

Alm. Brand

interim report - the first to third quarter

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

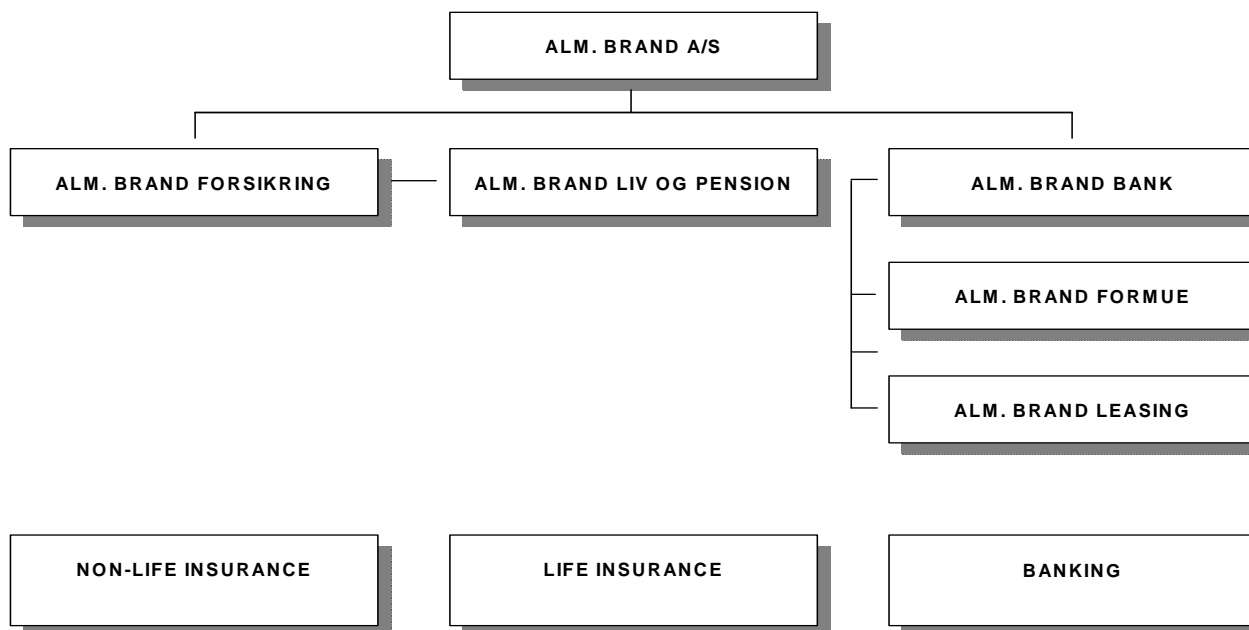
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GROUP STRUCTURE



Companies with negligible or discontinued activities are not included.

Alm. Brand 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.

This is a translation of the Danish first to third quarter report 2012. In case of any discrepancies the Danish version prevails.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

	Q3	Q3	Q1-Q3	Q1-Q3	Year
DKKm	2012	2011	2012	2011	2011
Income					
Non-Life Insurance	1,229	1,229	3,630	3,567	4,772
Banking	210	252	656	779	1,008
Life Insurance	208	126	643	455	724
Investments	176	172	548	531	714
Total income	1,823	1,779	5,477	5,332	7,218
Profit excluding minorities					
Non-Life Insurance	228	39	606	283	460
Banking	-176	-156	-373	-504	-1,154
Life Insurance	24	38	70	100	137
Other activities	-14	-16	-34	-39	-44
Profit before tax	62	-95	269	-160	-601
Tax	-14	21	-67	38	98
Profit after tax	48	-74	202	-122	-503
Profit Group					
Profit before tax, Group	77	-117	296	-194	-626
Tax	-14	21	-67	38	97
Profit after tax, Group	63	-96	229	-156	-529
Provisions for insurance contracts	19,822	19,291	19,822	19,291	19,197
Shareholders' equity	4,426	4,583	4,426	4,583	4,206
Of which minority interests	136	107	136	107	113
Total assets	44,012	46,829	44,012	46,829	44,913
Return on equity before tax excluding minorities p.a.	6%	-8%	9%	-5%	-14%
Return on equity after tax excluding minorities p.a.	4%	-7%	6%	-4%	-12%
Earnings per Share	0.3	-0.4	1.2	-0.7	-2.9
Diluted Earnings per Share	0.3	-0.4	1.2	-0.7	-2.9
Net assets value per Share	25	26	25	26	24
Share price end of period	14.7	7.1	14.7	7.1	8.2
Share price/Net asset value	0.59	0.27	0.59	0.27	0.34
Number of shares end of period ('000)	173,094	173,358	173,094	173,358	173,202
Average number of shares ('000)	173,150	173,358	173,203	173,358	173,140

The Alm. Brand Group

Financial results

For the nine months ended 30 September 2012, Alm. Brand posted a profit of DKK 601 million before tax and excluding losses and writedowns, against a profit of DKK 197 million for the same period of 2011.

Including losses and writedowns, the company generated a profit of DKK 269 million, against a loss of DKK 160 million in 2011. Although the performance continues to develop favourably, it is still not satisfactory.

Alm. Brand posted a profit before tax and excluding losses and writedowns in the bank of DKK 228 million for the third quarter of 2012. Including losses and writedowns, the profit was DKK 62 million.

The Q3 performance was favourably affected by a very strong underlying claims experience, which was supported by few weather-related and major claims and by run-off gains.

The performance was adversely affected by losses and writedowns and by negative core earnings in the bank. However, core earnings improved from the second to the third quarter, among other things due to an improved interest margin driven by lower funding costs.

Non-life insurance

The group's non-life insurance activities continued to develop positively and ahead of expectations. This brought the combined ratio to 80.2 for the third quarter and 83.7 for 2012 to date.

Premium income was up by 1.8% for the year to date.

There were fewer than expected weather-related claims during the third quarter and significantly fewer than in the same period of last year, as the third quarter of 2011 was impacted by the cloud burst on 2 July 2011. Underlying claims expenses were also ahead of expectations and the overall financial performance was favourably affected by run-off gains.

The expense ratio was 14.7, equivalent to the level of the year-earlier period.

Banking

The bank posted a loss before losses and writedowns of DKK 41 million for the year to date and a loss of DKK 10 million in Q3.

The interest margin improved from the first half to the third quarter of 2012, mainly due to the repayment of funding. The bank has now repaid loans in the total amount of DKK 6.6 billion in 2012 to date. However, core earnings remained negative in spite of rising net interest and fee income. The bank's strategy is to increase the volume of business and thereby improve its core earnings.

The bank continues to reduce the winding-up portfolio and in particular the winding up of commercial loans developed favourably in the third quarter.

Losses and writedowns amounted to DKK 166 million and were impacted by writedowns on a single, large exposure as well as by agricultural exposures.

The bank's solvency was 18.9% or 3.6 percentage points higher than the individual solvency need.

Life insurance

The company's life insurance activities continued to deliver a satisfactory performance.

Improving by 65% in the third quarter, premium payments rose ahead of expectations. The increase was mainly due to one-time payments resulting from many customers transferring and consolidating their existing pension savings in Alm. Brand.

The life insurance activities reported a good investment return of 6.5% in Q3 2012 (8.7% p.a.), and the bonus rate grew to 5.7%.

Other business activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations at a pre-tax loss of DKK 34 million for the year to date, against a loss of DKK 39 million for the same period of 2011.

