

Danske Andelskassers Bank A/S – Interim report for H1 2012

In H2, Danske Andelskassers Bank obtained core earnings before tax of DKK 123m, corresponding to an increase of 7% relative to the same period in 2011. The realisation of 261,000 shares in GrønlandsBANKEN A/S and an increased need for impairment, especially in relation to agricultural customers as well as small and medium-sized business customers, contributes to the bank posting a loss before tax of DKK -75m. Danske Andelskassers Bank revises down its outlook for core earnings from the previously announced DKK 270-300m to DKK 245-265m due to particularly a fall in loans.

The Board of Directors of Danske Andelskassers Bank A/S has on this day adopted the financial statements for H1 2012.

The financial statements show core earnings before tax (profit before tax less market value adjustments, impairment and sector solutions) of DKK 123m for H1 2012. This corresponds to an increase of 7% relative to H1 2011, where core earnings before tax were DKK 115m.

It should be noted that core earnings in H1 2011 were favoured by a DKK 17m due to a reversal on the pension obligation in the form of defined-benefit plans. Excluding this one-time income the core earnings of H1 2012 is 25 % higher than the core earnings of H1 2011, which is considered very satisfactory.

Despite solid core earnings, Danske Andelskassers Bank posted a loss before tax of DKK -75m in H1 2012 against a loss before tax of DKK -40m in H1 2011. The net loss for H1 2012 amounted to DKK -64m.

The results are considered unsatisfactory.

The results are, to a marked degree, affected by partly the realisation of 261,000 shares in GrønlandsBANKEN A/S (The Bank of Greenland) by 9 march 2012 which seen in isolation increased the excess solvency by 1.1 percentage point but induced a capital loss of DKK 38m and partly increasing impairment. Such impairment is primarily related to the agricultural sector where several customers are experiencing difficulties despite the positive trends characterising certain subsectors. Moreover, the duration and severity of the economic crisis mean that also small and medium-sized enterprises are still facing financial challenges.

Naturally, Danske Andelskassers Bank adheres to the new specified impairment rules laid down by the Danish FSA, although these rules have not resulted in any significant increase in the level of impairment.

Danske Andelskassers Bank's liquidity situation is very satisfactory with a deposit-loan gap and a surplus cover relative to the statutory requirement of 183%. This should be seen in light of the fact that, on 18 June 2012, the bank made an early repayment of a government guaranteed bond loan with a nominal value of DKK 1,000m. The bank's solvency situation is considered acceptable.

Highlights from the interim report

Highlights from the interim report are as follows (figures for H1 2011 are shown in brackets):

- Loss before tax of DKK -75 m (DKK -40m)
- Core earnings of DKK 123m (DKK 115m), corresponding to an increase of just above 7%
- Impairment and losses of DKK 166m (DKK 100m), corresponding to an impairment percentage of 1.6% (0.8%)
- Market value adjustments of DKK 20m (DKK -23m)
- Profit/loss from equity investments in associates of DKK -36m (DKK 1m)

- Staff costs and administrative expenses of DKK 254m (DKK 248m)
- Deposits of DKK 9,377m (DKK 9,115m)
- Loans of DKK 8,181m (DKK 9,443m)
- Solvency ratio of 14.6% (15.4%) against a solvency requirement of 12.2% (10.3%), corresponding to a surplus cover of 2.4 percentage points (5.1 percentage points)
- Core capital ratio of 14.5% (15.8%)
- Liquidity surplus cover relative to Section 152 of 183% (141%)
- Equity of DKK 1,553m (DKK 1,796m).

Outlook

Since the conversion of the company in may 2011 Danske Andelskassers Bank has initiated and completed a number of projects, thereby strengthening the bank in the long run. The expenses related to these projects has turned out to have a more significant impact on the core earnings than expected and the implementation phase has turned out to be longer than expected as well.

At the same time Danske Andelskassers Bank is experiencing significant repayment of loans combined with a limited demand for loans and the outlook for core earnings in 2012 thus have to be revised down.

The outlook for core earnings is thus revised from the previously announced DKK 270-300m to DKK 245-265m. As a result of the lower core earnings Danske Andelskassers Bank alters the expectations of a pre-tax profit in 2012 to a minor pre-tax loss.

Comments on the interim report

Managing Director of Danske Andelskassers Bank, Jan Pedersen, says about the interim report:

“We have a acceptable solvency surplus cover, a very satisfactory liquidity and solid as well as stable core earnings everything considered. Unfortunately, the interim results are characterised by increasing impairment. The duration and severity of the economic crisis mean that we still have customers who are facing financial challenges, and this was particularly the case among our agricultural customers in H1.”

“The sound core earnings have to be seen in light of the fact that we have realised a number of projects during the past year aimed at gearing the organisation for future development and growth. Several of these projects have entailed extraordinary expenses for and in some cases the expenses has been larger than expected. As the implementation of the projects is moving ahead, we are able to realise the values from the projects, while at the same time reducing project-related expenses, which will strengthen core earnings further. Furthermore, more synergies are constantly being realised as a result of the conversion of the company.”

“We have a sound foundation for the years ahead but we have to acknowledge that the bank related activities of our customers are still at a very low level, especially when it comes to loans. This trend appears to continue in H2 which contributes to lower core earnings than previously expected as well as an expected and unfortunate pre-tax profit. This is of course unsatisfactory.”

Read more in the attached interim report

Further information

For further information, please contact the Board of Executives of Danske Andelskassers Bank via

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This company announcement contains certain forward-looking statements, including statements on Danske Andelskassers Bank's activities. Such statements are based on information, assumptions and assessments deemed reasonable by Danske Andelskassers Bank. The forward-looking statements comprise known and unknown risks, uncertainties and other significant matters which may result in Danske Andelskassers Bank's actual results, development or performance or the performance of the sector as a whole deviating significantly from the future results, development or performance expressed or implied in the forward-looking statements. If one or more of these risk or uncertainty factors are triggered, or if the underlying assumption turns out to be incorrect, Danske Andelskassers Bank's actual financial position or operating profit/loss may deviate significantly from the expressed assumptions, assessments, estimates or outlook.

Danske Andelskassers Bank A/S

Interim report for H1 2012

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In case of discrepancies the Danish version is valid.

Comment by the Board of Executives

With this interim report for H1 2012, we mark Danske Andelskassers Bank's first year in its current format and the bank's first year as a listed bank. The first milestone was reached on 27 May, and the second one on 7 July.

A lot has happened during the past year.

On more than one occasion, it has been confirmed that the conversion into one bank was not a goal in itself, but one step on the way. It has also on more than one occasion been confirmed that it was the right step to take in order to ensure the existence of a good local bank.

Market conditions have changed considerably in recent years, increasing the need for adaptability and a stronger focus on earnings and costs. The sector has not yet returned to a "new normal", but when it does, it will be characterised by more changes and lower growth than in the years leading up to 2007/2008.

Even though the conversion itself was a major change, we have continued to change and optimise the organisation, among other things to fully exploit the opportunities presented by being one bank. Our earnings capacity has increased and costs have been cut with a view to streamlining the organisation, strengthening it and gearing it for future growth.

One example of this is our support centres established in the course of the spring, which handle almost all documentation work, thereby increasing efficiency, improving document quality and – not least – freeing up time for our consultants' close contact with our customers.

Another example is the continued conversion of branches into advisory outlets as more customers are handling their day-to-day bank transactions at home, and because this enables our consultants to spend more time on planned meetings, providing customers with new insights and an overview of their finances.

The adaptations have contributed to higher core earnings in H1 2012, up 7 % relative to H1 2011 – and up 25 % if one-time income is excluded.

It is thus established that the projects have the desired effects.

