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Company announcement no. 7/2011

## Danske Andelskassers Bank A/S - Interim report for H1 2011

*The interim report for H1 2011 of Danske Andelskassers Bank shows a loss before tax of DKK -40.0m against a loss before tax of DKK -129.3m in H1 2010. Danske Andelskassers Bank revises down its outlook for a profit before tax from the previously announced DKK 75-105m to a profit/loss in the region of DKK -50 to -100m due to the global economic turmoil, but it is emphasized that the outlook is subject to considerable uncertainty. As a consequence of the expected difficult market conditions in H2 2011 Danske Andelskassers Bank plan to adjust the organisations cost level.*

The Board of Directors of Danske Andelskassers Bank A/S has on this day adopted the financial statements for H1 2011.

The interim report shows a loss before tax of DKK -40.0m against a loss before tax of DKK -129.3m in H1 2010.

Core earnings – profit before translation and market value adjustments, sector solutions and impairment – came to DKK 96.2m in H1 2011 against DKK 100.8m in H1 2010.

Highlights from the interim report are as follows (Results for H1 2010 are shown in parentheses):

- Loss before tax of -40.0m (DKK -129.3m)
- Core earnings before impairment, translation and market value adjustments and sector solutions of DKK 96.2m (DKK 100.8m)
- Impairment and losses of DKK 99.8m (DKK 247.4m) corresponding to an impairment percentage of 0.8 (1.9)
- Translation and market value adjustments of DKK -22.8m (DKK 51.1m)
- Staff costs and administrative expenses of DKK 248.1m (DKK 287.5m)
- Solvency ratio of 15.4 (13.9) against a solvency requirement of 10.3 (8.7) corresponding to excess solvency of 5.1 percentage points (5.2 percentage points)
- Core capital ratio of 15.8 (14.0)
- Equity of DKK 1,795.5m (DKK 1,517.6m)

As a consequence of the expected difficult market conditions in H2 2011 – as described in detail below – Danske Andelskassers Bank plan to adjust the organisations cost level

### Outlook for FY

Core banking operations and thus core earnings developed as expected in H1 2011, and this is expected to continue into H2 2011.

Due to the recent economic turmoil in Denmark and the rest of the world and the downwards revised growth outlook for the Danish economy – as recently announced in the Danish Ministry of Finance's economic report of 24 August 2011 – the conditions for the bank's outlook for H2 2011 have, however, changed considerably.

Danske Andelskassers Bank therefore revises down its outlook for a profit before tax from the previously announced DKK 75-105m to a profit/loss in the region of DKK -50 to -100m.

It should be emphasised that the outlook is subject to considerable uncertainty, which is also the reason for the widening of the span.

While the bank's core operations are satisfactory, several parameters are directly affected by the economic crisis. And with the current uncertainty associated with the development of this crisis, it is indeed very difficult to make an accurate assessment.

This is particularly so in regards to the items which are not included in the core earnings, i.e. translation and market value adjustments, sector solutions and impairment, where a negative impact is expected for H2 2011 as stated above. Despite a conservative and cautious approach to investments, the majority of which is made up of stable bonds, the translation and market value adjustments will be affected by the turmoil, and many of the bank's customers – particularly small and medium-sized enterprises – will also be affected by for instance low private consumption and rising unemployment.

Due to the major uncertainty surrounding the development of the economic crisis, Danske Andelskassers Bank will onwards change its principles regarding the announcement of outlooks, so that the bank, like many other banks, announces its outlook for core earnings rather than its profit/loss before tax which provides for a more accurate outlook. The bank quite simply believes that the economic and market economic uncertainty is so substantial – and the uncertainty of the impact of this on translation and market value adjustments so great – that it would be more accurate to announce the outlook for core earnings.

In light of the above, Danske Andelskassers Bank expects core earnings for 2011 to be in the region of DKK 190-220m, thus maintaining the previous outlook for core earnings.

#### **Comments on the interim report**

Managing Director Jan Pedersen says about the interim report:

"It has been made clear during the summer that the global economy isn't heading for better days. This has changed the outlook for many of our customers and particularly the small and medium-sized enterprises as well as the agricultural sector, which has led to significantly worsened conditions for two of our large customers that will result in impairments, . Due to this we have to recognize, that especially the expected impairments will be higher than expected a short while ago. It will be hard to raise earnings to cover these expenses."

"A revision of our expectations means that we have to evaluate our own business once more. We are and will be a solid bank, but we have to secure the right balance between earnings and expenses – in the years to come as well. Therefore it's our estimation, that costs has to be reduced."

#### **Further information**

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#### **About Danske Andelskassers Bank**

Danske Andelskassers Bank is a Danish bank with strong roots in the local communities through 52 branches in Jutland and on Funen. The objective of Danske Andelskassers Bank is to be an essential part of the Danish financial market and to offer competent financial counselling together with a strong local commitment - to the advantage of the customers and the development of the local communities. The bank has just under 550 employees.

This Company Announcement contains forward looking statements, including statements regarding the activities of Danske Andelskassers Bank. These statements are based upon information, assumptions and assessments found to be reasonable by Danske Andelskassers Bank. The forward looking statements encompass known and unknown risks, uncertainties and other significant factors which may cause the actual results, development or performance of Danske Andelskassers Bank or the results of the industry to differ materially from any future results, development or performance expressed or implied by such statements. If one or more of these risk factors or factors of uncertainty are released or an underlying condition proves itself wrong, the actual economic situation or results or the operating profit of Danske Andelskassers Bank may differ materially from what is described as presupposed, assessed, anticipated or expected.

# Danske Andelskassers Bank A/S

Interim report 1 January – 30 June 2011

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# Comment by the Board of Executives

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H1 2011 was a landmark period for Danske Andelskassers Bank in many ways.

During the six months, the Danish Amalgamation of Cooperative Banks (SDA), the 16 cooperative banks in SDA and Danske Andelskassers Bank A/S were merged into one bank, followed by a share subscription for a total of DKK 439m in the bank and admission of the bank for trading at the stock exchange NASDAQ OMX Copenhagen.

At the same time, we have naturally focused heavily on providing all customers with professional advice and solutions to suit their particular needs, so it has been a busy time for the bank.

Fortunately, we experienced a lot of support and interest from our customers, members and shareholders throughout. This support and interest was clearly illustrated by the large majority of members who voted in favour of the mergers, and the more than 35,000 customers who accepted our offer to become shareholders of the bank, but it was also felt in the questions and comments we received on a daily basis.

The conversion has not changed our values. We are still a local bank which focuses on serving the local communities that we historically have been and in future are a part of. In turn, the conversion has strengthened this position by reducing costs, shortening decision-making paths and increasing our opportunities for the future.

## Requirements

Sadly, a conversion like the one we have been through is not without costs, especially not when you want all stakeholders to have a good and well informed basis for decision-making.

In some cases, the costs were visible. These include the cost of communicating information to and from Boards of Directors, customers, members and employees, the cost of holding almost 40 general meetings and fees for lawyers and accountants etc. who were essential partners in the process. These were thus easy to budget for and take into account.

However, in some cases the costs were invisible or at least more difficult to calculate in advance, for example the enormous effort made by the employees of the entire organisation to ensure that all questions from members, customers and other stakeholders were answered. Furthermore, there is the natural uncertainty that always attaches to a conversion process – even if it strengthens and improves the organisation. All of this has of course meant that less time and attention could be devoted

to other areas of the business and required an amount of resources the cost of which cannot be determined.

Combined with a H1 of economic turmoil in most parts of the world, of low demand for loans and other products, expenses relating to other banks' transition to Finansielt Stabilitet and negative market value adjustments of the bond portfolio, in particular, the interim report is, sadly, not satisfactory in isolation, although it is in line with the outlook for H1.

Unfortunately, it is nevertheless necessary to revise down the outlook for FY 2011. The significant economic turmoil in the markets and the recent times' downwards revised economic outlook lead to a markedly subdued outlook for growth in the Danish economy and the developments in the financial markets in H2, and thereby also a worsened outlook for translation and market value adjustments and impairment in the period.

A revision of our expectations means that we have to evaluate our own business once more. We are and will be a solid bank, but we have to secure the right balance between earnings and expenses – in the years to come as well. Therefore it's our estimation, that costs has to be reduced during the fall.

This requires an extra effort from everyone at Danske Andelskassers Bank in the months ahead.

We are ready to make that effort.