Group

For the year to date, the group had an average of 1,591 employees, compared with 1,570 in the same period of 2011.

The Alm. Brand Group generated total revenue of DKK 5.5 billion in the nine months ended 30 September 2012.

Earnings per share were DKK 1.2 for the nine-month period. At 30 September 2012, net asset

value per share was DKK 25, and the price/net asset value ratio was 0.59.

Consolidated equity amounted to DKK 4.4 billion at 30 September 2012, an increase of DKK 0.2 billion relative to 31 December 2011.

Capitalisation

The group's capital base stood at DKK 5,438 million at 30 September 2012, corresponding to an excess of DKK 2,397 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 4,917 million.

DKKm	September 2012
Capital base of the group	5,438
Statutory capital requirement for the group	3,041
Excess relative to statutory capital requirement	2,397
Internal capital target of the group	4,917
Excess relative to internal capital target	521

Major events

Share option scheme

On 4 September 2012, a total of 328,130 share options with an exercise price of DKK 15.39 per share were granted to the Management Board and members of the group's management team other than management team members employed with Alm. Brand Bank A/S.

Outlook

The guidance for the full-year consolidated profit is lifted by DKK 150 million to DKK 725 million

before tax and losses and writedowns in the bank.

The upgraded forecast is based on the strong performance of the group's non-life insurance activities, whereas the outlook for the banking and life insurance activities is maintained.

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

DKKm	August 2012 *)	November 2012 *)
Non-life insurance	575	725
Banking	-50	-50
Life insurance	90	90
Others	-40	-40
Profit before tax and minority interests	575	725

*) Before losses and writedowns in the bank

The guidance for the 2012 non-life combined ratio is improved to 86 from 88.5. The expense ratio forecast is revised to just over 16.

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

In other words, an exceptionally strong performance is expected in the non-life insurance activities in 2012 supported by a positive run-off improving the combined ratio by around 3.5 points. In addition, the low level of weather-related claims and major claims will improve the combined ratio by around 2.5 points.

For 2013, the combined ratio is expected to normalise at around 92, which will combine with the current low level of interest rates for a projected consolidated profit of between DKK 400 million and DKK 450 million before losses and writedowns.

Disclaimer

The forecast is based on the interest rate and price levels prevailing in mid-November 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 and the English-language version, the Danish-language version shall prevail.

REPORT – NON-LIFE INSURANCE

	Q3	Q3	Q1-Q3	Q1-Q3	Year
DKKm	2012	2011	2012	2011	2011
Gross premiums	1,229	1,229	3,630	3,567	4,772
Investment income on insurance business	2	8	11	35	40
Claims incurred	-755	-1,293	-2,470	-2,904	-3,851
Underwriting management expenses	-181	-180	-570	-561	-757
Profit from business ceded	-50	297	0	147	207
Underwriting profit	245	61	601	284	411
Interest and dividends etc.	61	65	184	197	262
Capital gains/losses	-52	-43	-92	-49	-28
Management expenses relating to investment business	-8	-4	-18	-14	-18
Interest on technical provisions	-18	-40	-69	-135	-167
Profit on investments business after allocation of technical interest	-17	-22	5	-1	49
Profit before tax	228	39	606	283	460
Tax	-57	-10	-152	-70	-116
Profit for the year	171	29	454	213	344
Run-off gains/losses	75	15	158	92	153
Technical provisions	7,571	7,717	7,571	7,717	7,368
Insurance assets	239	483	239	483	336
Shareholders' equity	2,256	2,021	2,256	2,021	2,152
Total assets	10,638	10,325	10,638	10,325	10,348
Gross claims ratio	61.4%	105.2%	68.0%	81.4%	80.7%
Gross expense ratio	14.7%	14.7%	15.7%	15.7%	15.9%
Net reinsurance ratio	4.1%	-24.2%	0.0%	-4.1%	-4.3%
Combined ratio	80.2%	95.7%	83.7%	93.0%	92.3%
Operating ratio	80.1%	95.1%	83.5%	92.1%	91.5%
Return on equity before tax p.a.	42%	8%	38%	20%	23%
Return on equity after tax p.a.	31%	6%	28%	15%	17%

Financial resultsYear to date

Non-life insurance operations generated a profit of DKK 606 million before tax for the nine months ended 30 September 2012, against DKK 283 million in the year-earlier period.

The year-to-date performance was highly satisfactory and significantly better than expected. The combined ratio was 83.7. The improvement was mainly driven by favourable weather conditions, fewer major claims, run-off gains and fewer claims on the underlying business.

The technical result was a profit of DKK 601 million, against a profit of DKK 284 million in the

year-earlier period. The 2011 performance was adversely affected by the cloudburst in Copenhagen on 2 July 2011.

The investment return after transfer to insurance operations was a profit of DKK 5 million, against a loss of DKK 1 million in 2011.

Overall, the performance equalled a return on equity of 38% p.a. before tax, against a return of 20% p.a. in the year-earlier period.

Third quarter

Non-life insurance operations generated a profit of DKK 228 million before tax in Q3 2012, against a profit of DKK 39 million in Q3 2011. The combined

ratio was 80.2, against 95.7 in the year-earlier period. The performance was highly satisfactory and significantly better than expected.

The technical result was a profit of DKK 245 million, against DKK 61 million in Q3 2011. The cloudburst in Copenhagen on 2 July 2011 reduced the Q3 2011 performance by DKK 141 million.

The quarterly performance was favourably affected by improved weather conditions, fewer claims on the underlying business as well as by run-off gains. Although the performance was adversely affected by a higher number of major claims than in the third quarter of 2011, expenses for major claims were still below the expected level.

The investment return after transfer to insurance operations was a loss of DKK 17 million, against a loss of DKK 22 million in 2011.

The performance for the third quarter equalled a return on equity of 42% p.a. before tax, against a return of 8% p.a. in the third quarter of 2011.

Premiums

Year-to-date premium income was DKK 3,630 million, against DKK 3,567 million for the nine months ended 30 September 2011, corresponding to an increase of 1.75% and in line with expectations.

In Q3 2012, premium income amounted to DKK 1,229 million. This was in line with premium income for the third quarter of 2011, which was lifted extraordinarily by non-recurring income of DKK 25 million due to an adjustment of the method for calculating provisions for health and personal accident insurances at market value. Adjusted for this factor, the increase was 2.1%, which was in line with expectations.

Claims experience

Total gross claims were DKK 2,470 million for the year to date, compared with DKK 2,904 million in the same period of 2011. The claims ratio was 68.0, against 81.4 in 2011.

The claims ratio for the year to date was impacted by the DKK 155 million upward adjustment of claims made in the first quarter of 2012 in respect of the cloudburst in the Copenhagen area on 2 July 2011.

The claims ratio was favourably affected by lower expenses for major claims and fewer weather-related claims in 2012 than had been expected and by an improved performance of the underlying business.

Overall, the claims ratio of the underlying business improved by 3.8 percentage points relative to the same period of last year.

The positive trend was driven by a decline in the claims frequency on most products, due, among other things, to higher deductibles and claims preventing measures.

However, in spite of the generally positive trend, the building insurance results for commercial and agricultural customers still failed to meet company's profitability targets.

Expenses for weather-related claims amounted to DKK 96 million for the year to date, compared with a forecast of DKK 125 million. In the same period of 2011, total expenses for weather-related claims were DKK 537 million.