The value of the projects will increase further in step with the full implementation of the projects. This will both increase the value of the individual project and on an ongoing basis reduce the extraordinary costs incurred to ensure the smooth start-up and implementation of the projects.

This is very satisfactory.

Unfortunately, the past year has not only seen positive developments, and this interim report isn't all positive either.

The socio-economic activity remains low and this affects the results as well as the outlook adversely.

The long-lasting economic crisis/stagnation means that the bank continues to have customers which are experiencing new, renewed or more severe financial difficulties. As a result of this the level of impairment in H1 2012 is at an unsatisfactory level. The bank is continuously working to minimise impairment, for example through a considerable strengthening of its credit function, but there are no fast and easy solutions – and we always strive to find the best possible solutions for all parties.

And the long-lasting economic crisis/stagnation further means that we have to revise our outlook for core earnings in 2012 down. The persistent uncertainty linked to the economic development of the southern European countries is e.g. limiting the demand for loans in the market areas of the bank, and this won't change significantly in H2.

None of this alters the fact that the organisation is streamlined and ready for growth. We'll work hard to secure the growth as well as profits in the time ahead.

Together we can do more.

On behalf of the Board of Executives

Jan Pedersen

Managing Director

Financial highlights – group

Highlights DKK '000	H1 2012	H1 2011	H1 2010	H1 2009	H1 2008
Income statement					
Interest income	384,848	363,243	400,437	493,323	477,848
Interest expenses	117,327	110,535	124,665	180,660	211,433
Net interest income	267,521	252,708	275,772	312,663	266,415
Share dividend etc.	6,030	4,293	1,208	16,736	18,410
Net fee and commission income	107,745	108,246	112,725	100,787	99,846
Net interest and fee income	381,296	365,247	389,705	430,186	384,671
Market value adjustments	19,902	-22,763	51,065	-63,611	-52,015
Other operating income	1,974	4,500	6,511	528	4,004
Staff costs and administrative expenses	253,881	248,110	287,477	279,889	274,466
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets	6,342	6,948	8,069	8,807	29,364
Other operating expenses	15,464	33,324	39,615	39,508	823
Impairment of loans and receivables etc.	165,947	99,831	247,396	157,865	11,575
Profit/loss from equity investments in associa- tes	-36,430	1,241	5,994	5,365	-15,114
Profit/loss before tax	-74,892	-39,988	-129,282	-113,601	5,318
Tax	-11,041	-4,922	-34,735	-30,253	29,002
Net profit/loss for the period	-63,851	-35,066	-94,547	-83,348	-23,684
Balance sheet					
Receivables from credit institutions etc.	782,007	1,433,334	2,057,557	2,420,830	842,643
Loans	8,181,129	9,443,150	9,971,968	10,734,946	10,616,429
Bonds and shares	2,910,117	2,820,754	3,808,946	2,288,385	3,067,248
Payables to credit institutions	780,880	724,623	1,825,717	2,378,084	2,480,460
Deposits	9,377,631	9,115,359	11,196,585	11,617,062	10,383,002
Bonds issued	1,016,883	2,016,096	1,016,959	10,425	2,559
Subordinated debt	714,412	704,651	696,422	263,835	297,301
Equity	1,553,432	1,795,527	1,517,647	1,741,130	2,028,105
Total assets	13,925,578	14,775,283	16,708,317	16,405,520	15,518,958
Contingent liabilities	1,601,003	2,030,108	2,848,732	3,512,821	3,434,944
Ratios					
Solvency ratio	14.6%	15.4%	13.9%	12.5%	14.2%
Core capital ratio	14.5%	15.8%	14.0%	12.6%	14.3%
Return on equity before tax	-4.7%	-2.5%	-8.3%	-6.4%	0.3%
Return on equity after tax	-4.0%	-2.2%	-6.0%	-4.7%	-1.2%
Earnings per DKK of cost	0.83	0.90	0.73	0.74	0.96
Interest rate risk	2.7%	1.0%	0.3%	-0.1%	0.0%
Currency position	3.0%	4.0%	0.0%	0.8%	3.6%
Currency risk	0.1%	0.0%	0.0%	0.0%	0.0%
Loans relative to deposits	100.0%	115.5%	92.4%	89.9%	96.8%
Loans relative to equity	5.3	5.3	6.0	5.6	4.7
Growth in loans for the year	-8.2%	-0.9%	-0.7%	-1.8%	7.5%
Surplus cover relative to statutory liquidity requirement	183.4%	140.8%	83.4%	58.7%	43.7%
Sum of large commitments	18.6%	11.5%	17.0%	27.9%	0.0%
Impairment percentage for the period	1.6%	0.8%	1.9%	1.1%	0.2%

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 (SDA), the 16 cooperative banks in SDA and Danske Andelskassers Bank A/S into one public limited company.

Even before the conversion, the above-mentioned banks acted as one group – the SDA Group – and have as such presented consolidated financial statements for a period of 25 years. Except for changes to the accounting principles etc. over the years, these consolidated financial statements are generally comparable to the management's review and the consolidated financial statements of Danske Andelskassers Bank presented here.

In H1 2012, the adaptation of Danske Andelskassers Bank to the current and expected market conditions continued. Examples of such adaptations are – as described in more detail below – the implementation of central support centres, early repayment of bond loans with a government guarantee and a nominal value of DKK 1,000 and the combination of four of the bank's subsidiaries.

At the same time, focus has been on maintaining efficient day-to-day operations for the benefit of customers, shareholders and the bank. This goal has been achieved, which is reflected in core earnings being 7% higher in H1 2012 than in H1 2011.

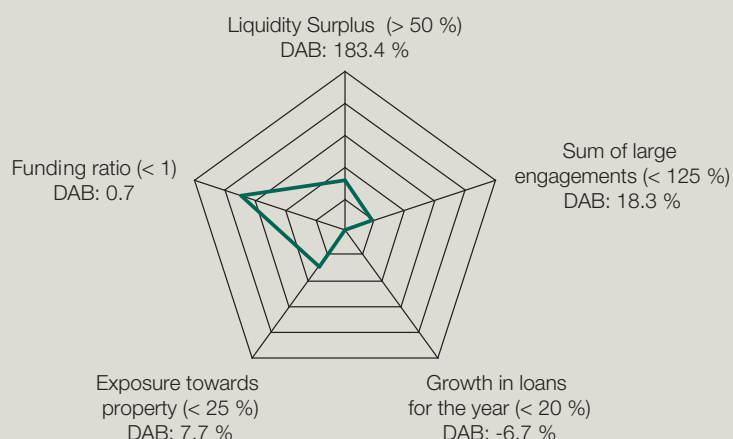
Danske Andelskassers Bank continues to live up to all parameters in the Danish FSA's Supervisory Diamond and also has an acceptable solvency surplus cover of 2.4 percentage points as at 30 June 2012 against 2.0 percentage points as at 31 December 2012 and 2.6 percentage points as at 31 March 2012.

In relation to H1, it should also be noted that the Board of Directors of Danske Andelskassers Bank has been expanded by three employee representatives as of the general meeting on 25 April 2012. This is described in more detail in company announcement no. 7/2012 of 3 April 2012.

Core earnings

In H1 2012, Danske Andelskassers Bank had interest income of DKK 385m and interest expenses of DKK

The supervisory diamond



117m against interest income of DKK 363m and interest expenses of DKK 110m in H1 2011. This corresponds to net interest income of DKK 268m and DKK 253m in H1 2012 and H1 2011, respectively, an increase of 6%.

The positive development in interest income is first and foremost based on increasing interest income from loans and receivables, while the increase in interest expenses is primarily attributable to higher expenses for deposits and other payables.