/Board of Executives

# Financial highlights – group

DKK '000	H1 2011	H1 2010	H1 2009	H1 2008	H1 2007
<b>Highlights</b>					
<b>Income statement</b>					
Interest income	363,243	400,437	493,323	477,848	405,613
Interest expenses	110,535	124,665	180,660	211,433	168,332
Net interest income	252,708	275,772	312,663	266,415	237,281
Share dividend etc.	4,293	1,208	16,736	18,410	35,666
Net fee and commission income	108,246	112,725	100,787	99,846	99,497
Net interest and fees income	365,247	389,705	430,186	384,671	372,444
Translation and market value adjustments	-22,763	51,065	-63,611	-52,015	134,430
Other operating income	4,500	6,511	528	4,004	20,252
Staff costs and administrative expenses	248,110	287,477	279,889	274,466	258,180
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets	6,948	8,069	8,807	29,364	24,303
Other operating expenses	33,324	39,615	39,508	823	286
Impairment of loans and receivables etc.	99,831	247,396	157,865	11,575	-4,409
Profit/loss from investments in associates	1,241	5,994	5,365	-15,114	-62,226
Profit/loss before tax	-39,988	-129,282	-113,601	5,318	186,540
Tax	-4,922	-34,735	-30,253	29,002	38,421
Net profit/loss for the year	-35,066	-94,547	-83,348	-23,684	148,119
<b>Balance sheet</b>					
Receivables from credit institutions etc.	1,433,334	2,057,557	2,420,830	842,643	3,120,932
Loans	9,443,150	9,971,968	10,734,946	10,616,429	9,236,091
Bonds and shares	2,820,754	3,808,946	2,288,385	3,067,248	3,111,188
Payables to credit institutions	724,623	1,825,717	2,378,084	2,480,460	2,276,997
Deposits	9,115,359	11,196,585	11,617,062	10,383,002	11,004,707
Bonds issued	2,016,096	1,016,959	10,425	2,559	0
Subordinated debt	704,651	696,422	263,835	297,301	298,720
Equity	1,795,527	1,517,647	1,741,130	2,028,105	2,074,956
Total assets	14,775,283	16,708,317	16,405,520	15,518,958	16,008,985
Contingent liabilities	2,030,108	2,848,732	3,512,821	3,434,944	5,601,016
<b>Ratios</b>					
Solvency ratio	15.4%	13.9%	12.5%	14.2%	13.2%
Core capital ratio	15.8%	14.0%	12.6%	14.3%	13.1%
Return on equity before tax	-2.5%	-8.3%	-6.4%	0.3%	9.5%
Return on equity after tax	-2.2%	-6.0%	-4.7%	-1.2%	7.5%
Earnings per DKK of cost	0.90	0.73	0.74	0.96	2.10
Interest rate risk	1.0%	0.3%	-0.1%	0.0%	0.1%
Currency position	4.0%	0.0%	0.8%	3.6%	3.0%
Currency risk	0.0%	0.0%	0.0%	0.0%	0.0%
Loans relative to deposits	115.5%	92.4%	89.9%	96.8%	100.0%
Loans relative to equity	5.3	6.0	5.6	4.7	4.0
Growth in loans for the year	-0.9%	-0.7%	-1.8%	7.5%	8.9%
Surplus cover relative to statutory liquidity requirement	140.8%	83.4%	58.7%	43.7%	30.0%
Sum of large commitments	11.5%	17.0%	27.9%	0.0%	0.0%
Impairment percentage for the year	0.8%	1.9%	1.1%	0.2%	0.0%

# Management's review

In its present form, Danske Andelskassers Bank A/S is the result of the conversion of the Danish Amalgamation of Cooperative Banks, the 16 cooperative banks in SDA and Danske Andelskassers Bank A/S into one public company, which was subsequently admitted for trading on NASDAQ OMX Copenhagen on 7 July 2011.

Even before the conversion, the above-mentioned companies functioned as one group – the SDA Group – and have as such presented consolidated financial statements for a period of 25 years. These consolidated financial statements essentially correspond to the present management's review and financial statements comprising the group Danske Andelskassers Bank.

1. Naturally, H1 was characterised by the activities and issues relating to the conversion, including the holding of just under 40 extraordinary general meetings for the Danish Amalgamation of Cooperative Banks, Danske Andelskassers Bank, Omdannelses-selskabet DAB A/S and the cooperative banks.

1. H1 2011 was also marked by the general macroeconomic trends of major economic turmoil in Denmark, Europe and large parts of the rest of the world. The consequences of this were weak demand for banking products due to a stagnant housing market and an uncertain job market, among other things.

Both the internal and external conditions are reflected in the financial statements for H1 as specified in further detail below.

## Core earnings

In H1 2011, Danske Andelskassers Bank had interest income of DKK 363.2m and interest expenses of DKK 110.5m. This corresponds to a minor fall in both items, which amounted to DKK 400.4m and 124.7m, respectively, in H1 2010.

There was an underlying fall in interest income in conjunction with loans and bonds, while the falling interest expenses essentially represent falling expenses in terms of deposits.

Overall, net interest income fell from DKK 275.7m in H1 2010 to DKK 252.7m in H1 2011.

The bank's fee income remained relatively constant with fee income of DKK 108.3m in H1 2011 compared to fee income of DKK 112.8m in H1 2010. The underlying fall is connected to securities trading and safe custody accounts as well as guarantee commission, in particular.

In light of the above, net interest and fee income amounted to

DKK 365.2m in H1 2011 against DKK 389.7m in H1 2010. This is essentially due to low loan activity, in particular, as a result of weak demand in this area as mentioned above.

Comparing the net interest and fee income in H2 2011 with H1 2011, a constant trend emerges with net interest and fee income of DKK 181.9m and 183.3m, respectively.

Core earnings – profit before translation and market value adjustments, impairment and sector solutions – came to DKK 96.2m in H1 2011 against DKK 100.8m in H1 2010. The bank finds it satisfactory that core banking operations are positive and in line with expectations.

## Expenses

Danske Andelskassers Bank's staff costs and administrative expenses amounted to DKK 248.1m in H1 2011 against DKK 287.5m in H1 2010. An underlying fall was seen in staff costs from DKK 184.2m in H1 2010 to DKK 146.4m in H1 2011 and in administrative expenses which fell from DKK 103.3m in H1 2010 to DKK 101.7m in H1 2011. The fall continued through 2011 where staff costs and administrative expenses amounted to DKK 127.8m in Q1, while expenses in this area amounted to DKK 120.3m in Q2.

The fall in staff costs and administrative expenses can be attributed to a lower number of employees in H1 2011, in particular, compared to H1 2010. The round of rationalisations completed in H2 2010 thus had the desired effect, and the bank will continuously focus on adjusting costs to its business volume.

Other operating expenses came to DKK 33.3m in H1 2011 against DKK 39.6m in H1 2010. In H1 2010, the item especially comprised expenses relating to the Danish Act on Financial Stability (Lov om finansiel stabilitet) (Bank Package I), while it in H1 2011 was roughly equally comprised by provisions for losses on the Guarantee Fund for Depositors and Investors resulting from Fjordbank Mors' transition to Finansiel Stabilitet, in particular, and expenses relating to the conversion of the Danish Amalgamation of Cooperative Banks, the 16 cooperative banks and Danske Andelskassers Bank into one bank. Q2 2011, in particular, was affected by other operating expenses which amounted to DKK 33.0m, among other things due to the holding of extraordinary general meetings, information to members and a share offering in the bank.

## Impairment

Impairment of loans and receivables etc. in Danske Andelskassers Bank was DKK 99.8m in H1 2011, which is significantly

lower than in H1 2010 where impairment was DKK 247.4m. In Q2 2011, impairment amounted to DKK 57.6m, while it amounted to DKK 42.2m in Q1 2011.

In H1 2011, impairment corresponded to an impairment percentage of 0.8%, and the agricultural sector is the single largest sector accounting for most of the impairment. Despite the falling level of impairment, the bank finds that the economic turmoil in the market has affected both the agricultural sector and several small and medium-sized enterprises negatively and that the positive economic development that was recently widely expected to happen cannot be expected.

The bank's total impairment and provision account is determined at DKK 1,108.3m as at 30 June 2011. The definitively written off (lost) impairment remains significantly below the level stated in the financial statements, and the bank expects and aims for it to remain so.

Reference is also made to the subsequent mention of the bank's loan portfolio.

#### **Market value adjustments**

The results of Danske Andelskassers Bank were negatively impacted by translation and market value adjustments in H1 2011 whereas the impact was positive in H1 2010. The translation and market value adjustments thus amounted to DKK -22.8m in H1 2011 compared to DKK 51.1m in H1 2010, a difference of DKK -73.7m.

Translation and market value adjustments will always reflect the development in the economy, and the negative development in the economy is clearly reflected in these adjustments.

Particularly the negative market value adjustments of the bank's bond portfolio have an underlying negative impact on the total translation and market value adjustments which can be attributed to the increasing market rate in H1 2011. Furthermore, there have been less positive market value adjustments of the bank's share portfolio alone due to the general slowdown in the share markets.