Total expenses for major claims amounted to DKK 222 million for the year to date, against DKK 229 million in the same period of 2011. The expenses were DKK 15 million less than expected.

Claims experience in the third quarter

The claims ratio was 61.4 in Q3 2012, compared with 105.2 in Q3 2011.

In Q3 2012, expenses for weather-related claims amounted to DKK 36 million, against DKK 537 million in Q3 2011, and were less than expected.

In Q3 2012, expenses for major claims amounted to DKK 82 million, against DKK 67 million in Q3 2011, and were less than expected.

Effect of the discounting rate on claims

The rate used for the discounting of provisions was significantly lower in the period January–September 2012 compared with same period of 2011, and the discounting effect hence lifted the claims ratio by 1.1 percentage point relative to 2011.

Run-off result

The run-off result, net of reinsurance, amounted to a gain of DKK 158 million for the year to date.

In Q3 2012, the run-off result was a gain of DKK 75 million, against a gain of DKK 15 million in Q3 2011. The gains came mainly from personal injury claims, such as workers' compensation and personal accident, which are generally long-tail liabilities.

Costs

For the year to date, costs totalled DKK 570 million, against DKK 561 million for the same period of 2011, corresponding to an unchanged expense ratio of 15.7.

In Q3 2012, the expense ratio was 14.7, which was in line with Q3 2011.

Net reinsurance ratio

The net reinsurance ratio was 0 for the year to date, against a negative ratio of 4.1 (income) in 2011. For the year to date, reinsurance recoveries amounted to DKK 213 million, which was mainly attributable to reinsurers covering the above-mentioned upward adjustment of the 2011 cloud-burst claims.

In Q3 2012, the net reinsurance ratio was 4.1 (expense), against a negative ratio of 24.2 (income) in 2011.

Combined ratio

The combined ratio was 83.7 in the nine months ended 30 September 2012, as compared with 93.0 in the same period of 2011.

The Q3 combined ratio was 80.2, against 95.7 in Q3 2011.

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.

	Q1-Q3 2011		Q1-Q3 2012	
	2010	2011	2011	2012
Combined Ratio, underlying business	85.5	80.2	81.2	79.1
Major claims	7.1	6.8	6.4	6.1
Weather-related claims	8.5	6.9	6.1	2.6
Run-off result	-2.9	-3.2	-2.6	-4.4
Reinstatement premiums	-	1.6	1.9	0.3
Combined Ratio	98.2	92.3	93.0	83.7

Investment return

The investment return before transfer to insurance activities amounted to DKK 74 million for the year to date, against DKK 134 million in the same period of 2011.

The return after interest on technical provisions was DKK 5 million, against a loss of DKK 1 million in 2011.

The non-life investment assets are predominantly placed in interest-bearing assets with an overweight of mortgage bonds. Throughout Q3 2012, the interest-bearing assets had a weighted duration of slightly more than 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 September 2012, the net interest rate risk on a 100 bp drop in yields was DKK 86 million.

There was a steep drop in both short-term yields (maturities of less than two years) and long-term yields (maturities of up to 20 years) in the Danish FSA's discount yield curve in the period until 30 September 2012. Overall, interest rate developments resulted in negative value adjustments of DKK 164 million on provisions in the group's non-life insurance company. These were only partly offset by positive value adjustments of assets of DKK 72 million.

As a result, value adjustments of assets and provisions contributed a net loss of DKK 92 million, against a loss of DKK 49 million in 2011.

The non-life insurance company had an equity exposure of less than 1% of its investment assets in Q3 2012.

The inflation risk on workers' compensation insurances is hedged by way of inflation swaps and had no net effect on the results for the year to date.

Balance sheet

The capital base of Alm. Brand Forsikring A/S totalled DKK 2,637 million at 30 September 2012, of which DKK 149 million was supplementary capital.

The company's Solvency I requirement amounted to DKK 835 million. Accordingly, excess liquidity was DKK 1,802 million for a solvency ratio of 3.2. The individual solvency need was DKK 955 million, against DKK 1,132 million at 31 December 2011. The decline was primarily due to the higher earnings guidance.

At 30 September 2012, shareholders' equity allocated to the non-life insurance company was DKK 2.3 billion.

Major events

Profitability initiatives for building insurances

In order to improve the profitability of Alm. Brand's portfolio of building insurances for the company's commercial and agricultural customers, specific action has been taken against a small, unprofitable part of the portfolio.

Collaboration agreement with Chartis

Alm. Brand has entered into an agreement with the insurance company Chartis on the writing of workers' compensation business. In the future, Chartis will be writing workers' compensation insurances for Alm. Brand. The new collaboration agreement provides Alm. Brand with a new, important distribution channel.

Alm. Brand already has a growing portfolio of workers' compensation insurances. The new agreement will provide Alm. Brand with access to a customer portfolio which is expected to increase the group's premium income by an amount in the double-digit of millions.

Alm. Brand takes over agricultural portfolio from Sønderjysk Forsikring

Alm. Brand has entered into an agreement with Sønderjysk Forsikring G/S under which Sønderjysk Forsikring will refer its agricultural customers to Alm. Brand. The portfolio of agricultural insurances consists of approximately 500 customers.

The agreement will allow Sønderjysk Forsikring's agricultural customers to benefit from Alm. Brand's extensive expertise and product offering in the field of agricultural insurance.

Outlook

The guidance for the group's non-life insurance activities is lifted by DKK 150 million to a profit of DKK 725 million before tax. The combined ratio is expected to be around 86, compared with the previous forecast of 88.5, and the guidance for the expense ratio is revised to just over 16.

The growth forecast is maintained at just under 2%.

REPORT – BANKING

DKKm	PRO RATA					CONSOLIDATED FIGURES				
	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Year 2011	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Year 2011
Interest receivable	177	222	556	669	867	180	224	562	676	877
Interest payable	-102	-131	-348	-376	-506	-104	-133	-352	-381	-513
Net interest income	75	91	208	293	361	76	91	210	295	364
Net fees and commissions receivable and dividends, etc.	30	28	93	102	132	30	28	94	103	131
Net interest and fee income	105	119	301	395	493	106	119	304	398	495
Value adjustments	-42	-62	-71	-233	-399	-23	-88	-38	-275	-431
Other operating income	13	7	35	25	36	13	6	35	24	36
Profit before expenses	76	64	265	187	130	96	37	301	147	100
Expenses and depreciation/amortisation	-108	-118	-370	-362	-476	-108	-119	-371	-364	-477
Other operation costs	-8	4	-29	-40	-40	-9	4	-30	-40	-40
Write-downs of loans, advances and receivables, etc.	-135	-107	-238	-288	-768	-135	-107	-238	-288	-768
Profit from equity investments	-1	1	-1	-1	0	-1	1	-1	-1	0
Profit/loss before tax	-176	-156	-373	-504	-1,154	-157	-184	-339	-546	-1,185
Tax	43	36	92	125	236	43	37	92	125	235
Profit after tax	-133	-120	-281	-379	-918	-114	-147	-247	-421	-950
Share attributable to minority interests	-	-	-	-	-	-19	27	-34	42	32
Profit after tax excluding minority interests	-	-	-	-	-	-133	-120	-281	-379	-918
<i>Profit before tax excluding minority interests</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-176</i>	<i>-156</i>	<i>-373</i>	<i>-504</i>	<i>-1,154</i>
Loans and advances	9,169	11,240	9,169	11,240	10,393	8,960	11,061	8,960	11,061	10,217
Deposits	10,647	7,723	10,647	7,723	7,995	10,647	7,723	10,647	7,723	7,995
Shareholders' equity	1,107	1,633	1,107	1,633	1,093	1,277	1,766	1,277	1,766	1,234
Share attributable to minority interests	-	-	-	-	-	170	133	170	133	141
Total assets	19,154	23,034	19,154	23,034	21,053	19,510	23,420	19,510	23,420	21,393
Average no. of employees (full-time equivalents)	277	282	278	287	286	277	282	278	287	286
Interest margin	-	-	-	-	-	1.6%	1.7%	1.4%	1.7%	1.6%
Income/cost ratio	0.30	0.30	0.41	0.27	0.10	0.38	0.17	0.47	0.21	0.08
Impairment ratio	1.1%	0.8%	2.0%	2.1%	5.9%	1.2%	0.8%	2.1%	2.2%	6.0%
Solvency ratio	-	-	-	-	-	18.2%	20.6%	18.2%	20.6%	16.8%
Return on equity before tax	-60%	-39%	-51%	-45%	-106%	-60%	-39%	-51%	-45%	-106%
Return on equity after tax	-45%	-30%	-38%	-34%	-85%	-45%	-30%	-38%	-34%	-85%