Net interest income amounted to DKK 131m and DKK 137m, respectively, when comparing Q2 2012 and Q1 2012. The small decline from Q1 to Q2 is attributable both to a small decrease in interest income and a slight increase in interest expenses, which should be seen in conjunction with the development in loans and deposits described below.

Fees and commission income amounted to DKK 110m in H1 2012 against DKK 111 in H1 2011. The reason for this is a small decrease in guarantee commission and loan transaction fees, which can be attributed to a fall in total guarantees and a continued low demand for loans, respectively. These falls are offset by an increase in other fees and commissions.

An increase in fees and commission income from DKK 53m to DKK 58m can be seen when comparing Q1 and Q2 2012. The increase is primarily attributable to increased commission fees.

Based on the above, net interest and fee income can be calculated at DKK 381m in H1 2012 against DKK 365m in H1 2011, up 4%.

In reality, net interest and fee income is constant throughout Q1 and Q2 2012 at DKK 193m and DKK 188m, respectively.

The above factors – together with the expenses described below – constitute the most important components of the core earnings, which are defined as the profit or loss before tax less market value adjustments, impairment and expenses for sector solutions.

The bank's core earnings amounted to DKK 123m in H1 2012 against DKK 115m in H1 2011. As mentioned earlier, this corresponds to an increase of 7%. Excluding one-time entries, as described below, the increase is 25 % which is considered very satisfactory. This confirms that the focused initiatives to increase the earning power and decrease the costs of the bank are working.

Viewed separately, core earnings amounted to DKK 51m in Q2 2012 against DKK 72m in Q1 2012. The fall in core earnings is attributable, in particular, to increasing staff costs and administrative expenses as described below.

Expenses

Danske Andelskassers Bank's staff costs and administrative expenses totalled DKK 254m in H1 2012 against DKK 248m in H1 2011. The figure of DKK 254m in H1 2012 comprises DKK 118m in Q1 and DKK 136m in Q2.

Over the past few years, the bank has cut costs considerably, and it should be noted that an important reason for the increase relative to H1 2011 is a reversal of pension provisions of DKK 17m as at 30 June 2011. There isn't a similar one-time entry in H1 2012.

Furthermore, it should be noted that a number of projects following the conversion have now been fully or almost fully implemented, which is expected to reduce costs even more in the coming years, though it has to be acknowledged that the start-up costs has been higher than expected.

This was, for example, the case in connection with the start-up of three support centres in Q2 2012, which, in future, are expected to reduce costs further and improve the quality of the bank's document work.

An underlying increase in staff costs from DKK 146m in H1 2011 to DKK 159m in H1 2012 was seen, due especially to the above-mentioned provision.

Administrative expenses fell from DKK 102m in H1 2011 to DKK 95m in H1 2012. As regards this item, a constant trend was seen during Q1 and Q2 2012.

The increase in total expenses from Q1 to Q2 2012 is primarily attributable to payroll costs, including e.g. the payment of holiday supplement and remuneration for the Board of Directors.

Other operating expenses amounted to DKK 15m in H1 2012 against DKK 33m in H1 2011. In H1 2012, this item primarily comprised expenses for sector solutions, while, in H1 2011, it also comprised expenses incurred in connection with the conversion of the SDA group and its subsequent listing.

Impairment

Impairment of loans and receivables amounted to DKK 166m in H1 2012 against DKK 100m in H1 2011, up 66%. When comparing Q1 and Q2 2012, an increase of 107% is seen, from DKK 54m in Q1 to DKK 112m in Q2.

The impairment is primarily attributable to challenges in the agricultural sector, just as same small and medium-sized enterprises are still facing challenges.

The agricultural sector has been challenged for a number of years. Even though Danske Andelskassers Bank has many agricultural customers with well-run and well-consolidated farms, several of whom have been customers for generations, and even though some sub-sectors are seeing positive or even very positive trends, some farmers still have financial difficulties. In Q2 2012 this became clear, among other things, with the financial statements of 2011 announced by agricultural customers as well as a worsened outlook due to increasing feed prices and decreasing sales prices for some parts of the industry, which resulted in an increased need for impairment. As described in further detail below, Danske

Andelskassers Bank collaborates closely with distressed farmers in order to achieve the best possible solution for all parties.

For many of these farmers, the combination of the duration and severity of the economic crisis – both the financial crisis and the debt crisis – is seen as the overriding explanation of their difficulties. The same applies to small and medium-sized enterprises and private customers.

The economic crisis has generally been harder on small and medium-sized enterprises than on large enterprises, which often have a more active export market to lean on. The continued low activity levels in the Danish economy and among consumers present a constant and, for some enterprises, increasing challenge, which also affect their employees.

Naturally, Danske Andelskassers Bank adheres to the new and stricter impairment rules laid down by the Danish FSA. However, these rules have not directly resulted in any significant increase in the level of impairment.

As at 30 June 2012, Danske Andelskassers Bank's total impairment and provision account stood at DKK 1,178m, while definitively written off (lost) impairment as at the same date stood at DKK 103m.

In the last two years, considerable efforts have gone into the credit area in Danske Andelskassers Bank, including a major upgrading of the central credit department, both in terms of staff, resources and competencies, just as skills in general have been upgraded and the attitude and culture have been renewed and standardised.

Market value adjustments

Danske Andelskassers Bank pursues a generally prudent portfolio policy, which means that the market value adjustments will generally reflect market- and socio-economic developments. Market value adjustments in H1 2012 contributed DKK 20m to Danske Andelskassers Bank's financial statements, while market value adjustments in H1 2011 amounted to DKK -23m, a difference of DKK 43m.

An important reason for the positive market value adjustments is adjustments of the price of Danske Andelskassers Bank's equity investments – the bank's share-

holdings in a number of the enterprises with which the bank collaborates – which constitute by far the largest part of the bank's portfolio of shares. Most of the market value adjustments were made in Q1 2012, which means that only a small increase of DKK 1m was recorded in Q2.

As mentioned in company announcement no. 5/2012 of 9 March 2012 and in the quarterly report of 9 May 2012, Danske Andelskassers Bank sold 261,000 shares in GrønlandsBANKEN A/S on 9 March. This increased Danske Andelskassers Bank's solvency surplus cover, but the capital loss from the sale is the primary reason for the item Net profit/loss from equity investments in associates being negative at DKK -36m.

Profit/loss

The loss before tax amounted to -75m in H1 2012 against -40m in H1 2011. The net loss totalled DKK -64m in H1 2012 against DKK -35m in H1 2011.

The results are considered unsatisfactory.

Distributed onto quarters, the loss before tax was DKK -6m in Q1 2012 against DKK -69m in Q2 2012. As mentioned above, the reason for this is extraordinary impairment.

Balance sheet

Danske Andelskassers Bank's balance sheet total fell from DKK 14,775m as at 30 June 2011 and DKK 14.438m as at 31 December 2011 to DKK 13.926m as at 30 June 2012.

From 30 June 2011 to 30 June 2012, the balance sheet total was thus reduced by 6%, which reflects a declining trend during the past few years.

As concerns assets, the fall can be attributed to the item Loans and other receivables. Danske Andelskassers Bank continues to see a limited demand for loans in the local market areas, the reason for this being the continued uncertainty in relation to the general economic development locally as well as globally. Loans and other receivables were determined at DKK 8,181m as at 30 June 2012 against DKK 9,443m as at 30 June 2011 and DKK 8,914m as at 31 December 2011. As at 31 March 2012, the bank's loans and receivables totalled DKK 8,601m.

The low loan activity means that a large part of the bank's increasing deposits, as described in further detail below, has been invested in bonds, for which reason this item increased from DKK 2,106m as at 30 June 2011 to DKK 2,748m as at 31 December 2011 and DKK 2,910m as at 30 June 2012.