#### **Results**

As mentioned earlier, the loss before tax came to DKK -40.0m in H1 2011, while the net loss came to DKK 35.1m. This is a considerable improvement in relation to H1 2010 when the loss before tax was DKK -129.3m, while the net loss was DKK -94.5m.

Nevertheless, the results are not considered satisfactory.

Distributed onto quarters in 2011, a loss before tax of DKK -12.7m was posted for Q1, while a loss of DKK -27.3m was posted for Q2 due to the extraordinary costs mentioned, among other things.

#### **Balance sheet**

The balance sheet total of Danske Andelskassers Bank was calculated at DKK 14,775.3m as at 30 June 2011 against DKK 16,708.3m as at 30 June 2010 and DKK 15,180.6m as at 31 December 2010.

Even through the balance sheet total fell by just under DKK 2bn from H1 2010 to H1 2011, an increasing balance sheet total was noted in Q2 2011 when the balance sheet total rose from DKK 14,078.1m as at 31 March 2011 to the aforementioned DKK 14,775.7m as at 30 June 2011.

In particular, a fall in deposits was noted from DKK 11,196.6m as at 30 June 2010 to DKK 9,115.4m as at 30 June 2011. This fall in deposits can be attributed to the expiry of the unlimited government guarantee scheme in relation to the Danish Act on Financial Stability as at 30 September 2010, expiry of a number of fixed-term and high-interest deposits and increased focus on the government guarantee scheme of EUR 100,000 in connection with Amagerbanken's transition to Finansiell Stabilitet in February 2011. It should be noted that the bank's deposits in Q2 2011 fell by DKK 281m which is essentially due to the customers' considerable interest in using deposits to subscribe to shares under the emission completed in June.

Loans fell from DKK 9,972.0m as at 30 June 2010 to DKK 9,443.2m as at 30 June 2011. In isolation, the fall in loans in H1 2011 was DKK 119.2m which can be attributed to the aforementioned impairment and very weak demand for loans for new projects and a stagnant housing market in the period mentioned.

In light of the relationship between loans and deposits as at 30 June 2011, Danske Andelskassers Bank's loan ratio is 115% as per the Danish Financial Supervisory Authority's calculation model, while it is 103.6% when comparing only loans and deposits as stated in the balance sheet. The bank is aiming for a loan ratio of around 90% – calculated according to the above-mentioned method – which has been the case in recent years, and the bank is aware that the loan ratio as at 30 June 2011 is higher than this which does, of course, form part of the bank's competitive considerations for the future.



However, it is noted that the bank's loans relative to equity alone are 5.3 which is considered satisfactory.

As at 30 June 2011, the bank had guarantees of DKK 1,807m against DKK 2,123m as at 30 June 2010.

#### **Loan portfolio**

Danske Andelskassers Bank has a well diversified loan portfolio where business customers accounted for 61% of the total loans while private customers accounted for 39% as at 30 June 2011. The bank has only a few large commitments, and the sum of large commitments is thus 11.5% of the core capital, which is significantly below the requirement of 125% in the previously mentioned supervisory diamond.

The single largest sector in relation to loans is the agricultural sector which accounts for 19% of Danske Andelskassers Bank's total loans as at 30 June 2011 against 19%, as well, as at 31 December 2010. It should be noted that the agricultural segment also has a sensible diversification between the subsegments, such as fur farming, plant breeding, pigs and cattle, and that the great majority of the bank's customers are long-standing, financially sound agricultural customers. However, the bank is also aware that the agricultural sector is currently facing various challenges, and the sector is a focus area for the bank which is also reflected in the impairment made in H1 2011. The bank is also aware that small and medium-sized enterprises, which constitute a large part of the bank's portfolio of business customers, are not seeing the same positive trend as large Danish enterprises, and that the crisis continues to have a relatively firm grip on them. However, the bank still wants to support its customers although the market economic challenges for the bank's primary segments became clear following the closing of the interim financial statements.

In relation to the property sector, which is a measuring point in the supervisory diamond, the bank's exposure is only 8% compared to the supervisory diamond's 25%.

#### **Equity**

The composition of Danske Andelskassers Bank's equity naturally changed in the course of Q2 2011 and thereby also compared to the situation on 30 June 2010 and 31 December 2010. This is due, in particular, to the conversion completed in spring 2011 and the share emission completed in June 2011.

The bank thus had equity of DKK 1,795.5m as at 30 June 2011 against equity of DKK 1,517.6m as at 30 June 2010 and equity of DKK 1,426.8m as at 31 December 2010.

In connection with the conversion of the organisation, the share capital, which amounted to DKK 26.2m as at 31 March 2011, was either paid in cash or exchanged for shares, and the share capital was therefore omitted from the statement of changes in equity as at 30 June 2011. Instead, equity was strengthened by the net proceeds from the share emission which amount to DKK 430.2m.

Naturally, the loss in H1 2011 of DKK -35.1m after tax is not included in equity.

Nevertheless, the bank considers the equity situation to be satisfactory and points out not least that a large part of it is 'pure' equity in the form of saved profits and share capital.

#### **Liquidity**

As at 30 June 2011, Danske Andelskassers Bank had a liquidity surplus relative to the statutory requirement of 140.8%, which is in compliance with the requirements of the supervisory diamond which stipulates a surplus of 50% relative to the statutory requirement.

The bank considers its general liquidity situation to be satisfactory also in relation to the so-called 2013 issue where the bank, like many others in the rest of the Danish financial sector, must refinance government guaranteed liquidity. In this context, Danske Andelskassers Bank has issued government guaranteed bonds for a total of DKK 2bn, and the refinancing/redemption of these bonds is a natural part of the bank's future strategy. It should be noted that Danske Andelskassers Bank in continuation of the conversion – and as a result of a change of control clause occasioned by the conversion – repaid the second and final tranche of EUR 69.25m as at 22 June 2011 on a syndicated loan with HSH Nordbank A/S as the Mandated Lead Arranger.

Particularly in relation to liquidity, it should be noted that more than 90% of the bank's net deposits are covered by the government guarantee scheme of EUR 100,000, and this deposit is therefore considered to be relatively stable, even in a situation of increased focus on the banks' solvency.

#### **Solvency**

Danske Andelskassers Bank's solvency ratio was calculated at 15.4% as at 30 June 2011 against a solvency ratio of 11.5% as at 31 December 2010. The bank's solvency ratio was calculated at 10.3% as at 30 June 2011, and the bank thus has a solvency surplus of 5.1% percentage points. This is considered satisfactory.

The core capital ratio was 15.8% as at 30 June 2011.

#### **Outlook for H2 2011**

The economic crisis is still affecting the Danish and world economy. The currency crisis in southern Europe, the debt crisis in the USA and negative key figures affected the economy and the mood surrounding it in H1 2011 and over the summer, to which should also be added the uncertainty relating to the Danish mortgage credit system etc.

This has been particularly evident in recent times.

Fundamentally, the Danish economy is expected to grow in the coming six months, but at a low level, and the outlook for the Danish economy has generally darkened as the summer has drawn to a close. This was recently emphasised by the Danish Ministry of Finance's economic report of 24 August 2011 in which the outlook for private consumption was revised down considerably. Housing prices are also falling, and many small and medium-sized enterprises, which make up the bank's primary customer group, are expected to face continued pressure.

As a result of Danske Andelskassers Bank's loan portfolio, the situation of the agricultural sector will of course be another key parameter. The development in the sector will thus have a considerable impact on the bank's results, and some farms will experience financial difficulties in H2 as well.

#### **Outlook for results**

Core banking operations and thus core earnings developed as expected in H1 2011, and this is expected to continue into H2 2011.

Due to the recent economic turmoil in Denmark and the rest of the world and the downwards revised growth outlook for the Danish economy – as recently announced in the Danish Ministry of Finance's economic report of 24 August 2011 – the conditions for the bank's outlook for H2 2011 have, however, changed considerably.

Danske Andelskassers Bank therefore revises down its outlook for a profit before tax from the previously announced DKK 75-105m to a profit/loss in the region of DKK -50 to -100m.

It should be emphasised that the outlook is subject to considerable uncertainty, which is also the reason for the widening of the span.

While the bank's core operations are satisfactory, several parameters are directly affected by the economic crisis. And with the current uncertainty associated with the development of this crisis, it is indeed very difficult to make an accurate assessment, particularly in regards to the items which are not included in the core earnings, i.e. translation and market value adjustments, sector solutions and impairment, where a negative impact is expected for H2 2011 as stated above. Despite a conservative and cautious approach to investments, the majority of which is made up of stable bonds, the translation and market value adjustments will be affected by the turmoil, and many of the bank's customers – particularly small and medium-sized enterprises – will also be affected by for instance low private consumption and rising unemployment.

