 2012	1,735	182	1,215	1,113	4,245	121	4,366
						30 June 2012	31 December 2011
Shareholders' equity exclusive minority interests						4,245	4,093
Consolidation of Pensionskassen under Alm. Brand A/S						-4	-4
Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests						4,241	4,089
Share of profit attributable to Alm. Brand A/S						154	-503
Consolidation of Pensionskassen under Alm. Brand A/S						0	4
Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial						154	-499

CAPITAL TARGET

DKKm	Capital base at 30 June 2012
Consolidated equity	4,367
Tax asset	-707
Supplementary capital	1,703
Consolidated capital base	5,363
DKKm	Capital target 30 June 2012
Non-life insurance (45% of gross premium income)	2,187
Life insurance (9% of life insurance provisions)	1,030
Alm. Brand Bank (16.1% of risk weighted assets) *)	1,954
Alm. Brand Bank subsidiaries	27
Diversification effects	-300
Consolidated capital target	4,898
<i>*) calculated as the individual solvency need at 30 June 2012 plus 3 percentage points</i>	
Statutory capital requirement for the group at 30 June 2012	3,035
Excess relative to statutory capital requirement	2,328
Excess relative to internal capital target	465

CASH FLOW STATEMENT

DKKm	Group		
	H1 2012	H1 2011	Year 2011
Cash flows from operating activities			
Premiums received	3,586	3,249	5,351
Claims paid	-2,511	-2,204	-4,723
Interest receivable, dividends, etc.	810	812	1,551
Interest payable	-248	-247	-505
Payments concerning reinsurance	161	-105	33
Fee income received	57	106	131
Fee income paid	-17	-22	-41
Expences paid	-722	-830	-1,357
Tax on pension investment returns paid	-147	-112	-114
Acquisition of intangible assets, furniture, equipments etc.	-48	-20	-68
Other ordinary income received	22	18	37
Taxes paid/received	0	0	4
Cash flows from operating activities	943	645	299
Change in investment placement (net)			
Properties acquired or converted	15	48	53
Sale/aquisition of equity investmets	26	331	194
Sale/repayment of mortgage deeds and loans	730	897	1,282
Sale/aquisition of bonds	-791	-1,234	131
Change in investment placement (net)	-20	42	1,660
Change in financing (net)			
Other provisions	0	0	-18
Sale/purchase of treasury shares	0	3	2
Sale/acquisition of subsidiaries (change in minority interests)	-4	-19	-25
Change in deposits	2,341	-809	-647
Change in payables to credit institutions	475	-390	-1,980
Change in financing (net)	812	-1,215	-2,668
Net change in cash and cash equivalentents	1,735	-528	-709
Cash and cash equivalentents, beginning of period	1,207	1,916	1,916
Cash and cash equivalentents, end of period	2,942	1,388	1,207

SEGMENT REPORTING

H1 2012

DKKm	Non-life	Bank	Life	Other	Elimi- nation	Group
Premium income	2,401	0	435	0		2,836
Interest income etc.	125	382	223	2	-2	730
Fee income etc.	0	64	0	0	-21	43
Other investment income	1	0	46	0	-25	22
Income associates	0	1	3	0	-3	1
Other income	0	22	0	0		22
Total income	2,527	469	707	2	-51	3,654
Claims incurred	-1,715	0	-538	0		-2,253
Interest expenses	-45	-248	-3	-4	2	-298
Other investment expenses	-10	0	-18	-18	21	-25
Provisions for bad and doubtful debts	0	-103	0	0		-103
Acquisition and administrative expenses	-389	-284	-38	0	25	-686
Total expenses	-2,159	-635	-597	-22	48	-3,365
Result of business ceded	50	0	10	0		60
Change in life insurance provisions	0	0	-104	0		-104
Change in collective bonus potential	0	0	-87	0		-87
Exchange rate adjustments	-40	-16	183	0		127
Tax on pension investment returns	0	0	-66	0		-66
Profit before tax	378	-182	46	-20	-3	219
Tax	-95	49	-12	5		-53
Profit after tax	283	-133	34	-15	-3	166

H1 2011

Premium income	2,338	0	329	0		2,667
Interest income etc.	134	452	219	2	-1	806
Fee income etc.	0	75	0	0	-19	56
Other investment income	1	0	44	0	-38	7
Income associates	0	-1	-3	0		-1
Other income	0	18	0	0		18
Total income	2,473	544	589	2	-58	3,553
Claims incurred	-1,611	0	-560	0	0	-2,171
Interest expenses	-71	-248	-2	-7	1	-327
Other investment expenses	-10	0	-15	-19	19	-25
Provisions for bad and doubtful debts	0	-181	0	0	0	-181
Acquisition and administrative expenses	-381	-290	-35	0	38	-668
Total expenses	-2,073	-719	-612	-26	58	-3,372
Result of business ceded	-150	0	9	0	0	-141
Change in life insurance provisions	0	0	184	0	0	184
Exchange rate adjustments	-6	-187	-150	0	0	-343
Tax on pension investment returns	0	0	-6	0	0	-6
Profit before tax	244	-362	62	-24	0	-77
Tax	-60	88	-16	5	0	17
Profit after tax	184	-274	46	-19	0	-60

NOTES

DKK m	Group		
	H1 2012	H1 2011	Year 2011
Note 1 Own Shares - Group			
Carrying amount, beginning of year	0	0	0
Value adjustments	0	3	3
Acquired during the period	5	3	3
Sold during the period	-5	-6	-6
Carrying amount, end of period	0	0	0
Nominal value, beginning of year	3	4	4
Acquired during the period	4	3	5
Sold during the period	-5	-6	-6
Nominal value, end of period	2	1	3
Holding (number of shares), beginning of year	298	421	421
Additions, number of shares	415	300	456
Disposals, number of shares	-480	-579	-579
Holding (number of shares), end of period	233	142	298
Percentage of share capital, end of period	0.1%	0.1%	0.2%

Note 2 Contingent liabilities, guaranties and leasing

Guarantee commitments	1,501	1,717	1,545
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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 2011.