Finally, as regards assets, it should be noted that the sale of the majority of Danske Andelskassers Bank's ownership interest in GrønlandsBANKEN results in a fall in equity investments in associates from DKK 139m as at 30 June 2011 to DKK 21m as at 30 June 2012. The only associate is now Vinderup Bank A/S, in which Danske Andelskassers Bank has an ownership interest of 27 %.

As concerns equity and liabilities, deposits and other payables increased as mentioned above. As at 30 June 2012, this item was determined at DKK 9,378m against DKK 9,115m as at 30 June 2011 and DKK 9,014m as at 31 December 2011. As at 31 March 2012, the bank's deposits totalled DKK 8,939m.

The increase in deposits reflects, among other things, a general wish among our customers to save up in a period of financial uncertainty, and this positive trend in the deposit area despite intensifying competition for deposits in the financial sector in general is considered satisfactory.

Danske Andelskassers Bank thus has a satisfactory deposit-loan gap, which, as mentioned below, contributes to a very satisfactory liquidity situation.

The bank's loan ratio was determined at 100% as at 30 June 2012 as per the Danish FSA's calculation model, while the loan ratio was 87% when simply comparing the loan and deposit items. This is in line with Danske Andelskassers Bank's objective of having a loan-deposit ratio of 90%.

Based on the sound liquidity situation, Danske Andelskassers Bank – as announced in company announcement no. 11/2012 of 16 May 2012 – made an early repayment of a bond loan with a nominal value of DKK 1,000m. Consequently, the item Bonds issued was reduced from DKK 2,016m as at 30 June 2011 to DKK 1,017m as at 30 June 2012.

Seen in isolation, the loan-equity ratio was 5.3, which is considered satisfactory.

Finally, as regards equity and liabilities, it should be noted that Danske Andelskassers Bank's guarantees totalled DKK 1,601m as at 30 June 2012 against DKK 2,030m as at 30 June 2011 and DKK 1,751m as at 31 December 2011. As at 31 March 2012, guarantees totalled DKK 1,710m.

Loan portfolio

Generally speaking, Danske Andelskassers Bank's total loan and guarantees portfolio comprises business customers (62%) and private customers (38%). The bank's objective is that business customers should account for 40-60% of total loans, which is included in the bank's assessments and considerations in relation to future loans.

The bank only has a few large commitments, and the sum of large commitments is thus only 19 % of the capital base, which is significantly below the requirement of 125% in the Supervisory Diamond. The low share of large commitments means that Danske Andelskassers Bank is less vulnerable to individual customers with financial difficulties. However, especially in relation to business customers, we have seen that small and medium-sized enterprises have experienced greater financial difficulties during the financial and debt crises, which is reflected in the bank's impairment as described above.

Geographically, Danske Andelskassers Bank's customers are naturally located in the areas where the bank has or has had branches; however, there are also customers in other areas of Denmark, who often have historical ties with the bank. Consequently, most of the bank's customers are located in areas outside the large cities and it appears that several enterprises in these areas are facing difficulties due to a declining market.

The agricultural sector continues to account for the largest part of Danske Andelskassers Bank's loan portfolio, which has also been the case in the past. As at 30 June 2012, the agricultural sector accounted for 19% of total loans and guarantees against 19% as at 31 December 2011.

The portfolio of agricultural customers is broadly distributed across underlying sectors and production forms,

and the bank has many long-standing and skilled agricultural customers who run sound and well-consolidated farms, just as we see examples of skilled young farmers heading well-run farms.

Positive trends are seen in several subsectors, and the harvest as well as the sales prices for 2012 looks promising, but some farms still have or will experience financial difficulties.

Danske Andelskassers Bank has long-standing experience within the agricultural sector, and the bank actively supports farms in financial difficulties to obtain the best possible results for all parties. The bank sees the agricultural sector as an integrated part of its business and wants to participate actively in creating a positive development for the sector in general and for the individual agricultural customers – both customers who want to exploit new opportunities and customers who are facing financial challenges.

The property sector, which is included in the Supervisory Diamond with a maximum limit of 25%, only accounts for 8% of Danske Andelskassers Bank's total loans and guarantees.

Equity

Based on the negative results for H1 2012, Danske Andelskassers Bank's equity was determined at DKK 1,553m as at 30 June 2012 against DKK 1,796m as at 30 June 2011 and DKK 1,617m as at 31 December 2011.

In relation to the future changed statutory requirements for the capital structure of banks, Basel III/CRD IV, it should be noted that a significant part of Danske Andelskassers Bank's capital base comprises Tier I capital in the form of saved profits and share capital.

Against this background, the bank already complies with the expected future requirements.

Liquidity

Danske Andelskassers Bank's overall liquidity situation is considered satisfactory.

As previously mentioned, the bank has a deposit-loan gap, and the liquidity surplus cover in accordance with

the statutory requirement is as high as 183%. This is satisfactory, particularly in light of the fact that Danske Andelskassers Bank, as described elsewhere, made an early repayment of a bond loan with a nominal value of DKK 1,000m in June 2012.

Following this early repayment, the bank only has one bond loan with an individual government guarantee and a nominal value of DKK 1,000m, the redemption date of which is 27 December 2013.

As much as 95% of Danske Andelskassers Bank's deposits is below the limit set by the Danish Guarantee Fund for Depositors and Investors, and this figure is considered relatively stable.

Despite the satisfactory liquidity situation, Danske Andelskassers Bank intends to make use of the opportunity to pledge loans as security for liquidity in Danmarks Nationalbank, when this again becomes possible on 28 September 2012.

As mentioned in Danske Andelskassers Bank's quarterly report of 9 May 2012, the bank has prepared for this for the past few months and estimates that, in the continued uncertain macroeconomic climate, it is sensible to further strengthen the liquidity base. The exact amount has not yet been determined.

Solvency

As at 30 June 2012, Danske Andelskassers Bank's solvency ratio was determined at 14.6% against 15.4% as at 30 June 2011 and 14.2% as at 31 December 2011. The solvency requirement as at 30 June 2012 was determined at 12.2% against 10.3% as at 30 June 2011 and 12.2% as at 31 December 2011.

Against this background, the bank's solvency surplus cover was determined at 2.4 percentage points as at 30 June 2012 against 5.1 percentage points as at 30 June 2011 and 2.0 percentage points as at 31 December 2011.

In connection with the comparison, it should be noted that Danske Andelskassers Bank will be applying the credit reservation method when calculating the solvency requirement as from FY 2011. This method is expected to correspond to the model which will become standard

for the financial sector as from 1 January 2013 and is generally considered to be more strict than the previously applied probability method.

Seen in comparison with 31 March 2012, the solvency surplus cover has decreased from 2.6 percentage points to 2.4 percentage points, which is primarily attributable to the negative results for the period.

The solvency surplus cover is considered acceptable, but the bank wishes to continue the work to further strengthen solvency.

As described in the quarterly report of 9 May and elsewhere in this interim report, Danske Andelskassers Bank's solvency surplus cover in H1 2012 was positively affected by the shares in GrønlandsBANKEN A/S and negatively affected by the reduction of subordinated debt of DKK 320m, whereby only 50% of this item was included in the capital base.

Danske Andelskassers Bank's core capital ratio was determined at 14.5% as at 30 June 2012. In light of the future Basel III/CRD IV rules, this is considered very satisfactory.

Outlook for H2 2012

Economic developments in Denmark and the rest of the world continue to be characterised by considerable uncertainty. This uncertainty is primarily related to developments in the Southern European economies and the Euro zone in general where a number of basic problems call for comprehensive structural changes.

The uncertainty also affects the economy of individual Danish enterprises and citizens, regardless of whether they do business with or in any other way are involved in the Southern European economies.