Due to the major uncertainty surrounding the development of the economic crisis, Danske Andelskassers Bank will onwards change its principles regarding the announcement of outlooks, so that the bank, like many other banks, announces its outlook for core earnings rather than its profit/loss before tax which provides for a more accurate outlook. The bank quite simply believes that the economic and market economic uncertainty is so substantial – and the uncertainty of the impact of this on translation and market value adjustments so great – that it would be more accurate to announce the outlook for core earnings.

In light of the above, Danske Andelskassers Bank expects core earnings for FY 2011 to be in the region of DKK 190-220m, thus maintaining the previous outlook for core earnings.

#### **Important events occurring after the balance sheet date**

As part of a planned continuous generational change at Danske Andelskassers Bank A/S, Managing Director Vagn T. Raun handed his position to Deputy Managing Director Jan Pedersen as at 1 August 2011 and will subsequently continue as Bank Manager until the end of 2011 after which he will act as a consultant to the bank's Board of Directors.

The transfer took place as part of a planned continuous generational change at Danske Andelskassers Bank which was agreed in connection with Jan Pedersen taking up the post as Deputy Managing Director in April 2010.

# Statement by the Board of Executives and the Board of Directors on the interim report

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The Board of Directors and Board of Executives have on this day considered and approved the interim report for the period 1 January - 30 June 2011 of Danske Andelskassers Bank A/S.

The interim report is presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU as far as the interim report for the group is concerned, and the Danish Financial Business Act as far as the interim report for the parent is concerned. Additionally, the interim report is prepared in accordance with Danish disclosure requirements for listed financial enterprises.

In our opinion, the interim report gives a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30 June 2011 and of the results of the group's and the parent's operations and cash flows for the financial period 1 January - 30 June 2011.

In our opinion, the management's review gives a fair review of the development in the group's and the parent's activities and financial affairs, the results for the period and the general financial position of the companies comprised by the consolidated financial statements as well as a description of the most important risks and uncertainty factors to which the group and the parent are exposed.

The interim report has not been audited or reviewed.

Hammershøj, 29 August 2011

Board of Executives

Jan Pedersen

Vagn T. Raun

Hammershøj, 29 August 2011

The Board of Directors

Jakob Fastrup

Jens J. Hald

Preben Arndal

Jens H. Ladefoged

Kenneth Clausen

Jens Nørvang Madsen

Hans Jørn Madsen

Asger Pedersen

Poul Weber

# Income statement and statement of comprehensive income – group

DKK '000	Note	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Interest income	3	363,243	400,437	789,613
Interest expenses	4	110,535	124,665	223,750
<b>Net interest income</b>		<b>252,708</b>	<b>275,772</b>	<b>565,863</b>
Share dividend etc.		4,293	1,208	1,280
Fees and commission income	5	110,685	117,095	237,233
Fees and commission paid		2,439	4,370	6,184
<b>Net interest and fees income</b>		<b>365,247</b>	<b>389,705</b>	<b>798,192</b>
Translation and market value adjustments	6	-22,763	51,065	45,592
Other operating income		4,500	6,511	8,192
Staff costs and administrative expenses	7	248,110	287,477	570,329
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets		6,948	8,069	18,337
Other operating expenses		33,324	39,614	101,218
Impairment of loans and receivables etc.	8	99,831	247,396	414,266
Profit from investments in associates		1,241	5,994	11,364
<b>Loss before tax</b>		<b>-39,988</b>	<b>-129,281</b>	<b>-240,810</b>
Tax		-4,922	-34,735	-57,040
<b>Loss for the period</b>		<b>-35,066</b>	<b>-94,546</b>	<b>-183,770</b>
<b>Statement of comprehensive income</b>				
Loss		-35,066	-94,546	-183,770
Other comprehensive income after tax		0	0	0
<b>Total comprehensive income</b>		<b>-35,066</b>	<b>-94,546</b>	<b>-183,770</b>

# Balance sheet – group

DKK '000	Note	30.6.2011	30.6.2010	31.12.2010
<b>Assets:</b>				
Cash balance and demand deposits with central banks		270,616	116,432	116,307
Receivables from credit institutions and central banks		1,433,334	2,057,557	1,325,115
Loans and other receivables at amortised cost		9,443,150	9,971,968	9,562,394
Bonds at fair value		2,106,251	3,146,376	2,681,640
Shares etc.		714,503	662,570	635,003
Investments in associates		138,803	132,193	137,562
Total land and buildings		167,836	160,781	172,300
Investment properties		16,535	0	16,443
Domicile properties		151,301	160,781	155,857
Other property, plant and equipment		27,057	36,826	30,695
Current tax assets		1,433	35,238	16,482
Deferred tax assets		183,957	151,944	179,161
Assets acquired on a temporary basis		33,014	47,323	34,490
Other assets		236,716	169,221	271,705
Deferred income		18,613	19,888	17,702
<b>Total assets</b>		<b>14,775,283</b>	<b>16,708,317</b>	<b>15,180,556</b>
<b>Equity and liabilities:</b>				
<b>Payables:</b>				
Payables to credit institutions and central banks		724,623	1,825,717	1,484,525
Deposits and other payables		9,115,359	11,196,585	9,930,589
Bonds issued		2,016,096	1,016,959	1,015,860
Other liabilities		340,770	307,985	435,998
Deferred income		2,228	1,549	2,563
<b>Total payables</b>		<b>12,199,076</b>	<b>14,348,795</b>	<b>12,869,535</b>
<b>Provisions:</b>				
Provisions for pensions and similar liabilities		26,374	40,179	42,972
Provisions for guarantee losses		20,052	99,282	123,750
Other provisions		29,603	5,992	14,463
<b>Total provisions</b>		<b>76,029</b>	<b>145,453</b>	<b>181,185</b>
Subordinated debt	9	704,651	696,422	703,077
<b>Equity</b>				
Share capital		550,600	27,117	26,381
Share premium		254,615	0	0
Retained earnings		990,312	1,490,530	1,400,378
<b>Total equity</b>		<b>1,795,527</b>	<b>1,517,647</b>	<b>1,426,759</b>
<b>Total equity and liabilities</b>		<b>14,775,283</b>	<b>16,708,317</b>	<b>15,180,556</b>

# Statement of changes in equity – group

30.6.2011

DKK '000	Share capital	Share capital	Share premium	Revaluation reserves	Retained earnings	Total equity
Equity as at 1 January 2011	0	26,381	0	3,906	1,400,378	1,430,665
Capital reduction on company conversion	0	-26,381	0	0	0	-26,381
Dissolution on merger	0	0	0	-3,906	0	-3,906
Bonus share	375,000	0	0	0	-375,000	0
Proceeds, emission	175,600	0	254,615	0	0	430,215
Comprehensive income	0	0	0	0	-35,066	-35,066
Equity as at 30 June 2011	550,600	0	254,615	0	990,312	1,795,527

30.6.2010

DKK '000	Share capital	Share capital	Share premium	Revaluation reserves	Retained earnings	Total equity
Equity as at 1 January 2010	0	27,792	0	4,834	1,580,242	1,612,868
Capital reduction	0	-675	0	0	0	-675
Comprehensive income	0	0	0	0	-94,546	-94,546
Equity as at 30 June 2010	0	27,117	0	4,834	1,485,696	1,517,647

## Cash flow statement – group

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Loss before tax	-39,988	-129,281	-240,810
Impairment of loans	99,831	247,396	414,266
Depreciation and impairment of property, plant and equipment	6,948	8,069	18,337
Market value adjustments of bonds and shares	22,763	-51,065	-45,592
Market value adjustments of investments	-1,241	-5,994	-11,364
Tax paid, net	4,922	34,735	57,040
<b>Earnings</b>	<b>93,235</b>	<b>103,860</b>	<b>191,877</b>
Change in loans	19,413	64,050	306,754
Change in deposits	-815,230	-432,449	-1,700,176
Change in credit institutions, net	-868,121	-827,017	-435,767
Change in other assets and liabilities	-177,577	105,163	84,674
<b>Cash flows from operations</b>	<b>-1,841,515</b>	<b>-1,090,253</b>	<b>-1,744,515</b>
Purchase of property, plant and equipment	-4,429	-37,787	-50,398
Sale of property, plant and equipment	7,059	15,241	24,969
Purchase of investments	0	0	-2
<b>Cash flows from investments</b>	<b>2,630</b>	<b>-22,546</b>	<b>-25,431</b>
Change, share capital	403,834	-675	-1,411
Change in bond and share portfolio	495,889	-89,450	468,063
Bonds issued	1,000,236	999,956	998,857
<b>Cash flows regarding financing</b>	<b>1,899,959</b>	<b>909,831</b>	<b>1,465,509</b>
<b>Change in cash and cash equivalents</b>	<b>154,309</b>	<b>-99,108</b>	<b>-112,560</b>
Cash and cash equivalents, beginning of period	116,307	228,867	228,867
Change in liquidity for the period	154,309	-99,108	-112,560
<b>Cash and cash equivalents, end of period</b>	<b>270,616</b>	<b>129,759</b>	<b>116,307</b>
Cash and cash equivalents, end of period:			
<b>Cash balance and demand deposits with central banks, end of period</b>	<b>270,616</b>	<b>116,432</b>	<b>116,307</b>

# Notes – group

## Note 1 Accounting policies

### Basis for preparation of annual and interim reports

As per 26 May 2011, the Danish Amalgamation of Cooperative Banks and Danske Andelskassers Bank A/S merged with Danske Andelskassers Bank A/S as the continuing company. The group will in future present its annual report in accordance with IFRS. Consequently, as of Q1 2011 Danske Andelskassers Bank A/S has chosen to prepare and present interim reports for the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim report is presented in accordance with IAS 34 'Interim Financial Reporting' and further Danish disclosure requirements for listed financial institutions. On presentation of the report, the standards and interpretations that apply to financial years beginning on 1 January 2011 have been applied.