In order to increase the transparency of Alm. Brand Bank 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.

Financial results

The bank reported a loss of DKK 176 million before tax in Q3 2012. Excluding losses and write-downs, the bank posted a loss of DKK 10 million.

The performance was not satisfactory but it was in line with the guidance provided in the half-year financial statements.

The bank recognised aggregate impairment write-downs on loans, including credit-related value adjustments, of DKK 166 million in Q3 2012. Losses and writedowns thus remain at a high level.

The bank posted a loss of DKK 373 million before tax for the nine months ended 30 September 2012. Excluding losses and writedowns, the bank posted a loss of DKK 41 million.

For the year to date, the bank recognised impairment writedowns on loans, including credit-related value adjustments, of DKK 332 million in aggregate.

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 2012 to date.

Net interest and fee income

In Q3 2012, net interest and fee income totalled DKK 105 million, against DKK 92 million in Q2 2012.

Interest income and expenses

Net interest income amounted to DKK 75 million in Q3 2012, against DKK 61 million in Q2 2012. The improvement in net interest income was driven by lower interest expenses due to repayment of funding. Although the bank saw a steady trend in interest income, interest income from loans declined as a result of the bank's ongoing process of winding up parts of the lending portfolio. However, this decline was offset by higher interest income from the bond portfolio.

For the year to date, net interest income was DKK 208 million, against DKK 293 million for the same period of 2011. The downward trend was due to a combination of lower interest income from lending and generally higher funding costs, among other things due to the fixed rate campaign run at the beginning of the year. The smaller bond portfolio held in the first nine months of 2012 compared with last year also contributed to lower interest income.

For the parent company and the banking group, the interest margin was 1.6% in Q3 2012, against 1.3% in Q2 2012. The increase was partly attributable to the bank's repayment of funding.

The interest margin for the parent company and the banking group was 1.4% for the year to date. The interest margin level is too low and the bank's future strategy aims to ensure a higher interest margin, including through the work to generate more full-service customers in the private customer area.

Fee income and expenses

Net fee income was DKK 30 million in Q3 2012, which was in line with Q2 2012 (DKK 31 million).

The bank's costs amounted to DKK 93 million for the nine months ended 30 September 2012, against DKK 102 million for the same period of last year. The decline was primarily attributable to Financial Markets, which saw a general slowdown in investment activity among its customers due to market uncertainty.

Value adjustments

Value adjustments amounted to a DKK 42 million loss in the third quarter. Excluding credit-related value adjustments of DKK 31 million, value adjustments amounted to a loss of DKK 11 million.

For the year to date, value adjustments produced a loss of DKK 71 million. Value adjustments included credit-related value adjustments of the mortgage deed portfolio and equities of DKK 78 million and DKK 16 million, respectively.

Excluding credit-related value adjustments, the bank reported a capital gain of DKK 23 million for the nine months ended 30 September 2012.

The DKK 23 million gain mainly consisted of a DKK 32 million gain on equity-related value adjustments and a DKK 7 million loss on interest-related value adjustments. Foreign exchange adjustments and foreign exchange contracts produced a loss of DKK 2 million for the year to date.

The bank's equity portfolio is mainly composed of sector equities, while the trading portfolio of equities makes up only a limited amount. In connection with the winding up of 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 DKK 113 million at 30 September 2012.

Other operating income

Other operating income amounted to DKK 13 million in Q3 2012, against DKK 12 million in Q2 2012.

For the year to date, other operating income was DKK 35 million, against DKK 25 million in the same period of last year.

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

Costs

The bank's costs amounted to DKK 100 million in Q3 2012, against DKK 114 million in Q3 2011. Accordingly, the bank's cost savings from the organisational restructuring implemented at the end of May 2012 fed through fully in Q3 2012.

The bank's payroll costs and administrative expenses amounted to DKK 348 million for the year to date, against DKK 350 million in the year-earlier period.

Total depreciation and amortisation charges amounted to DKK 8 million in Q3 2012 and DKK 22 million for the year to date, against DKK 12 million in the same period of last year. The increase in depreciation and amortisation charges was attributable to the higher level of activity in Alm. Brand Leasing.

Other operating expenses

Other operating expenses amounted to DKK 8 million in Q3 2012, of which DKK 4 million related to the bank's expenses payable to the Guarantee Fund for Depositors and Investors and DKK 4 million related to properties taken over temporarily.

For the year to date, other operating expenses amounted to DKK 29 million, of which DKK 14 million related to the bank's expenses payable to the Guarantee Fund for Depositors and Investors and DKK 15 million related to properties taken over temporarily.

Impairment of loans, etc.

The bank's impairment writedowns on loans amounted to DKK 135 million in Q3 2012. Losses and writedowns in the third quarter were particularly affected by a single large commercial exposure and by the deteriorated economic conditions faced by dairy farmers.

In addition, the bank recognised negative credit-related value adjustments of DKK 31 million in Q3 2012, against DKK 43 million in Q2 2012.

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.

In the nine months ended 30 September 2012, impairment writedowns on loans, including credit-related value adjustments, totalled DKK 332 million, against DKK 357 million in 2011.

Balance sheet

Loans and advances, etc.

The bank's loans and advances amounted to DKK 9.2 billion at 30 September 2012, against DKK 10.4 billion at 31 December 2011. Excluding developments in reverse transactions, intra-group transactions and writedowns, this marked a decline in loans and advances of DKK 0.9 billion.

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 3.2 billion at 30 September 2012, against DKK 4.0 billion at 31 December 2011. The decline was attributable to the repayment of funding.

Deposits

The bank's deposits amounted to DKK 10.6 billion at 30 September 2012, against DKK 10.5 billion at 30 June 2012 and DKK 8.0 billion at 31 December 2011. The increase since the turn of the year 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 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 1.4 billion at 30 September 2012.

Liquidity

At 30 September 2012, the bank had cash funds of DKK 5.4 billion and excess liquidity of DKK 3.6 billion, corresponding to an excess cover of 207% relative to the statutory requirement. This marked a decline relative to the excess cover of 327% reported at 31 December 2011. The decline was primarily attributable to the bank's repayment of funding in the amount of DKK 6.6 billion in the nine months ended 30 September 2012.