The situation also has a psychological effect.

Uncertainty with regard to the future of one's business or one's job situation in the years to come naturally means that you hold back on investments and go for the safe solutions.

This will also be the case in the coming half year, where uncertainty will still be present both globally and locally, and where the economic trends are expected to be characterised by a beginning slowdown, also in the global growth – entailing a continual low demand for loans and investment solutions.

The market conditions for banks, including Danske Andelskassers Bank, have changed considerably over the past few years, and the sector still needs to make its way to a "new normal". Danske Andelskassers Bank is therefore in the process of adapting to the market conditions, economic trends and changed consumption patterns among customers, and the bank believes that it will also need to adapt to changes in future, both in terms of the nature, size and rate of such changes.

The bank wishes to provide its customers with a strong product at all times, and, in its assessment, the customers want to continue to receive good and attentive advice.

Consequently, there continues to be a large market for Danske Andelskassers Bank's key services, but due to the socio-economic turmoil one has to acknowledge that the growth in H2 won't be at the level expected at the beginning of the year.

Unfortunately the consequences of the turmoil more than offsets the initiated and completed activities which – as before mentioned – has been more expensive than expected. It is thus necessary to revise the outlook for 2012 down as described below.

Earnings expectations

As mentioned above the outlook for core earnings before tax in 2012 is revised down.

Danske Andelskassers Banks expects core earnings before tax in the region of DKK 245-265m compared to the previously announced DKK 270-300m. As a result of the lower core earnings Danske Andelskassers Bank alters the expectations of a pre-tax profit in 2012 to a minor pre-tax loss.

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

The Board of Directors and Board of Executives have on this day considered and approved the interim report of Danske Andelskassers Bank A/S for the period 1 January - 30 June 2012.

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 (Lov om finansiel virksomhed) 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 2012 and of the results of the group's and the parent's operations and cash flows for the financial period 1 January - 30 June 2012.

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, 22 August 2012
Board of Executives

Jan Pedersen

Tomas Michael Jensen

Hammershøj, 22 August 2012
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

Anette Holstein

Palle Iversen

Lona Linding

Income statement and statement of comprehensive income – group

DKK '000	Note	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
Interest income	3	384,848	363,243	766,212
Interest expenses	4	117,327	110,535	236,835
Net interest income		267,521	252,708	529,377
Share dividend etc.		6,030	4,293	4,338
Fee and commission income	5	110,460	110,685	213,580
Fees and commission paid		2,715	2,439	4,169
Net interest and fee income		381,296	365,247	743,126
Market value adjustments	6	19,902	-22,763	-51,181
Other operating income		1,974	4,500	13,406
Staff costs and administrative expenses	7	253,881	248,110	505,381
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets"		6,342	6,948	18,685
Other operating expenses		15,464	33,324	50,830
Impairment of loans and receivables etc.	8	165,947	99,831	377,616
Profit/loss from equity investments in associates		-36,430	1,241	6,708
Profit/loss before tax		-74,892	-39,988	-240,453
Tax		-11,041	-4,922	-64,216
Net profit/loss for the period		-63,851	-35,066	-176,237
Statement of comprehensive income				
Net profit/loss for the period		-63,851	-35,066	-176,237
Other comprehensive income after tax		0	0	341
Total comprehensive income		-63,851	-35,066	-175,896
Core earnings				
Correction, pension obligation			-16,600	

Balance sheet – group

DKK '000	Note	30.6.2012	30.6.2011	31.12.2011
Assets:				
Cash balance and demand deposits with central banks		562,380	270,616	304,052
Receivables from credit institutions and central banks		782,007	1,433,334	946,641
Loans and other receivables at amortised cost		8,181,129	9,443,150	8,914,017
Bonds at fair value		2,910,117	2,106,251	2,748,150
Shares etc.		680,206	714,503	612,498
Equity investments in associates		21,434	138,803	164,276
Total land and buildings		158,814	167,836	167,010
Investment properties		19,141	16,535	20,914
Domicile properties		132,331	142,785	134,527
Available for sale		7,342	8,516	11,569
Other property, plant and equipment		17,419	27,057	21,232
Current tax assets		1,299	1,433	1,893
Deferred tax assets		252,336	183,957	241,156
Assets acquired on a temporary basis		27,623	33,014	27,847
Other assets		313,959	236,716	273,070
Prepayments		16,855	18,613	16,382
Total assets		13,925,578	14,775,283	14,438,224
Equity and liabilities:				
Payables:				
Payables to credit institutions and central banks		780,880	724,623	702,060
Deposits and other payables		9,377,631	9,115,359	9,013,842
Bonds issued		1,016,883	2,016,096	2,016,294
Temporarily acquired liabilities		5,633	0	6,288
Other equity and liabilities		429,524	340,770	325,328
Deferred income		4	2,228	2,042
Total payables		11,610,555	12,199,076	12,065,854
Provisions:				
Provisions for pensions and similar obligations		25,172	26,374	27,477
Provisions for guarantee losses		14,731	20,052	14,221
Other provisions		7,276	29,603	7,970
Total provisions		47,179	76,029	49,668
Subordinated debt	9	714,412	704,651	705,246
Equity				
Share capital		550,600	550,600	550,600
Share premium		252,652	254,615	252,652
Revaluation reserves		341	0	341
Retained earnings		749,839	990,312	813,863
Total equity		1,553,432	1,795,527	1,617,456
Total equity and liabilities		13,925,578	14,775,283	14,438,224

Statement of changes in equity – group

30.6.2012						
DKK '000	Share capital	Contri- buted capital	Share premium	Revalua- tion reserves	Retained earnings	Total
Equity as at 1 January 2012	550,600	-	252,652	341	813,863	1,617,456
Net profit/loss for the period	-	-	-	-	-63,851	-63,851
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the period	0	0	0	0	-63,851	-63,851
Other changes in equity:						
Purchase of treasury shares	-	-	-	-	-173	-173
Total other changes in equity	-	-	-	-	-173	-173
Equity as at 30 June 2012	550,600	0	252,652	341	749,839	1,553,432
30.6.2011						
DKK '000	Share capital	Contri- buted capital	Share premium	Revalua- tion reserves	Retained earnings	Total
Equity as at 1 January 2011	-	26,381	-	3,906	1,396,472	1,426,759
Net profit/loss for the period	-	-	-	-	-35,066	-35,066
Other comprehensive income:						
Reversal of net revaluation of properties	-	-	-	0	-	0
Total other comprehensive income	-	-	-	0	-	0
Comprehensive income for the period	-	-	-	-	-35,066	-35,066
Other changes in equity:						
Payment of contributed capital	0	-676	0	0	0	-676
Change in connection with company conversion	0	-25,705	0	-3,906	3,906	-25,705
Issue of bonus shares on company conversion	375,000	0	0	0	-375,000	0
Share issue	175,600	0	254,615	0	0	430,215
Total other changes in equity	550,600	-26,381	254,615	-3,906	-371,094	403,834
Equity as at 30 June 2011	550,600	0	254,615	0	990,312	1,795,527
31.12.2011						
DKK '000	Share capital	Contri- buted capital	Share premium	Revalua- tion reserves	Retained earnings	Total
Equity, beginning of period	-	26,381	-	3,906	1,396,472	1,426,759
Net profit/loss for the year	-	-	-	-	-176,237	-176,237
Other comprehensive income:						
Net revaluation of properties	-	-	-	341	-	341
Total other comprehensive income	-	-	-	341	-	341
Comprehensive income for the year	-	-	-	341	-176,237	-175,896
Other changes in equity:						
Payment of contributed capital	0	-676	0	0	0	-676
Change in connection with company conversion	0	-25,705	0	-3,906	3,230	-26,381
Issue of bonus shares on company conversion	375,000	0	0	0	-375,000	0
Share issue	175,600	0	252,652	0	0	428,252
Other movements in capital, associates	0	0	0	0	-277	-277
Purchase of treasury shares	0	0	0	0	-34,325	-34,325
Total other changes in equity	550,600	-26,381	252,652	-3,906	-406,372	366,593
Equity as at 31 December 2011	550,600	0	252,652	341	813,863	1,617,456