The accounting policies have been applied consistently with the interim report for Q1 2011 which has been prepared in connection with a prospectus.

On the date of the presentation of the interim report, several new accounting standards (IAS and IFRS) and interpretations (IFRIC) were issued which have not yet become effective. Neither of these is expected to have a significant influence on any financial statements presented by the group in future.

## Note 2 Accounting estimates and assessments

The carrying amount of certain assets and liabilities are subject to estimates of how future events will affect the value of such assets and liabilities at the balance sheet date.

The estimates applied are based on assumptions which are deemed proper by the management, but which are naturally uncertain. In addition, the group is impacted by risks and uncertainties which may result in the actual results deviating from the estimates. As regards impairment of loans and receivables, significant estimates are made in connection with the calculation of the risk that not all future payments are received.

The accounting estimates and assessments have had the most significant effect on the consolidated financial statements in the following areas:

- Impairment of loans and provisions for guarantees
- Fair value of investment properties and domicile properties
- Fair value of financial instruments
- Deferred tax assets
- Pension obligations

### Impairment of loans and provisions for guarantees

Impairment of individual loans involves estimates of factors which are subject to a high degree of uncertainty. The assessment involves estimates of the most likely cash flow that the customer can generate, including the value of sureties.

Loans where there is no objective indication of impairment are part of a group where any need for impairment is assessed at portfolio level.

When testing for impairment of a group of loans, the most important aspect is the management's estimate relating to the credit margins and their development.

If the bank at the balance sheet date knows that events have occurred which have either worsened or improved the future payment pattern which the models have not taken into account, this is adjusted by means of a qualified management estimate.

### Fair value of investment properties and domicile properties

The measurement of the fair value of domicile and investment properties is subject to accounting estimates and assessments, and also expectations for the future return on the properties and the rates of return set for the properties.



### Fair value of financial instruments

A number of financial instruments are measured at fair value, including all derivative financial instruments and shares and bonds.

Assessments are made when determining the fair value of financial instruments in the following areas:

- Choice of valuation method
- Determining when available listed prices do not represent the fair value
- Quantifying fair value adjustments to take into account relevant risk factors such as credit and liquidity risk
- Assessing which market parameters that are to be observed
- For unlisted shares, estimates are made of future cash flow and business requirements

Strategic investments were acquired as part of operations. These are measured at fair value based on available information about trade in the relevant company's investments or alternatively a valuation model based on acknowledged and current market data, which involves an assessment of the expected future earnings and cash flows. The valuation will also be affected by co-ownership, trade and shareholders' agreements etc.

### Deferred tax assets

Taxable losses allowed for carryforward are included in the statement of deferred tax assets to the extent that a future taxable income is likely to be available in which the loss can be used. The recognition of a deferred tax asset therefore assumes that the management assesses the likelihood and size of future profits.

### Pension obligations

Pension obligations in the form of defined-benefit plans are determined on a statistical actuarial basis. The assumptions of the model are based on estimates of median age, expected development in pay and discount rate. The estimates are reviewed on an ongoing basis.

### Changes in accounting estimates

In the annual report for 2010, Danske Andelskassers Bank A/S recognised a provision for losses on the Danish Guarantee Fund for Depositors and Investors based on an expected dividend rate of 58.8% from Amagerbanken. The expected dividend rate has subsequently been changed, and a renewed assessment now indicates that an additional sum of approx. DKK 6.7bn is available for distribution, of which the Danish Guarantee Fund for Depositors and Investors has appealed DKK 4.5bn.

Thus, there is still some uncertainty about the obligation provided for, but as per 30 June Danske Andelskassers Bank A/S decided to adjust the expected dividend rate by the bank's share of the DKK 2.2bn, corresponding to the share of the DKK 6.7bn which has not been appealed so far. Danske Andelskassers Bank A/S's share of this amounts to DKK 5.7m which in Q2 2011 was recognised in the income statement under other operating expenses. In addition, the interim report contains an expected loss of DKK 15.4m from Fjordbank Mors, which constitutes the bank's share of the total expected loss of DKK 1.3bn.

A review of the statistical actuarial basis for the statement of the pension obligation in the form of defined-benefit plans led to a reduction of the obligation of DKK 16.6m in Q2 2011.

#### Note 3 Interest income

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Receivables from credit institutions and central banks	6,171	10,075	10,185
Loans and other receivables	321,920	343,334	680,198
Bonds	31,352	44,095	91,951
Currency, interest rate, share, commodity and other contracts and derivative financial instruments	4,322	2,629	6,642
Other interest income	-522	304	637
<b>Total interest income</b>	<b>363,243</b>	<b>400,437</b>	<b>789,613</b>

Note 4	<b>Interest expenses</b>			
	<b>DKK '000</b>	<b>1.1 - 30.6.2011</b>	<b>1.1 - 30.6.2010</b>	<b>1.1.-31.12.2010</b>
	Credit institutions and central banks	6,385	15,940	19,135
	Deposits and other payables	54,181	81,693	140,180
	Bonds issued	21,144	863	11,049
	Subordinated debt	28,798	26,163	53,379
	Other interest expenses	27	6	7
	<b>Total interest expenses</b>	<b>110,535</b>	<b>124,665</b>	<b>223,750</b>

Note 5	<b>Fee and commission income</b>			
	<b>DKK '000</b>	<b>1.1 - 30.6.2011</b>	<b>1.1 - 30.6.2010</b>	<b>1.1.-31.12.2010</b>
	Securities trading and safe custody accounts	30,353	34,171	64,544
	Payment services	6,235	6,593	13,576
	Loan transaction fees	15,774	16,808	37,937
	Guarantee commission	13,143	17,512	35,307
	Other fees and commission	45,180	42,011	85,869
	<b>Total fee and commission income</b>	<b>110,685</b>	<b>117,095</b>	<b>237,233</b>

Note 6	<b>Translation and market value adjustments</b>			
	<b>DKK '000</b>	<b>1.1 - 30.6.2011</b>	<b>1.1 - 30.6.2010</b>	<b>1.1.-31.12.2010</b>
	Bonds	-21,859	42,196	32,370
	Shares	2,306	10,767	13,917
	Currency	-651	-2,571	-2,854
	Currency, interest rate, share, commodity and other contracts and derivative financial instruments	-2,559	673	2,159
	<b>Total translation and market value adjustments</b>	<b>-22,763</b>	<b>51,065</b>	<b>45,592</b>

Note 7	<b>Staff costs and administrative expenses</b>			
	<b>DKK '000</b>	<b>1.1 - 30.6.2011</b>	<b>1.1 - 30.6.2010</b>	<b>1.1.-31.12.2010</b>
	Staff costs	146,389	184,160	364,091
	Other administrative expenses	101,721	103,317	206,238
	<b>Total</b>	<b>248,110</b>	<b>287,477</b>	<b>570,329</b>

**Staff costs:**

Salaries	129,429	147,435	292,645
Pensions *)	-1,181	20,663	40,120
Social security expenses	18,141	16,062	31,326
<b>Total</b>	<b>146,389</b>	<b>184,160</b>	<b>364,091</b>

Remuneration for the Board of Directors	0	0	2,100
Remuneration for the Board of Executives	3,655	2,548	5,612
Average number of full-time employees	565	636	623

\*) On 30 June 2011, a reversal of DKK 16.6m was carried out on the pension obligation in the form of defined-benefit plans.

**Incentive schemes**

Danske Andelskassers Bank A/S has not established any incentive schemes.