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 six months ended 30 June 2012 is unaudited.

Note 4 Financial highlights and key ratios

Referring to management's report.

BALANCE SHEET

DKKm	Note	Parent company		
		30 June 2012	30 June 2011	31 December 2011
Assets				
Investment in group enterprises	1	4,238	4,514	4,271
Total investments in group enterprises and associates		4,238	4,514	4,271
Equity investments		1	1	1
Other loans and advances		2	2	2
Deposits with credit institutions		250	350	75
Cash in hand and balances at call		16	13	16
Total other financial investment assets		269	366	94
Total investment assets		4,507	4,880	4,365
Receiveables from group enterprises		2	0	8
Other receivables		38	34	31
Total receivables		40	34	39
Current tax assets		14	14	8
Deferred tax assets		20	18	20
Total other assets		34	32	28
Total assets		4,581	4,947	4,432
Liabilities and equity				
Share capital		1,735	1,735	1,735
Other provisions		1,215	1,215	1,215
Retained earnings		1,291	1,597	1,139
Total shareholders' equity		4,241	4,547	4,089
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		0	3	2
Issued bonds		32	32	32
Other payables		12	66	13
Total payables		44	101	47
Deferred income		0	3	0
Total liabilities and equity		4,581	4,947	4,432

INCOME STATEMENT

DKKm	Note	Parent company				
		Q1 2012	Q1 2011	1H 2012	1H 2011	Year 2011
Income from group enterprises	2	98	40	169	-29	-469
Interest income and dividends, etc.		1	1	1	2	4
Interest expenses		-1	-3	-4	-7	-15
Administrative expenses related to investment activities		-9	-5	-17	-15	-29
Profit before tax		89	33	149	-49	-509
Tax		2	2	5	5	10
Profit for the Year		91	35	154	-44	-499

Comprehensive income

Profit for the period		91	35	154	-44	-499
Comprehensive income		91	35	154	-44	-499
Proposed allocation of profit/loss:						
Retained earnings		91	35	154	-44	-499

Note 3 Accounting policies parent company

STATEMENT OF CHANGES IN EQUITY

DKKm	Parent company			
	Share-Capital	Other provisions	Retained earnings	Shareholders' equity
Shareholders equity, 1 January 2011	1,735	1,215	1,640	4,590
Changes in equity H1 2011				
Profit/loss for the period			-44	-44
Total income	0		-44	-44
Purchase and sale of treasury shares			3	3
Repurchased shares			-3	-3
Tax on changes recognised in equity			1	1
Changes in equity	0		-43	-43
Shareholders equity, 30 June 2011	1,735	1,215	1,597	4,547
Shareholders equity, 1 January 2011	1,735	1,215	1,640	4,590
Changes in equity 2011				
Profit/loss for the year			-499	-499
Total income			-499	-499
Cost relating to share issue			2	2
Purchase and sale of treasury shares in subsidiaries			-4	-4
Changes in equity	0	0	-501	-501
Shareholders equity, 31 December 2011	1,735	1,215	1,139	4,089
Shareholders equity, 1 January 2012	1,735	1,215	1,139	4,089
Changes in equity H1 2012				
Profit/loss for the period			154	154
Total income			154	154
Purchase and sale of treasury shares			0	0
Purchase and sale of treasury shares in subsidiaries			-3	-3
Share option scheme			1	1
Changes in equity	0	0	152	152
Shareholders equity, 30 June 2012	1,735	1,215	1,291	4,241

NOTES

Note 1 Investment in group enterprises

DKKkM	Parent company		
	30 June 2012	30 June 2011	31 December 2011
Cost, beginning of year	7,291	6,841	6,841
Additions during the period	300	250	450
Cost, end of period	7,591	7,091	7,291
Revaluation and impairment, beginning of year	-3,020	-2,346	-2,346
Dividend received	-500	-200	-200
Profit for the period	169	-29	-469
Revaluation and impairment of treasury shares in subsidiaries	-2	-2	-5
Revaluation and impairment, end of period	-3,353	-2,577	-3,020
Carrying amount, end of period	4,238	4,514	4,271
Specification of carrying amount:			
Alm. Brand Bank A/S	1,241	1,553	1,092
Alm. Brand Forsikring A/S	2,996	2,960	3,178
Asgaard Finans A/S	1	1	1
Carrying amount, end of period	4,238	4,514	4,271

Note 2 Income from group enterprises

DKKkM	Parent company		
	1H 2012	1H 2011	Year 2011
Alm. Brand Bank A/S	-148	-259	-918
Alm. Brand Forsikring A/S	317	230	449
Total income from group enterprises	169	-29	-469

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 2011.

The interim report for the six months ended 30 June 2012 is unaudited.