On 28 September 2012, the bank utilised the three-year lending facility made available by Danmarks Nationalbank. The bank borrowed DKK 1 billion and provided security in the form of bonds. The intention is to replace the bonds by loans over time.

Capitalisation

The bank's equity stood at DKK 1.1 billion at 30 September 2012. The capital base totalled DKK 2.0 billion, and the risk-weighted items amounted to DKK 10.6 billion at 30 September 2012.

Accordingly, the solvency ratio was 18.9, and the tier 1 capital ratio was 13.6. The bank's individual solvency need was calculated at 15.3, and the bank's solvency ratio thus exceeded the individual solvency need by 3.6 percentage points.

The banking group's equity stood at DKK 1.3 billion at 30 September 2012, and the capital base totalled DKK 2.0 billion. Risk-weighted items in the banking group amounted to DKK 11.2 billion at 30 September 2012. This made for a solvency ratio of 18.2 and a tier 1 capital ratio of 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. DKK 2 billion was paid on 23 March 2012 and DKK 2 billion was paid on 2 July 2012.

Alm. Brand Leasing A/S enters into collaboration agreement

In the third quarter, the bank's wholly-owned subsidiary Alm. Brand Leasing A/S entered into a collaboration agreement with Fiat Group Automobiles Denmark A/S on private leases of Fiat and Alfa Romeo cars through authorised Fiat and Alfa Romeo dealers.

Outlook

The bank maintains the most recent full-year 2012 guidance of a loss of DKK 50 million excluding losses and writedowns.

The expected reduction of the banking group's total loans and advances excluding reverse transactions, losses and writedowns is increased from DKK 1 billion to around DKK 1.2 billion in 2012.

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

LENDING PORTFOLIO

The bank's total writedowns and identified losses amounted to an expense of DKK 166 million in Q3 2012. Of this amount, identified losses amounted to DKK 25 million.

For the year to date, total writedowns and identified losses amounted to an expense of DKK 332 million. Of this amount, identified losses amounted to DKK 47 million.

The banking group's accumulated writedowns totalled DKK 1,640 million at 30 September 2012, against DKK 1,620 million at 31 December 2011. As a result of the reduction of loans, advances and guarantees, the accumulated impairment ratio increased from 12.6% at 31 December 2011 to 14.2% at 30 September 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 the nine months ended 30 September 2012, total losses and writedowns charged to the income statement represented 3.5% of the average lending portfolio for the banking group excluding reverse transactions.

The overall lending portfolio, excluding reverse transactions, amounted to DKK 8.8 billion, which, including losses and writedowns, was a decline of DKK 1.2 billion relative to 31 December 2011. Adjusted for losses and writedowns, the lending portfolio declined by DKK 0.9 billion.

At 30 September 2012, DKK 6.1 billion was being wound up, equivalent to approximately 67% of the overall lending portfolio.

The performance of the individual lending segments in the nine months ended 30 September 2012 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 *)
	31.12.2011	30.09.2012	Share of portfolio (%)	2011	Q1 2012	Q2 2012	Q3 2012	Q1-Q3 2012	
Continuing portfolio	2,983	2,694	29.4%	105	10	7	20	37	1.3%
Lending to private customers	2,848	2,493	27.2%	104	10	7	19	36	1.3%
Other loans and advances **)	135	201	2.2%	1	-	-	1	1	0.6%
Winding-up portfolio	7,059	6,114	66.6%	888	75	74	146	295	4.5%
Agriculture	1,038	1,012	11.0%	227	29	30	78	137	13.4%
Car finance	418	270	2.9%	2	-1	-	-	-1	-0.3%
Commercial lending	1,613	1,366	14.9%	308	19	-5	27	41	2.8%
Property development projects	431	249	2.7%	13	-	1	-2	-1	-0.3%
Mortgage deed financing	405	226	2.5%	112	8	5	12	25	7.9%
Mortgage deeds ***)	3,154	2,991	32.6%	226	20	27	31	78	2.5%
Shares ****)	-	-	-	-	-	16	-	16	-
Bank packages etc.	-	-	-	1	-	-	-	-	-
Total group lending - excl. Reverse Transactions	10,042	8,808	96.0%	994	85	81	166	332	3.5%
Reverse Transactions including intercompany transactions	175	154	1.7%	-	-	-	-	-	-
Total group lending	10,217	8,962	97.7%	994	85	81	166	332	3.5%
Minority interests	176	207	2.3%	-	-	-	-	-	-
Total prorata	10,393	9,169	100.0%	994	85	81	166	332	3.4%

*) Losses and writedowns as a percentage of the average portfolio in Q1-Q3 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 diversified 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 355 million from 31 December 2011 to 30 September 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 among private customers also contributed to the portfolio decline. In future, efforts to attract new private customers to the bank will be stepped up.

In the first nine months of 2012, losses and write-downs amounted to DKK 36 million, equivalent to 1.3% of the average portfolio.

Other loans and advances

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

Other loans and advances increased by DKK 66 million relative to 31 December 2011. For the year to date, losses and writedowns amounted to DKK 1 million, equivalent to 0.6% of the average portfolio.

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 its collateral. This means that lending may increase in individual segments, even if a lending segment is being wound up.

Agriculture

The portfolio declined by DKK 26 million from 31 December 2011 to 30 September 2012. Adjusted for losses and writedowns, the portfolio increased by DKK 111 million because the bank has granted loans to necessary investments and to secure continuing operations, thereby protecting the underlying value to the bank.

For the year to date, losses and writedowns amounted to DKK 137 million, equivalent to 13.4% of the average portfolio.

Writedowns in the third quarter were affected by the deteriorated economic conditions faced by dairy farmers, which is a consequence of a lower ratio of milk prices to feed prices.

Moreover, the level of losses and writedowns reflects the difficult conditions agricultural customers continue to face.

Car finance

Car finance loans typically have a maximum term of five years, and the portfolio is expected to be settled in all material respects by the end of 2013. The overall portfolio declined by DKK 148 million during the period from 31 December 2011 to 30 September 2012 to stand at DKK 270 million. For the year to date, net writedowns of DKK 1 million were reversed.

Commercial customer segment

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 247 million from 31 December 2011 to 30 September 2012. In connection with the completion of a property development project in the second quarter, the exposure was reclassified to the commercial customer segment. Adjusted for this reclassification, the commercial customer portfolio declined by DKK 359 million relative to 31 December 2011.

Losses and writedowns amounted to DKK 27 million in Q3 2012. Writedowns were adversely impacted by a single exposure but several exposures were closed at a gain.

In the first nine months of 2012, losses and write-downs amounted to DKK 41 million, equivalent to 2.8% 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 September 2012, the portfolio declined by DKK 182 million, of which DKK 112 million was attributable to reclassification to the commercial customer segment because of a project completion. For the year to date, net writedowns of DKK 1 million were reversed.

Mortgage deed exposure

The bank's overall mortgage deed exposure, comprising mortgage deed financing and mortgage deeds, declined by DKK 342 million to DKK 3,217 million in the nine months ended 30 September 2012.

Mortgage deeds run off naturally as a result of regular payments and redemptions. In the nine months ended 30 September 2012, natural run-off on the aggregate mortgage deed exposure was around 9% p.a. when excluding credit-related writedowns and interest rate effects.