Note 8 **Impairment of loans etc.**

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
<b>Individual impairment/provisions:</b>			
Impairment/provision, beginning of period	1,107,601	833,386	833,386
Impairment/provision during the period	194,814	331,714	545,549
Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or the impairment is reduced	99,461	70,635	137,207
Other changes	3,792	613	-3,412
Uncollectible bad debts	137,716	9,703	130,715
<b>Impairment/provision, end of period</b>	<b>1,069,030</b>	<b>1,085,375</b>	<b>1,107,601</b>
<b>Groupwise impairment</b>			
Impairment/provision, beginning of period	33,789	45,575	45,575
Impairment/provision during the period	13,467	8,449	9,520
Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or the impairment is reduced	8,658	14,416	21,514
Other changes	640	785	217
<b>Impairment/provision, end of period</b>	<b>39,238</b>	<b>40,393</b>	<b>33,798</b>
<b>Impact on operations</b>			
Impairment/provision during the period	208,281	340,163	555,069
Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or the impairment is reduced	108,119	85,051	158,721
Other changes	6,276	7,811	12,404
Uncollectible bad debts (written off) for which no individual impairment has previously been made	7,383	834	32,459
Received in respect of bad debts previously written off	1,438	739	2,137
<b>Total</b>	<b>99,831</b>	<b>247,396</b>	<b>414,266</b>

Note 9 **Subordinated debt**

DKK '000	Nominal	Interest rate	Interest
NOK - expires 7 February 2014	320,000	NIBOR3+2.35 bp	7,073
Hybrid core capital, Bank Package II DKK – expires 9 October 2014	399,600	11.02%	21,725

The hybrid core capital can be repaid in advance in October 2012

Note 10 **Contingent liabilities**

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Financial guarantees	804,142	1,274,122	1,205,955
Loss guarantees for mortgage loan	711,732	641,982	684,392
Registration and conversion guarantees	291,646	206,443	348,939
Other contingent liabilities	222,588	726,185	133,282
<b>Non-balance sheet items, total</b>	<b>2,030,108</b>	<b>2,848,732</b>	<b>2,372,568</b>

**Note 11 Other binding agreements**

Danske Andelskassers Bank A/S and its subsidiaries are registered jointly for VAT and payroll tax. Jointly registered enterprises are jointly and severally liable for the total payroll tax and VAT obligations.

Bankernes EDB Central A/S (BEC) develops and operates IT industry solutions for the banking and pension market. BEC is owned by 53 banks, including DAB which receives data processing services under BEC's Articles of Association and uses BEC for both internal and external data services (e.g. operating systems used by staff and online banking for customers). In 2009, BEC formed a partnership with Skandinavisk Data Center A/S (SDC) entitled Nordisk Finans IT, and it was further agreed that all IT operating tasks and infrastructure were to be handled by JN Data A/S.

BEC's Articles of Association stipulate that DAB as well as BEC can terminate their BEC membership at five years' notice to expire at the end of a financial year. If the membership is terminated for any other reason on account of DAB, DAB must pay withdrawal compensation to BEC which is specified in further detail in BEC's Articles of Association.

If a bank merges and ceases to operate as an independent bank, its membership of BEC expires without notice. However, it may be possible to arrange for a transitional scheme to be put in place.

**Note 12 Capital requirement**

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Core capital			
Equity	1,795,527	1,517,647	1,426,759
Primary deductions in core capital:			
Proposed dividend	0	0	0
Intangible assets	0	0	0
Tax assets	183,957	151,944	179,161
Core capital after primary deductions	1,611,570	1,365,703	1,247,598
Hybrid core capital	398,155	397,605	398,017
Core capital, including hybrid core capital after primary deductions	2,009,725	1,763,308	1,645,615
Other deductions in core capital:			
Half of investments > 10%	5,739	69,628	63,618
Half of sum of investments etc. > 10% of capital base before deductions	138,137	102,528	80,455
Core capital including hybrid core capital after deductions	1,865,849	1,591,152	1,501,542
Supplementary capital			
Subordinated debt	229,872	298,817	305,060
Capital base before deductions:	2,095,721	1,889,969	1,806,602
Deduction in capital base:			
Half of investments > 10%	5,739	69,628	63,618
Half of sum of investments etc. > 10% of capital base before deductions	138,137	102,528	80,455
Direct and indirect investments in subsidiaries and associates	137,640	132,441	137,480
Capital base after deductions	1,814,205	1,585,372	1,525,049

Note 13 **Security**

As security in respect of balances with other banks, the group has deposited bonds with a nominal value of DKK 300m, corresponding to a market value of DKK 305.5m.

In connection with the usual execution of trade in financial contracts, the group has assets held in margin accounts with banks. assets held in margin accounts with banks.

In connection with temporarily acquired properties, security may have been furnished for mortgage loans acquired. No loans have been taken out on other properties.

Note 14 **Related parties**

**30.6.2011**

<b>DKK '000</b>	<b>Associates</b>	<b>Board of Directors</b>	<b>Board of Executives</b>
Receivables from credit institutions	69	0	0
Loans	0	24,819	1,667
Payables to credit institutions	282,622	0	0
Deposits	9,606	10,066	2,340
Unutilised credit facilities	0	12,744	858
Guarantees	0	11,826	1,040

**30.6.2010**

<b>DKK '000</b>	<b>Associates</b>	<b>Board of Directors</b>	<b>Board of Executives</b>
Receivables from credit institutions	10,060	0	0
Loans	0	25,149	1,589
Payables to credit institutions	145,168	0	0
Deposits	59,230	11,692	2,306
Unutilised credit facilities	0	18,401	686
Guarantees	0	5,690	4,160

**31.12.2010**

<b>DKK '000</b>	<b>Associates</b>	<b>Board of Directors</b>	<b>Board of Executives</b>
Receivables from credit institutions	0	0	0
Loans	13	20,257	1,618
Payables to credit institutions	152,866	0	0
Deposits	15,161	11,474	1,509
Unutilised credit facilities	0	10,122	507
Guarantees	0	11,915	1,040

# Financial highlights – parent

DKK '000	H1 2011	H1 2010	H1 2009	H1 2008	H1 2007
<b>Highlights</b>					
<b>Income statement</b>					
Interest income	364,059	401,350	493,784	478,063	405,655
Interest expenses	110,546	124,686	180,673	211,724	168,530
Net interest income	253,513	276,664	313,111	266,339	237,125
Share dividend etc.	4,293	1,208	16,736	18,410	35,666
Net fee and commission income	108,339	112,818	100,892	99,921	99,572
Net interest and fees income	366,145	390,690	430,739	384,670	372,363
Translation and market value adjustments	-22,763	51,065	-63,611	-52,015	134,430
Other operating income	3,536	5,546	-813	2,741	18,683
Staff costs and administrative expenses	249,259	288,318	279,533	273,454	245,112
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets	6,836	8,019	8,052	10,460	8,879
Other operating expenses	29,026	39,591	39,507	824	286
Impairment of loans and receivables etc.	99,831	247,398	157,868	11,577	-4,407
Profit/loss from investments in associates	-2,174	6,634	5,088	-33,838	-35,943
Profit/loss before tax	-40,208	-129,391	-113,557	5,243	239,663
Tax	-5,142	-34,844	-30,209	28,927	38,155
Net profit/loss for the year	-35,066	-94,547	-83,348	-23,684	201,508
<b>Balance sheet</b>					
Receivables from credit institutions etc.	1,433,334	2,057,557	2,420,830	842,643	3,120,932
Loans	9,475,576	10,009,070	10,763,197	10,623,618	9,235,209
Bonds and shares	2,820,754	3,808,946	2,288,385	3,067,248	3,112,138
Payables to credit institutions	724,623	1,825,717	2,378,084	2,480,460	2,276,997
Deposits	9,117,429	11,198,316	11,628,941	10,401,338	11,010,907
Bonds issued	2,016,096	1,016,959	10,425	2,559	0
Subordinated debt	704,651	696,422	263,835	297,301	298,720
Equity	1,795,527	1,517,847	1,741,130	2,028,105	2,074,956
Total assets	14,770,691	16,708,946	16,414,218	15,528,178	15,999,617
Contingent liabilities	2,030,108	2,848,732	3,512,821	3,434,944	5,601,016
<b>Ratios</b>					
Solvency ratio	15.5%	13.9%	12.5%	14.2%	13.2%
Core capital ratio	15.9%	14.0%	12.6%	14.3%	13.1%
Return on equity before tax	-2.5%	-8.3%	-6.4%	0.3%	12.2%
Return on equity after tax	-2.2%	-6.0%	-4.7%	-1.2%	10.2%
Earnings per DKK of cost	0.90	0.73	0.74	0.96	2.10
Interest rate risk	1.0%	0.3%	-0.1%	0.0%	0.1%
Currency position	4.0%	0.0%	0.8%	3.6%	3.0%
Currency risk	0.0%	0.0%	0.0%	0.0%	0.0%
Loans relative to deposits	115.9%	92.4%	89.9%	96.8%	100.0%
Loans relative to equity	5.3	6.0	5.6	4.7	4.0
Growth in loans for the year	-0.9%	-0.7%	-1.8%	7.5%	8.9%
Surplus cover relative to statutory liquidity requirement	140.9%	83.4%	58.7%	43.7%	30.0%
Sum of large commitments	11.5%	17.0%	27.9%	0.0%	0.0%
Impairment percentage for the year	0.8%	1.9%	1.1%	0.2%	0.0%