Cash flow statement – group

DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
Operating activities			
Profit/loss before tax for the period		-39,988	-240,453
Impairment of loans		99,831	377,616
Depreciation and impairment of property, plant and equipment		6,948	18,885
Market value adjustments of bonds and shares		22,763	51,181
Market value adjustments of investments		-1,241	-6,708
Tax paid, net		4,922	10,811
Earnings		93,235	211,332
Working capital			
Change in credit institutions and central banks		-868,121	-403,991
Change in bond and share portfolio		495,889	-107,690
Change in loans		19,413	270,761
Change in deposits		-815,230	-916,747
Change in other assets and equity and liabilities		-177,495	-231,948
Cash flow from operating activities		-1,345,544	-1,389,615
Investing activities			
Purchase of property, plant and equipment		-37,787	-28,760
Sale of property, plant and equipment		15,241	32,034
Sale of investments		0	-5,319
Cash flows from investing activities		-22,546	-2,045
Financing activities			
Share issue		428,928	428,928
Purchase and sale of own equity investments		0	-60,706
Bonds issued		1,000,236	999,850
Subordinated debt		0	0
Cash flows from financing activities		1,429,164	1,368,072
Change in cash and cash equivalents		154,309	187,744
Cash and cash equivalents, beginning of period		116,307	116,307
Change in liquidity for the period		154,309	187,745
Cash and cash equivalents, end of period		270,616	304,052
Cash and cash equivalents, end of period:			
Cash balance and demand deposits with central banks, end of period		270,616	304,052

Notes – group

Note 1 **Accounting policies**

Basis for preparation of annual and interim reports

The accounting policies are consistent with those applied in the 2011 annual report.

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 is subject to estimates of how future events will affect the value of such assets and liabilities at the balance sheet date.

The estimates 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 quantification 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 and the financial statements of the parent 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
- Contribution to sector solutions

Impairment of loans and provisions for guarantees

Impairment test 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 security.

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.

Impairment is thus made as a combination of individual and group impairment.

If, at the balance sheet date, the bank 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 them.

Fair value of financial instruments

A number of financial instruments are measured at fair value, including all derivative financial instruments as well as 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 are to be observed
- For unlisted shares, estimates are made of future cash flows and business requirements.

Strategic equity investments were acquired as part of operations. These are measured at fair value based on available information about trade in the relevant company's equity 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, trading and shareholders' agreements etc.

Deferred tax assets

Tax losses allowed for carryforward are included in the statement of deferred tax assets to the extent that tax profits are likely to be realised within the foreseeable future in which the loss can be used. The recognition of a deferred tax asset therefore requires that the management assesses the likely time and size of future profits.

Contribution to sector solutions

Danske Andelskassers Bank A/S is covered by the Danish Guarantee Fund for Depositors and Investors, which means that it, together with other banks, is obliged to cover the depositors' deposits etc. of up to EUR 100,000 in banks that are being wound up or have filed for bankruptcy.

Danske Andelskassers Bank A/S recognises an obligation to cover our share of the obligation when we receive information about banks that are being wound up or have filed for bankruptcy, and when the information is sufficient for us to be able to recognise the expected obligation reliably.

The uncertainty relating to the determination of the dividend percentage and covered amount in banks that are being wound up or have filed for bankruptcy means that the recognised obligation is subject to uncertainty.

Note 3

Interest income	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
DKK '000			
Receivables from credit institutions and central banks	2,752	6,171	12,770
Loans and other receivables	343,394	321,920	681,311
Bonds	36,121	31,352	62,905
Currency, interest rate, share, commodity and other contracts and derivative financial instruments	2,581	4,322	9,176
Other interest income	0	-522	50
Total interest income	384,848	363,243	766,212

Of which income from genuine purchase and resale transactions recognised under:

Receivables from credit institutions and central banks	7	0	0
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Note 4	Interest expenses			
	DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Payables to credit institutions and central banks	1,872	6,385	10,254
	Deposits and other payables	61,077	54,181	117,080
	Bonds issued	24,264	21,144	50,550
	Subordinated debt	29,635	28,798	58,922
	Other interest expenses	479	27	29
	Total interest expenses	117,327	110,535	236,835

Of which expenses in respect of genuine sales and repurchase transactions recognised under:

Payables to credit institutions and central banks	23	0	0
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Note 5	Fee and commission income			
	DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Securities trading and safe custody accounts	29,615	30,353	68,371
	Payment services	7,898	6,235	17,171
	Loan transaction fees	12,477	15,774	28,226
	Guarantee commission	7,745	13,143	24,373
	Other fees and commission	52,725	45,180	75,439
	Total fee and commission income	110,460	110,685	213,580

Note 6	Market value adjustments			
	DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Bonds	-429	-21,859	-4,419
	Shares	20,505	2,306	-38,539
	Currency	3,485	-651	-5,464
	Other assets	0	0	-200
	Currency, interest rate, share, commodity and other contracts and derivative financial instruments	-3,659	-2,559	-2,559
	Total market value adjustments	19,902	-22,763	-51,181

Note 7	Staff costs and administrative expenses			
	DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Staff costs	159,007	146,389	309,289
	Other administrative expenses	94,874	101,721	196,092
	Total	253,881	248,110	505,381
	Staff costs:			
	Salaries	129,028	129,429	259,643
	Pensions *)	12,813	-1,181	15,856
	Social security expenses	17,166	18,141	33,790
	Total	159,007	146,389	309,289
	Remuneration for the Board of Directors	1,294	0	2,600
	Remuneration for the Board of Executives	2,770	3,655	7,121
	Average number of full-time employees	521	565	547

*) On 30 June 2011, a reversal of DKK 16.6m was carried out in respect of 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 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Individual impairment/provisions:			
	Impairment/provision, beginning of period	1,073,404	1,107,601	1,107,601
	Impairment/provision during the period	271,978	194,814	454,370
	Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or where the impairment is reduced	98,924	99,461	193,186
	Other changes	2,302	3,792	-574
	Irrecoverable bad debts	102,619	137,716	294,807
	Impairment/provision, end of period	1,146,141	1,069,030	1,073,404
	Group impairment			
	Impairment/provision, beginning of period	31,758	33,798	33,798
	Impairment/provision during the period	7,131	13,467	13,459
	Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or where the impairment is reduced	7,517	8,658	15,405
	Other changes	630	631	-94
	Impairment/provision, end of period	32,002	39,238	31,758
	Impact on operations			
	Impairment/provision during the period	279,109	208,281	467,829
	Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or where the impairment is reduced	106,441	108,119	208,591
	Other changes	-10,131	-6,276	-11,272
	Irrecoverable bad debts (written off) for which no individual impairment has been made	4,232	7,383	132,455
	Received for receivables previously written off	822	1,438	2,805
	Total	165,947	99,831	377,616

Note 9	Subordinated debt DKK '000	Nominal	Interest rate	Interest
	NOK – expires 7 February 2014	320,000	NIBOR3+2.35 bp	7,976
	Hybrid core capital, Bank Package II DKK – expires 9 October 2014	399,600	11.02%	21,649

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

Note 10	Contingent liabilities DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Financial guarantees	422,857	804,142	428,002
	Loss guarantees for mortgage loans	698,449	711,732	726,479
	Registration and conversion guarantees	99,669	291,646	161,073
	Other contingent liabilities	380,028	222,588	435,863
	Non-balance sheet items, total	1,601,003	2,030,108	1,751,417

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.