Mortgage deed financing

This portfolio consists of investment exposures secured against mortgage deeds. The portfolio declined by DKK 179 million from 31 December 2011 to 30 September 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.

For the year to date, losses and writedowns amounted to DKK 25 million, equivalent to 7.9% 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 2,266 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 725 million and comprise 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 prepayments 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 163 million from 31 December 2011 to 30 September 2012. For the year to date, losses and writedowns amounted to DKK 78 million, equivalent to 2.5% 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.

Capital reservation

The banking group's total capital reservation amounted to DKK 3,581 million at 30 September 2012, against DKK 3,916 million at 31 December 2011.

The capital reservation equalled 32% of gross loans and advances and residual debt on mortgage deeds at 30 September 2012, which was 1 percentage point higher than at 31 December 2011.

As regards the continuing portfolio, the capital reservation equalled 17% of gross loans and advances, which was an increase of 3 percentage points relative to 31 December 2011. As regards the winding-up portfolio, the capital reservation corresponded to 37% of gross loans and advances and residual debt on mortgage deeds, which was unchanged compared with 31 December 2011.

CAPITAL RESERVATION DKKm	30.09.2012			31.12.2011				
	Gross lending/ outstanding debt	Balance	Difference*)	Required capital	Total reservation	Reservation relative to gross lending	Total reservation	Reservation relative to gross lending
Continuing portfolio	2,885	2,694	191	310	501	17%	426	14%
Winding-up portfolio	8,267	6,114	2,153	896	3,049	37%	3,439	37%
Bank packages etc. **)	-	-	9	9	18	-	23	-
Total, excl. reverse transactions	11,152	8,808	2,353	1,215	3,568	32%	3,888	31%
Reverse transactions and intra-group transactions	154	154	-	13	13	8%	28	16%
Total, group	11,306	8,962	2,353	1,228	3,581	32%	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

	Q3	Q3	Q1-Q3	Q1-Q3	Year
DKKm	2012	2011	2012	2011	2011
Premiums	208	126	643	455	724
Claims incurred	-221	-231	-759	-791	-1,057
Investment return after allocation of interest	302	465	662	548	856
Total underwriting management expenses	-20	-19	-58	-54	-70
Profit on business ceded	-3	-6	7	3	1
Change in life insurance provisions	-210	-473	-314	-289	-401
Change in collective bonus potential	-33	162	-120	210	63
Underwriting profit/loss	23	24	61	82	116
Return on investments allocated to equity	1	14	9	18	21
Profit before tax	24	38	70	100	137
Tax	-4	-9	-16	-25	-32
Profit after tax	20	29	54	75	105
Result in life insurance					
Administrative result	2	0	2	11	14
Investment result	217	481	418	398	528
Change in provision for guaranteed pension benefits	-187	-608	-293	-572	-561
Change in collective bonus potential	-33	162	-120	210	63
Risk result	28	9	56	50	92
Profit on business ceded	-3	-6	7	3	1
Profit before tax	24	38	70	100	137
Tax	-4	-9	-16	-25	-32
Profit after tax	20	29	54	75	105
Total technical provisions	12,251	11,574	12,251	11,574	11,829
Shareholders' equity	929	997	929	997	1,026
Total assets	14,065	13,309	14,065	13,309	13,624
Return on equity before tax p.a.	11%	15%	10%	13%	13%
Return on equity after tax p.a.	8%	11%	8%	10%	10%
Bonus rate	5.7%	3.1%	5.7%	3.1%	4.5%

Investment return in life insurance in Q1-Q3 2012**Return
ratio**

Interest-bearing assets	6.0%
Shares	15.2%
Property	4.1%
Total	6.5%

Financial results

Life insurance operations posted a profit of DKK 24 million before tax in Q3 2012, against DKK 38 million in Q3 2011. The profit for the first nine months of the year amounted to DKK 70 million before tax, against DKK 100 million in 2011.

The performance was satisfactory.

For the nine months ended 30 September 2012, the full risk allowance was booked for all contribu-

tion groups but two, for which only partial risk allowance was booked.

The outstanding risk allowance of DKK 4 million was transferred to the shadow accounts of the groups in question. This brought shadow accounts to an aggregate of DKK 9 million.

The performance resulted in a return on equity of 10% p.a. before tax, compared with 13% p.a. in the year-earlier period.

Premiums

Gross premiums rose by 65% to DKK 208 million in Q3 2012 from DKK 126 million in the same period of last year.

For the year to date, gross premiums increased by 41% to DKK 643 million, from DKK 455 million for nine months ended 30 September 2011.

The increase was primarily attributable to 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. The bank aims to mainly achieve the improvement in 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 an aggregate of 25% to DKK 283 million in Q3 2012 from DKK 226 million in Q3 2011. Year-to-date contributions rose by an aggregate of 24% to DKK 889 million, against DKK 719 million in the same period of last year.

Investment return

The return on investment assets belonging to policyholders was DKK 804 million for the year to date, corresponding to a return of 6.5% (8.7% p.a.), against a return of DKK 665 million for the same period of 2011. The return was calculated before tax on pension returns but after finance costs.

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

In the third quarter of 2012, the return on the bond portfolio was lifted by declining yields and, consequently, rising prices. The company has no investments in government bonds issued by

southern European economies such as Greece, Italy, Spain or Portugal.

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.

Equity market developments had a positive effect on the return on the equity portfolio in the third quarter of 2012. The overall return on the equity portfolio for the nine months ended 30 September 2012 was highly satisfactory. In the third quarter, a minor hedging of the equity risk was made to allow for any major declines in the global equity markets.

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 in the third quarter.

The return on investment assets attributable to shareholders' equity was DKK 9 million, equivalent to a return of 0.8% (1.1% p.a.), against a return of DKK 18 million in the same period of last year. The assets were placed in short-term bonds. The return on equity was satisfactory considering the very low level of interest rates and when compared with the benchmark performance.

Benefits paid

Benefits paid in Q3 2012 amounted to DKK 221 million, against DKK 231 million in 2011. For the year to date, the benefits paid amounted to DKK 759 million, against DKK 791 million for the same period of 2011.

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 the discounting of provisions.

Total provisions for the nine months ended 30 September 2012 increased by DKK 314 million.

Collective bonus potential

The collective bonus potential increased by DKK 33 million in Q3 2012 to a total of DKK 570 million, corresponding to a highly satisfactory average bonus rate of 5.7%.

Costs

Acquisition costs and administrative expenses totalled DKK 20 million in Q3 2012, against DKK 19 million in Q3 2011. For the year to date, costs amounted to DKK 58 million, against DKK 54 million for the same period of 2011.

Total costs for 2012 to date were in line with expectations. Overall, acquisition costs were lower than expected due to a lower than expected level of new business written within traditional guaranteed products with regular premium payments. On the other hand, the increase in one-time payments and transfers was much greater than anticipated. Administrative expenses were in line with expectations.

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 for the nine months ended 30 September 2012. The overall expense result was satisfactory.

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was positive at DKK 63 million for the nine months ended 30 September 2012. The overall risk result was highly satisfactory.

Capitalisation

The capital base of Alm. Brand Liv og Pension totalled DKK 1,058 million at 30 September 2012, of which DKK 120 million was supplementary capital.

The company's Solvency I requirement amounted to DKK 505 million. Accordingly, excess liquidity was DKK 553 million, corresponding to an excess over the solvency requirement of 210%. The individual solvency need was calculated at DKK 322 million, against DKK 440 million at 31 December 2011. The decline was essentially due to the increase in the collective bonus potential.