# Income statement and statement of comprehensive income – parent

DKK '000	Note	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Interest income	2	364,059	401,350	791,371
Interest expenses	3	110,546	124,686	223,766
<b>Net interest income</b>		<b>253,513</b>	<b>276,664</b>	<b>567,605</b>
Share dividend etc.		4,293	1,208	1,280
Fees and commission income	4	110,778	117,188	237,468
Fees and commission paid		2,439	4,370	6,184
<b>Net interest and fees income</b>		<b>366,145</b>	<b>390,690</b>	<b>800,169</b>
Translation and market value adjustments	5	-22,763	51,065	45,592
Other operating income		3,536	5,546	5,898
Staff costs and administrative expenses	6	249,259	288,318	570,713
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets		6,836	8,019	18,245
Other operating expenses		29,026	39,591	101,195
Impairment of loans and receivables etc.	7	99,831	247,398	414,270
Profit/loss from investments in associates		-2,174	6,634	11,555
<b>Loss before tax</b>		<b>-40,208</b>	<b>-129,391</b>	<b>-241,209</b>
Tax		-5,142	-34,844	-57,439
<b>Loss for the period</b>		<b>-35,066</b>	<b>-94,547</b>	<b>-183,770</b>

## Statement of comprehensive income

Loss	-35,066	-94,547	-183,770
Other comprehensive income after tax	0	0	0
<b>Total comprehensive income</b>	<b>-35,066</b>	<b>-94,547</b>	<b>-183,770</b>

## Danske Andelskassers Bank A/S – the share

H1 loss before tax per share (of DKK 10 each)	-0.7	-	-
H1 net loss per share (of DKK 10 each)	-0.6	-	-
Equity value per share	32.6	-	-
Listed price/equity value	0.8	-	-

The share was admitted for listing on Nasdaq OMX Copenhagen on 8 July 2011.

Listed price/equity value is calculated on the basis of the ask price of 25 per share.

# Balance sheet – parent

DKK '000	Note	30.6.2011	30.6.2010	31.12.2010
<b>Assets:</b>				
Cash balance and demand deposits with central banks		270,616	116,432	116,307
Receivables from credit institutions and central banks		1,433,334	2,057,557	1,324,610
Loans and other receivables at amortised cost		9,475,576	10,009,070	9,597,444
Bonds at fair value		2,106,251	3,146,376	2,681,640
Shares etc.		714,503	662,570	635,003
Investments in associates		138,803	132,193	137,562
Investments in group enterprises		44,919	47,685	48,334
Total land and buildings		86,142	95,872	90,774
Investment properties		0	0	0
Domicile properties		86,142	95,872	90,774
Other property, plant and equipment		26,840	36,525	30,436
Current tax assets		2,317	35,238	16,995
Deferred tax assets		183,287	151,677	178,143
Assets acquired on a temporary basis		33,014	29,267	34,490
Other assets		236,476	168,607	273,080
Prepayments		18,616	19,877	17,702
<b>Total assets</b>		<b>14,770,694</b>	<b>16,708,946</b>	<b>15,182,520</b>
<b>Equity and liabilities:</b>				
<b>Payables:</b>				
Payables to credit institutions and central banks		724,623	1,825,717	1,484,525
Deposits and other payables		9,117,429	11,198,316	9,933,931
Bonds issued		2,016,096	1,016,959	1,015,860
Other liabilities		339,626	306,883	435,835
Deferred income		2,228	1,549	2,563
<b>Total payables</b>		<b>12,200,002</b>	<b>14,349,424</b>	<b>12,872,714</b>
<b>Provisions:</b>				
Provisions for pensions and similar liabilities		26,374	40,179	42,972
Provisions for guarantee losses		20,052	99,282	123,750
Other provisions		24,088	5,992	13,248
<b>Total provisions</b>		<b>70,514</b>	<b>145,453</b>	<b>179,970</b>
Subordinated debt	8	704,651	696,422	703,077
<b>Equity</b>				
Share capital		550,600	27,117	26,381
Share premium		254,615	0	0
Retained earnings		990,312	1,490,530	1,400,378
<b>Total equity</b>		<b>1,795,527</b>	<b>1,517,647</b>	<b>1,426,759</b>
<b>Total equity and liabilities</b>		<b>14,770,694</b>	<b>16,708,946</b>	<b>15,182,520</b>



# Statement of changes in equity – parent

30.6.2011

DKK '000	Share capital	Share capital	Share pre- mium	Revaluation reserves	Retained earnings	Total equity
Equity as at 1 January 2011	0	26,381	0	3,906	1,400,378	1,430,665
Capital reduction on company conversion	0	-26,381	0	0	0	-26,381
Dissolution on merger	0	0	0	-3,906	0	-3,906
Bonus share	375,000	0	0	0	-375,000	0
Proceeds, emission	175,600	0	254,615	0	0	430,215
Comprehensive income	0	0	0	0	-35,066	-35,066
Equity as at 30 June 2011	550,600	0	254,615	0	990,312	1,795,527

30.6.2010

DKK '000	Share capital	Share capital	Share pre- mium	Revaluation reserves	Retained earnings	Total equity
Equity as at 1 January 2010	0	27,792	0	4,834	1,580,242	1,612,868
Capital reduction	0	-675	0	0	0	-675
Comprehensive income	0	0	0	0	-94,546	-94,546
Equity as at 30 June 2010	0	27,117	0	4,834	1,485,696	1,517,647

# Cash flow statement – parent

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Loss before tax	-40,208	-129,391	-241,209
Impairment of loans	99,831	247,398	414,270
Depreciation and impairment of property, plant and equipment	6,836	8,019	18,245
Market value adjustments of bonds and shares	22,763	-51,065	-45,592
Market value adjustments of investments	2,174	-6,634	-11,555
Tax paid, net	4,922	34,735	57,040
<b>Earnings</b>	<b>96,318</b>	<b>103,062</b>	<b>191,199</b>
Change in loans	22,037	62,957	307,711
Change in deposits	-816,502	-444,685	-1,709,070
Change in credit institutions, net	-868,626	-827,017	-435,262
Change in other assets and liabilities	-181,507	87,907	146,837
<b>Cash flows from operations</b>	<b>-1,844,598</b>	<b>-1,120,838</b>	<b>-1,689,784</b>
Purchase of property, plant and equipment	-4,429	-19,731	-37,663
Sale of property, plant and equipment	7,059	15,241	23,391
Purchase of investments	0	0	-2
<b>Cash flows from investments</b>	<b>2,630</b>	<b>-4,490</b>	<b>-14,274</b>
Change, share capital	403,834	-675	-1,411
Change in bond and share portfolio	495,889	-89,450	402,853
Bonds issued	1,000,236	999,956	998,857
<b>Cash flows regarding financing</b>	<b>1,899,959</b>	<b>909,831</b>	<b>1,400,299</b>
<b>Change in cash and cash equivalents</b>	<b>154,309</b>	<b>-112,435</b>	<b>-112,560</b>
Cash and cash equivalents, beginning of period	116,307	228,867	228,867
Change in liquidity for the period	154,309	-112,435	-112,560
<b>Cash and cash equivalents, end of period</b>	<b>270,616</b>	<b>116,432</b>	<b>116,307</b>
Cash and cash equivalents, end of period:			
<b>Cash balance and demand deposits with central banks, end of period</b>	<b>270,616</b>	<b>116,432</b>	<b>116,307</b>

# Notes – parent

## Note 1 Accounting policies

The financial statements of the parent Danske Andelskassers Bank A/S are presented according to the Danish Financial Business Act (Lov om finansiel virksomhed), including Danish Supervisory Board's Executive Order on Financial Reports for Credit Institutions.

The accounting policies have been applied consistently with the interim report for Q1 2011. As regards estimates, reference is made to note 2 to the consolidated financial statements.