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. regnskabsår af både DAB og BEC. 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 **Security**

As security for balances with other banks, the group has deposited bonds with a nominal value of DKK 300m, corresponding to a market value of DKK 303.8m.

In connection with the usual execution of trade in financial contracts, the group 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**

30.6.2012

DKK '000	Associates	Board of Directors	Board of Executives
Receivables from credit institutions	24,574	0	0
Loans	0	42,340	1,355
Payables to credit institutions	348,104	0	0
Deposits	0	16,127	338
Unutilised credit facilities	0	5,789	802
Guarantees	0	11,285	3,197

30.6.2011

DKK '000	Associates	Board of Directors	Board of Executives
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

31.12.2011

DKK '000	Associates	Board of Directors	Board of Executives
Receivables from credit institutions	0	0	0
Loans	0	42,543	1,600
Payables to credit institutions	333,604	0	0
Deposits	6,017	10,352	2,061
Unutilised credit facilities	0	12,412	838
Guarantees	0	9,799	507

Financial highlights – parent

Highlights DKK '000	H1 2012	H1 2011	H1 2010	H1 2009	H1 2008
Income statement					
Interest income	385,869	364,059	401,350	493,784	478,063
Interest expenses	117,343	110,546	124,686	180,673	211,724
Net interest income	268,526	253,513	276,664	313,111	266,339
Share dividend etc.	6,030	4,293	1,208	16,736	18,410
Net fee and commission income	107,744	108,339	112,818	100,892	99,921
Net interest and fee income	382,300	366,145	390,690	430,739	384,670
Market value adjustments	19,902	-22,763	51,065	-63,611	-52,015
Other operating income	1,283	3,536	5,546	-813	2,741
Staff costs and administrative expenses	255,210	249,259	288,318	279,533	273,454
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets	6,300	6,836	8,019	8,052	10,460
Other operating expenses	15,464	29,026	39,591	39,507	824
Impairment of loans and receivables etc.	165,947	99,831	247,398	157,868	11,577
Profit/loss from equity investments in associates	-35,623	-2,174	6,634	5,088	-33,838
Profit/loss before tax	-75,059	-40,208	-129,391	-113,557	5,243
Tax	-11,208	-5,142	-34,844	-30,209	28,927
Net profit/loss for the year	-63,851	-35,066	-94,547	-83,348	-23,684
Balance sheet					
Receivables from credit institutions etc.	782,007	1,433,334	2,057,557	2,420,830	842,643
Loans	8,210,578	9,475,576	10,009,070	10,763,197	10,623,618
Bonds and shares	3,590,323	2,820,754	3,808,946	2,288,385	3,067,248
Payables to credit institutions	780,880	724,623	1,825,717	2,378,084	2,480,460
Deposits	9,377,682	9,117,429	11,198,316	11,628,941	10,401,338
Bonds issued	1,016,859	2,016,096	1,016,959	10,425	2,559
Subordinated debt	714,412	704,651	696,422	263,835	297,301
Equity	1,553,431	1,795,527	1,517,847	1,741,130	2,028,105
Total assets	13,923,940	14,770,694	16,708,946	16,414,218	15,528,178
Contingent liabilities	1,601,003	2,030,108	2,848,732	3,512,821	3,434,944
Ratios					
Solvency ratio	14.6%	15.5%	13.9%	12.5%	14.2%
Core capital ratio	14.6%	15.9%	14.0%	12.6%	14.3%
Return on equity before tax	-4.7%	-2.5%	-8.3%	-6.4%	0.3%
Return on equity after tax	-4.0%	-2.2%	-6.0%	-4.7%	-1.2%
Earnings per DKK of cost	0.83	0.90	0.73	0.74	0.96
Interest rate risk	2.7%	1.0%	0.3%	-0.1%	0.0%
Currency position	3.0%	4.0%	0.0%	0.8%	3.6%
Currency risk	0.1%	0.0%	0.0%	0.0%	0.0%
Loans relative to deposits	100.0%	115.9%	92.4%	89.9%	96.8%
Loans relative to equity	5.3	5.3	6.0	5.6	4.7
Growth in loans for the year	-8.3%	-0.9%	-0.7%	-1.8%	7.5%
Surplus cover relative to statutory liquidity requirement	181.4%	140.9%	83.4%	58.7%	43.7%
Sum of large commitments	18.6%	11.5%	17.0%	27.9%	0.0%
Impairment percentage for the period	1.6%	0.8%	1.9%	1.1%	0.2%

Income statement and statement of comprehensive income – parent

DKK '000	Note	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
Interest income	2	385,869	364,059	768,050
Interest expenses	3	117,343	110,546	236,862
Net interest income		268,526	253,513	531,188
Share dividend etc.		6,030	4,293	4,338
Fee and commission income	4	110,459	110,778	213,580
Fees and commission paid		2,715	2,439	4,169
Net interest and fee income		382,300	366,145	744,937
Market value adjustments	5	19,902	-22,763	-50,981
Other operating income		1,283	3,536	9,274
Staff costs and administrative expenses	6	255,210	249,259	508,506
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets"		6,300	6,836	10,082
Other operating expenses		15,464	29,026	50,571
Impairment of loans and receivables etc.	7	165,947	99,831	377,616
Profit/loss from equity investments in associates		-35,623	-2,174	2,157
Profit/loss before tax		-75,059	-40,208	-241,388
Tax		-11,208	-5,142	-65,151
Net profit/loss for the period		-63,851	-35,066	-176,237

Statement of comprehensive income

Net profit/loss for the period	-63,851	-35,066	-176,237
Other comprehensive income after tax	0	0	341
Total comprehensive income	-63,851	-35,066	-175,896

Danske Andelskassers Bank A/S – the share

H1 profit/loss before tax per share (of DKK 10)	-1.4	-	-3.2
H1 net profit/loss per share (of DKK 10)	-1.2	-	29
Equity value per share	28.2	-	-6.2
Listed price/equity value	0.5	-	0.7

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	30.6.2012	30.6.2011	31.12.2011
Assets:				
Cash balance and demand deposits with central banks		562,380	270,616	304,052
Receivables from credit institutions and central banks		782,007	1,433,334	946,641
Loans and other receivables at amortised cost		8,210,578	9,475,576	8,950,398
Bonds at fair value		2,910,117	2,106,251	2,748,150
Shares etc.		680,206	714,503	612,498
Equity investments in associates		21,434	138,803	164,276
Investments in group enterprises		44,593	44,919	43,784
Total land and buildings		83,178	86,142	89,171
Investment properties		1,667	0	1,666
Domicile properties		74,659	86,142	87,505
Available for sale		6,852	0	0
Other property, plant and equipment		17,236	26,840	21,057
Current tax assets		2,603	2,317	2,535
Deferred tax assets		251,173	183,287	239,994
Assets acquired on a temporary basis		27,623	33,014	27,847
Other assets		313,957	236,476	273,025
Prepayments		16,855	18,616	16,382
Total assets		13,923,940	14,770,694	14,439,810
Equity and liabilities:				
Payables:				
Payables to credit institutions and central banks		780,880	724,623	702,060
Deposits and other payables		9,377,682	9,117,429	9,017,353
Bonds issued		1,016,883	2,016,096	2,016,294
Temporarily acquired liabilities		5,633	0	6,288
Other equity and liabilities		427,838	339,626	323,403
Deferred income		1	2,228	2,042
Total payables		11,608,917	12,200,002	12,067,440
Provisions:				
Provisions for pensions and similar obligations		25,172	26,374	27,477
Provisions for guarantee losses		14,731	20,052	14,221
Other provisions		7,276	24,088	7,970
Total provisions		47,179	70,514	49,668
Subordinated debt	8	714,412	704,651	705,246
Equity				
Share capital		550,600	550,600	550,600
Share premium		252,652	254,615	252,652
Revaluation reserves		341	0	341
Retained earnings		749,839	990,312	813,863
Total equity		1,553,432	1,795,527	1,617,456
Total equity and liabilities		13,923,940	14,770,694	14,439,810