Equity allocated to life insurance was DKK 929 million at 30 September 2012.

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

Major events

Tax reform

On 13 September 2012, the Danish parliament passed a new piece of legislation on capital pension set to enter into force on 1 January 2013.

As a result of the new rules, new payments into capital pension schemes will no longer be tax-deductible.

At the same time, a new type of private pension called *Alderspension*, which allows for regular payment of up to DKK 27,600 per year, will be implemented. These payments are not tax-deductible. *Alderspension* is tax-exempt on disbursement, but tax on pension returns will be charged during the period until retirement.

The new legislation will give pension savers an opportunity to move forward taxation of existing capital pension savings at a rate of 37.3% in 2013, as opposed to the normal rate of 40% on normal retirement. If pension savers choose this opportunity, their savings will be transferred to *Alderspension*.

Whether this option will in fact materialise, and thus become relevant for the company's customers, depends on the final rules for calculating the tax basis.

About one third of the company's premium portfolio and existing savings will be affected by the new rules.

Overall, the new rules are expected to have an adverse impact on the company, and implementing the necessary transition of the many existing capital pension schemes will require substantial administrative resources.

The extent of the impact on the company's future premium income and future results depends on what the customers choose to do.

The company's individual solvency requirement is not expected to be affected to any significant extent other than the balance sheet being reduced by any payment of tax.

Outlook

The company retains its guidance for a full-year 2012 profit of DKK 90 million before tax.

The company essentially expects to book the full risk allowance for the 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 nine months ended 30 September 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 September 2012 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 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, 22 November 2012

Søren Boe Mortensen
Chief Executive

BOARD OF DIRECTORS

Copenhagen, 22 November 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

DKKkm	Group		
	30 September 2012	30 September 2011	31 December 2011
Assets			
Intangible assets	0	56	0
Owner-occupied properties	1,079	1,077	1,085
Deferred tax assets	692	699	758
Participating interests in joint ventures	44	35	51
Reinsurers' share of insurance contracts	263	509	362
Current tax assets	6	4	6
Other assets	1,342	1,322	1,514
Loans	8,960	11,061	10,217
Investment properties	410	421	433
Investment assets	29,831	25,624	29,280
Amounts due from credit institutions and central banks	888	5,983	1,068
Cash in hand and demand deposits	497	38	139
Total assets	44,012	46,829	44,913
Liabilities and equity			
Share capital	1,735	1,735	1,735
Reserves, retained profit etc.	2,555	2,741	2,358
Minority interests	136	107	113
Consolidated shareholders' equity	4,426	4,583	4,206
Subordinated debt	1,829	1,828	1,829
Provisions for insurance contracts	19,822	19,291	19,197
Other provisions	28	31	28
Deferred tax liabilities	46	46	46
Issued bonds	2,032	6,032	6,032
Other liabilities	1,171	1,242	1,008
Deposits	10,549	7,610	7,956
Payables to credit institutions and central banks	4,109	6,166	4,611
Total liabilities and equity	44,012	46,829	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				
	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Year 2011
Income					
Premium income	1,437	1,355	4,273	4,022	5,496
Interest income etc.	347	397	1,077	1,203	1,582
Fee income etc.	21	20	64	76	96
Other income from investment activities	4	0	26	7	9
Income associates	1	1	2	0	-1
Other income	13	6	35	24	36
Total income	1,823	1,779	5,477	5,332	7,218
Costs					
Claims incurred	-976	-1,524	-3,229	-3,695	-4,908
Interest expenses	-127	-172	-425	-499	-663
Other cost from investment activities	-14	-14	-39	-39	-44
Impairment of loans, advances and receivables, etc.	-135	-107	-238	-288	-768
Acquisition and administrative costs	-301	-297	-987	-965	-1,270
Total costs	-1,553	-2,114	-4,918	-5,486	-7,653
Profit from business ceded	-53	291	7	150	208
Change in life insurance provisions	-210	-473	-314	-289	-401
Change in collective bonus potential	-33	162	-120	210	27
Exchange rate adjustments	157	319	284	-24	125
Tax on pension investment returns	-54	-81	-120	-87	-150
Profit before tax	77	-117	296	-194	-626
Tax	-14	21	-67	38	97
Profit after tax	63	-96	229	-156	-529
The profit before tax is allocated as follows:					
Share attributable to Alm. Brand	62	-95	269	-160	-601
Share attributable to minority shareholders	15	-22	27	-34	-25
	77	-117	296	-194	-626
The profit after tax is allocated as follows:					
Share attributable to Alm. Brand	48	-74	202	-122	-503
Share attributable to minority shareholders	15	-22	27	-34	-26
	63	-96	229	-156	-529
Earnings per share, DKK	0.3	-0.4	1.2	-1	-2.9
Diluted earnings per share, DKK	0.3	-0.4	1.2	-1	-2.9
Comprehensive income					
Profit for the year	63	-96	229	-156	-529
Revaluation of owner-occupied properties	0	0	0	0	36
Transferred to collective bonus potential	0	0	0	0	-36
Comprehensive income	63	-96	229	-156	-529
Proposed allocation of profit/loss:					
Share attributable to Alm. Brand	48	-74	202	-122	-503
Share attributable to minority shareholders	15	-22	27	-34	-26
Comprehensive income	63	-96	229	-156	-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 Q1-Q3 2011							
Profit/loss for the period				-122	-122	-34	-156
Total income	0	0		-122	-122	-34	-156
Repurchased 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	-122	-122	-53	-175
Shareholders equity, 30 September 2011	1,735	182	1,215	1,344	4,476	107	4,583
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 Q1-Q3 2012							
Profit/loss for the period				202	202	27	229
Total income	0	0	0	202	202	27	229
Purchase and sale of treasury shares				-2	-2		-2
Purchase and sale of treasury shares in subsidiaries				-5	-5		-5
Share option scheme				2	2		2
Change in share attributable to minority interest				0	0	-4	-4
Changes in equity	0	0	0	197	197	23	220
Shareholders equity, 30 September 2012	1,735	182	1,215	1,158	4,290	136	4,426
						30 September 2012	31 December 2011
Shareholders' equity exclusive minority interests						4,290	4,093
Consolidation of Pensionskassen under Alm. Brand A/S						-5	-4
Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests						4,285	4,089
Share of profit attributable to Alm. Brand A/S						202	-503
Consolidation of Pensionskassen under Alm. Brand A/S						-1	4
Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial						201	-499

CAPITAL TARGET

DKKm	Capital base at 30 September 2012
Consolidated equity	4,426
Tax asset	-692
Supplementary capital	1,704
Consolidated capital base	5,438

DKKm	Capital target 30 September 2012
Non-life insurance (45% of gross premium income)	2,188
Life insurance (9% of life insurance provisions)	1,048
Alm. Brand Bank (18.3% of risk weighted assets) *)	1,940
Alm. Brand Bank subsidiaries	41
Diversification effects	-300
Consolidated capital target	4,917

*) calculated as the individual solvency need at 30 September 2012 plus 3 percentage points

Statutory capital requirement for the group at 30 September 2012	3,041
Excess relative to statutory capital requirement	2,397
Excess relative to internal capital target	521