## Note 2 Interest income

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Receivables from credit institutions and central banks	6,171	10,075	10,185
Loans and other receivables	322,736	344,247	681,967
Bonds	31,352	44,095	91,951
Currency, interest rate, share, commodity and other contracts and derivative financial instruments	4,322	2,629	6,642
Other interest income	-522	304	626
<b>Total interest income</b>	<b>364,059</b>	<b>401,350</b>	<b>791,371</b>

## Note 3 Interest expenses

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Credit institutions and central banks	6,385	15,940	19,119
Deposits and other payables	54,192	81,714	140,212
Bonds issued	21,144	863	11,049
Subordinated debt	28,798	26,163	53,379
Other interest expenses	27	6	7
<b>Total interest expenses</b>	<b>110,546</b>	<b>124,686</b>	<b>223,766</b>

## Note 4 Fee and commission income

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Securities trading and safe custody accounts	30,353	34,171	64,544
Payment services	6,235	6,593	13,576
Loan transaction fees	15,774	16,808	37,937
Guarantee commission	13,143	17,512	35,307
Other fees and commission	45,273	42,104	86,104
<b>Total fee and commission income</b>	<b>110,778</b>	<b>117,188</b>	<b>237,468</b>

## Note 5 Translation and market value adjustments

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Bonds	-21,859	42,196	32,370
Shares	2,306	10,767	13,917
Currency	-651	-2,571	-2,854
Currency, interest rate, share, commodity and other contracts and derivative financial instruments	-2,559	673	2,159
<b>Total translation and market value adjustments</b>	<b>-22,763</b>	<b>51,065</b>	<b>45,592</b>

Note 6 **Staff costs and administrative expenses**

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
Staff costs	146,389	184,160	332,494
Other administrative expenses	102,870	104,158	238,219
<b>Total</b>	<b>249,259</b>	<b>288,318</b>	<b>570,713</b>
Staff costs:			
Salaries	129,429	147,435	261,048
Pensions *)	-1,181	20,663	40,120
Social security expenses	18,141	16,062	31,326
<b>Total</b>	<b>146,389</b>	<b>184,160</b>	<b>332,494</b>
Remuneration for the Board of Directors	0	0	2,100
Remuneration for the Board of Executives	3,655	2,548	5,612
Average number of full-time employees	565	636	623

\*) On 30 June 2011, a reversal of DKK 16.6m was carried out on the pension obligation in the form of defined-benefit plans.

**Incentive schemes**

Danske Andelskassers Bank A/S has not established any incentive schemes.

Note 7 **Impairment of loans etc.**

DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
<b>Individual impairment/provisions:</b>			
Impairment/provision, beginning of period	1,107,601	833,386	833,386
Impairment/provision during the period	194,814	331,714	545,549
Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or the impairment is reduced	99,461	70,635	137,207
Other changes	3,792	613	-3,412
Uncollectible bad debts	137,716	9,703	130,715
<b>Impairment/provision, end of period</b>	<b>1,069,030</b>	<b>1,085,375</b>	<b>1,107,601</b>
<b>Groupwise impairment</b>			
Impairment/provision, beginning of period	33,789	45,575	45,575
Impairment/provision during the period	13,467	8,449	9,520
Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or the impairment is reduced	8,658	14,416	21,514
Other changes	640	785	217
<b>Impairment/provision, end of period</b>	<b>39,238</b>	<b>40,393</b>	<b>33,798</b>

**Impact on operations**

Impairment/provision during the period	208,281	340,163	555,069
Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or the impairment is reduced	108,119	85,051	158,721
Other changes	6,276	7,811	12,404
Uncollectible bad debts (written off) for which no individual impairment has previously been made	7,383	834	32,459
Received in respect of bad debts previously written off	1,438	739	2,137
<b>Total</b>	<b>99,831</b>	<b>247,396</b>	<b>414,266</b>

Note 8 **Subordinated debt**

<b>DKK '000</b>	<b>Nominal</b>	<b>Interest rate</b>	<b>Interest</b>
NOK - expires 7 February 2014	320,000	NIBOR3+2.35 bp	7,073
Hybrid core capital, Bank Package II DKK – expires 9 October 2014	399,600	11.02%	21,725

The hybrid core capital can be repaid in advance in October 2012

Note 9 **Contingent liabilities**

<b>DKK '000</b>	<b>1.1 - 30.6.2011</b>	<b>1.1 - 30.6.2010</b>	<b>1.1.-31.12.2010</b>
Financial guarantees	804,142	1,274,122	1,205,955
Loss guarantees for mortgage loan	711,732	641,982	684,392
Registration and conversion guarantees	291,646	206,443	348,939
Other contingent liabilities	222,588	726,185	133,282
<b>Non-balance sheet items, total</b>	<b>2,030,108</b>	<b>2,848,732</b>	<b>2,372,568</b>

Note 10 **Other binding agreements**

Danske Andelskassers Bank A/S and its subsidiaries are registered jointly for VAT and payroll tax. Jointly registered enterprises are jointly and severally liable for the total payroll tax and VAT obligations.

Bankernes EDB Central A/S (BEC) develops and operates IT industry solutions for the banking and pension market. BEC is owned by 53 banks, including DAB which receives data processing services under BEC's Articles of Association and uses BEC for both internal and external data services (e.g. operating systems used by staff and online banking for customers). In 2009, BEC formed a partnership with Skandinavisk Data Center A/S (SDC) entitled Nordisk Finans IT, and it was further agreed that all IT operating tasks and infrastructure were to be handled by JN Data A/S.

BEC's Articles of Association stipulate that DAB as well as BEC can terminate their BEC membership at five years' notice to expire at the end of a financial year. If the membership is terminated for any other reason on account of DAB, DAB must pay withdrawal compensation to BEC which is specified in further detail in BEC's Articles of Association.

If a bank merges and ceases to operate as an independent bank, its membership of BEC expires without notice. However, it may be possible to arrange for a transitional scheme to be put in place.

Note 11	<b>Capital requirement</b>			
	DKK '000	1.1 - 30.6.2011	1.1 - 30.6.2010	1.1.-31.12.2010
	<b>Core capital</b>			
	Equity	1,795,527	1,517,647	1,426,759
	<b>Primary deductions in core capital:</b>			
	Proposed dividend	0	0	0
	Intangible assets	0	0	0
	Tax assets	183,287	151,677	178,143
	Core capital after primary deductions	1,612,240	1,365,970	1,248,616
	Hybrid core capital	398,155	397,605	398,017
	Core capital, including hybrid core capital after primary deductions	2,010,395	1,763,575	1,646,633
	<b>Other deductions in core capital:</b>			
	Half of investments > 10%	5,739	69,628	63,618
	Half of sum of investments etc. > 10% of capital base before deductions	138,137	102,528	80,455
	Core capital including hybrid core capital after deductions	1,866,519	1,591,419	1,502,560
	<b>Supplementary capital</b>			
	Subordinated debt	229,872	298,817	305,060
	Capital base before deductions:	2,096,391	1,890,236	1,807,620
	<b>Deduction in capital base:</b>			
	Half of investments > 10%	5,739	69,628	63,618
	Half of sum of investments etc. > 10% of capital base before deductions	138,137	102,528	80,455
	Direct and indirect investments in subsidiaries and associates	137,640	132,441	137,480
	Capital base after deductions	1,814,875	1,585,639	1,526,067

Note 12 **Security**

As security in respect of balances with other banks, the bank has deposited bonds with a nominal value of DKK 300m, corresponding to a market value of DKK 305.5m.

In connection with the usual execution of trade in financial contracts, the bank has assets held in margin accounts with credit institutions.

In connection with temporarily acquired properties, security may have been furnished for mortgage loans acquired. No loans have been taken out on other properties.

Note 13 **Related parties**

**30.6.2011**

<b>DKK '000</b>	<b>Associates</b>	<b>Board of Directors</b>	<b>Board of Executives</b>
Receivables from credit institutions	69	0	0
Loans	0	24,819	1,667
Payables to credit institutions	282,622	0	0
Deposits	9,606	10,066	2,340
Unutilised credit facilities	0	12,744	858
Guarantees	0	11,826	1,040

**30.6.2010**

<b>DKK '000</b>	<b>Associates</b>	<b>Board of Directors</b>	<b>Board of Executives</b>
Receivables from credit institutions	10,060	0	0
Loans	0	25,149	1,589
Payables to credit institutions	145,168	0	0
Deposits	59,230	11,692	2,306
Unutilised credit facilities	0	18,401	686
Guarantees	0	5,690	4,160

**31.12.2010**

<b>DKK '000</b>	<b>Associates</b>	<b>Board of Directors</b>	<b>Board of Executives</b>
Receivables from credit institutions	0	0	0
Loans	13	20,257	1,618
Payables to credit institutions	152,866	0	0
Deposits	15,161	11,474	1,509
Unutilised credit facilities	0	10,122	507
Guarantees	0	11,915	1,040

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