CASH FLOW STATEMENT

DKKm	Group		
	Q1-Q3 2012	Q1-Q3 2011	Year 2011
Cash flows from operating activities			
Premiums received	4,748	4,343	5,351
Claims paid	-3,537	-3,411	-4,723
Interest receivable, dividends, etc.	1,077	1,119	1,551
Interest payable	-352	-379	-505
Payments concerning reinsurance	104	-128	33
Fee income received	84	146	131
Fee income paid	-22	-33	-41
Expences paid	-1,036	-1,178	-1,357
Tax on pension investment returns paid	-147	-111	-114
Acquisition of intangible assets, furniture, equipments etc.	-54	-40	-68
Other ordinary income received	35	25	37
Taxes paid/received	0	2	4
Cash flows from operating activities	900	355	299
Change in investment placement (net)			
Properties acquired or converted	24	36	53
Sale/aquisition of equity investments	147	127	194
Sale/repayment of mortgage deeds and loans	1,003	1,138	1,282
Sale/aquisition of bonds	17	3,886	131
Change in investment placement (net)	1,191	5,187	1,660
Change in financing (net)			
Other provisions	2	0	-18
Sale/purchase of treasury shares	-2	3	2
Sale/acquisition of subsidiaries (change in minority interests)	-4	-22	-25
Change in issued bonds	-4,000	0	0
Change in deposits	2,594	-993	-647
Change in payables to credit institutions	-503	-425	-1,980
Change in financing (net)	-1,913	-1,437	-2,668
Net change in cash and cash equivalents	178	4,105	-709
Cash and cash equivalents, beginning of period	1,207	1,916	1,916
Cash and cash equivalents, end of period	1,385	6,021	1,207

SEGMENT REPORTING

DKKm	Q1-Q3 2012					
	Non-life	Bank	Life	Other	Elimi- nation	Group
Premium income	3,630	0	643	0		4,273
Interest income etc.	188	562	328	1	-2	1,077
Fee income etc.	0	94	0	0	-30	64
Other investment income	1	0	67	0	-42	26
Income associates	0	2	7	0	-7	2
Other income	0	35	0	0		35
Total income	3,819	693	1,045	1	-81	5,477
Claims incurred	-2,470	0	-759	0		-3,229
Interest expenses	-63	-352	-3	-9	2	-425
Other investment expenses	-18	0	-25	-26	30	-39
Provisions for bad and doubtful debts	0	-238	0	0		-238
Acquisition and administrative expenses	-570	-401	-58	0	42	-987
Total expenses	-3,121	-991	-845	-35	74	-4,918
Result of business ceded	0	0	7	0		7
Change in life insurance provisions	0	0	-314	0		-314
Change in collective bonus potential	0	0	-120	0		-120
Exchange rate adjustments	-92	-41	417	0		284
Tax on pension investment returns	0	0	-120	0		-120
Profit before tax	606	-339	70	-34	-7	296
Tax	-152	92	-16	9		-67
Profit after tax	454	-247	54	-25	-7	229
	Q1-Q3 2011					
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

NOTES

DKK m	Group		
	Q1-Q3 2012	Q1-Q3 2011	Year 2011
Note 1 Own Shares - Group			
Carrying amount, beginning of year	0	0	0
Value adjustments	-2	3	3
Acquired during the period	7	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	6	3	5
Sold during the period	-5	-6	-6
Nominal value, end of period	4	1	3
Holding (number of shares), beginning of year	298	421	421
Additions, number of shares	588	300	456
Disposals, number of shares	-480	-579	-579
Holding (number of shares), end of period	406	142	298
Percentage of share capital, end of period	0.2%	0.1%	0.2%

Note 2 Contingent liabilities, guaranties and leasing

Guarantee commitments	1,495	1,710	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 nine months ended 30 September 2012 is unaudited.

Note 4 Financial highlights and key ratios

Referring to management's report.

BALANCE SHEET

DKKm	Note	Parent company		
		30 September 2012	30 September 2011	31 December 2011
Assets				
Investment in group enterprises	1	4,293	4,652	4,271
Total investments in group enterprises and associates		4,293	4,652	4,271
Equity investments		1	1	1
Other loans and advances		2	2	2
Deposits with credit institutions		250	135	75
Cash in hand and balances at call		5	11	16
Total other financial investment assets		258	149	94
Total investment assets		4,551	4,801	4,365
Receiveables from group enterprises		5	9	8
Other receivables		37	28	31
Total receivables		42	37	39
Current tax assets		19	17	8
Deferred tax assets		19	18	20
Total other assets		38	35	28
Total assets		4,631	4,873	4,432
Liabilities and equity				
Share capital		1,735	1,735	1,735
Other provisions		1,215	1,215	1,215
Retained earnings		1,335	1,526	1,139
Total shareholders' equity		4,285	4,476	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		2	3	2
Issued bonds		32	32	32
Other payables		13	66	13
Total payables		47	101	47
Deferred income		3	0	0
Total liabilities and equity		4,631	4,873	4,432

INCOME STATEMENT

DKKm	Note	Parent company				
		Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Year 2011
Income from group enterprises	2	58	-62	227	-91	-469
Interest income and dividends, etc.		0	1	1	3	4
Interest expenses		-5	-4	-9	-11	-15
Administrative expenses related to investment activities		-10	-8	-27	-23	-29
Profit before tax		43	-73	192	-122	-509
Tax		4	3	9	8	10
Profit for the Year		47	-70	201	-114	-499

Comprehensive income

Profit for the period		47	-70	201	-114	-499
Comprehensive income		47	-70	201	-114	-499
Proposed allocation of profit/loss:						
Retained earnings		47	-70	201	-114	-499

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, 1 January 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
Repurchased shares			-4	-4
Tax on changes recognised in equity			1	1
Changes in equity	0		-114	-114
Shareholders equity, 30 September 2011	1,735	1,215	1,526	4,476
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 Q1-Q3 2012				
Profit/loss for the period			201	201
Total income			201	201
Purchase and sale of treasury shares			-2	-2
Purchase and sale of treasury shares in subsidiaries			-5	-5
Share option scheme			2	2
Changes in equity	0	0	196	196
Shareholders equity, 30 September 2012	1,735	1,215	1,335	4,285

NOTES

Note 1 Investment in group enterprises

DKK ^m	Parent company		
	30 September 2012	30 September 2011	31 December 2011
Cost, beginning of year	7,291	6,841	6,841
Additions during the period	300	450	450
Cost, end of period	7,591	7,291	7,291
Revaluation and impairment, beginning of year	-3,020	-2,346	-2,346
Dividend received	-500	-200	-200
Profit for the period	227	-91	-469
Revaluation and impairment of treasury shares in subsidiaries	-5	-3	-5
Revaluation and impairment, end of period	-3,298	-2,640	-3,020
Carrying amount, end of period	4,293	4,651	4,271
Specification of carrying amount:			
Alm. Brand Bank A/S	1,107	1,633	1,092
Alm. Brand Forsikring A/S	3,185	3,017	3,178
Asgaard Finans A/S	1	1	1
Carrying amount, end of period	4,293	4,651	4,271

Note 2 Income from group enterprises

DKK ^m	Parent company		
	Q1-Q3 2012	Q1-Q3 2011	Year 2011
Alm. Brand Bank A/S	-281	-379	-918
Alm. Brand Forsikring A/S	508	288	449
Asgaard Finans A/S	0	0	0
Total income from group enterprises	227	-91	-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 nine months ended 30 September 2012 is unaudited.