Statement of changes in equity – parent

30.6.2012	Share capital	Contributed capital	"Share premium"	"Revaluation reserves"	Retained earnings	Total
DKK '000						
Equity as at 1 January 2012	550,600	-	252,652	341	813,863	1,617,456
Net profit/loss for the period	-	-	-	-	-63,851	-63,851
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the period	0	0	0	0	-63,851	-63,851
Other changes in equity:						
Purchase of treasury shares	-	-	-	-	-173	-173
Total other changes in equity	-	-	-	-	-173	-173
Equity as at 30 June 2012	550,600	0	252,652	341	749,839	1,553,432

30.6.2011	Share capital	Contributed capital	"Share premium"	"Revaluation reserves"	Retained earnings	Total
DKK '000						
Equity as at 1 January 2011	-	26,381	-	3,906	1,396,472	1,426,759
Net profit/loss for the period	-	-	-	-	-35,066	-35,066
Other comprehensive income:						
Reversal of net revaluation of properties	-	-	-	0	-	0
Total other comprehensive income	-	-	-	0	-	0
Comprehensive income for the period	-	-	-	-	-35,066	-35,066
Other changes in equity:						
Payment of contributed capital	0	-676	0	0	0	-676
Change in connection with company conversion	0	-25,705	0	-3,906	3,906	-25,705
Issue of bonus shares on company conversion	375,000	0	0	0	-375,000	0
Share issue	175,600	0	254,615	0	0	430,215
Total other changes in equity	550,600	-26,381	254,615	-3,906	-371,094	403,834
Equity as at 30 June 2011	550,600	0	254,615	0	990,312	1,795,527

31.12.2011	Share capital	Contributed capital	"Share premium"	"Revaluation reserves"	Retained earnings	Total
DKK '000						
Equity, beginning of period	-	26,381	-	3,906	1,396,472	1,426,759
Net profit/loss for the year	-	-	-	-	-176,237	-176,237
Other comprehensive income:						
Net revaluation of properties	-	-	-	341	-	341
Total other comprehensive income	-	-	-	341	-	341
Comprehensive income for the year	-	-	-	341	-176,237	-175,896
Other changes in equity:						
Payment of contributed capital	0	-676	0	0	0	-676
Change in connection with company conversion	0	-25,705	0	-3,906	3,230	-26,381
Issue of bonus shares on company conversion	375,000	0	0	0	-375,000	0
Share issue	175,600	0	252,652	0	0	428,252
Other movements in capital, associates	0	0	0	0	-277	-277
Purchase of treasury shares	0	0	0	0	-34,325	-34,325
Total other changes in equity	550,600	-26,381	252,652	-3,906	-406,372	366,593
Equity as at 31 December 2011	550,600	0	252,652	341	813,863	1,617,456

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 the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions.

The accounting policies applied by the parent are identical to those of the group. Reference is made to note 1 in the consolidated financial statements. As regards estimates, reference is also made to note 2 in the consolidated financial statements.

The accounting policies are consistent with those applied in the 2011 annual report.

Note 2 Interest income

DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
Receivables from credit institutions and central banks	2,752	6,171	12,770
Loans and other receivables	344,415	322,736	683,149
Bonds	36,121	31,352	62,905
Currency, interest rate, share, commodity and other contracts and derivative financial instruments	2,581	4,322	9,176
Other interest income	0	-522	50
Total interest income	385,869	364,059	768,050

Of which income from genuine purchase and resale transactions recognised under:

Receivables from credit institutions and central banks	7	7	0
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Note 3 Interest expenses

DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
Payables to credit institutions and central banks	1,872	6,385	10,254
Deposits and other payables	61,093	54,192	117,107
Bonds issued	24,264	21,144	50,550
Subordinated debt	29,635	28,798	58,922
Other interest expenses	479	27	29
Total interest expenses	117,343	110,546	236,862

Of which expenses in respect of genuine sales and repurchase transactions recognised under:

Payables to credit institutions and central banks	23	23	0
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Note 4 Fee and commission income

DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
Securities trading and safe custody accounts	29,615	30,353	68,371
Payment services	7,898	6,235	17,171
Loan transaction fees	12,477	15,774	28,226
Guarantee commission	7,745	13,143	24,373
Other fees and commission	52,724	45,273	75,439
Total fee and commission income	110,459	110,778	213,580

Note 5	Market value adjustments			
	DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Bonds	-429	-21,859	-4,419
	Shares	20,505	2,306	-38,539
	Currency	3,485	-651	-5,464
	Other assets	0	0	-200
	Currency, interest rate, share, commodity and other contracts and derivative financial instruments	-3,659	-2,559	-2,559
	Total translation adjustments	19,902	-22,763	-51,181

Note 6	Staff costs and administrative expenses			
	DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Staff costs	159,007	146,389	309,289
	Other administrative expenses	96,203	102,870	199,217
	Total	255,210	249,259	508,506

Staff costs:

	Salaries	129,028	129,429	259,643
	Pensions *)	12,813	-1,181	15,856
	Social security expenses	17,166	18,141	33,790
	Total	159,007	146,389	309,289

	Remuneration for the Board of Directors	1,294	0	2,600
	Remuneration for the Board of Executives	2,770	3,655	7,121
	Average number of full-time employees	521	565	547

*) 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 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
	Individual impairment/provisions:			
	Impairment/provision, beginning of period	1,073,404	1,107,601	1,107,601
	Impairment/provision during the period	271,978	194,814	454,370
	Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or where the impairment is reduced	98,924	99,461	193,186
	Other changes	2,302	3,792	-574
	Irrecoverable bad debts	102,619	137,716	294,807
	Impairment/provision, end of period	1,146,141	1,069,030	1,073,404
	Group impairment			
	Impairment/provision, beginning of period	31,758	33,798	33,798
	Impairment/provision during the period	7,131	13,467	13,459
	Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or where the impairment is reduced	7,517	8,658	15,405
	Other changes	630	631	-94
	Impairment/provision, end of period	32,002	39,238	31,758

Note 7	DKK '000	1.1 - 30.6.2012	1.1 - 30.6.2011	1.1 - 31.12.2011
continued	Impact on operations			
	Impairment/provision during the period	279,109	208,281	467,829
	Reversal of impairment/provisions made in previous financial years where there is no longer an objective indication of impairment, or where the impairment is reduced	106,441	108,119	208,591
	Other changes	-10,131	-6,276	-11,272
	Irrecoverable bad debts (written off) for which no individual impairment has been made	4,232	7,383	132,455
	Received for receivables previously written off	822	1,438	2,805
	Total	165,947	99,831	377,616

Note 8	Subordinated debt	Nominal	Interest rate	Interest
	DKK '000			
	NOK – expires 7 February 2014	320,000	NIBOR3+2.35 bp	7,976
	Hybrid core capital, Bank Package II DKK – expires 9 October 2014	399,600	11.02%	21,649

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

Note 9	Contingent liabilities	30.6.2012	30.6.2011	31.12.2011
	DKK '000			
	Financial guarantees	422,857	804,142	428,002
	Loss guarantees for mortgage loans	698,449	711,732	726,479
	Registration and conversion guarantees	99,669	291,646	161,073
	Other contingent liabilities	380,028	222,588	435,863
	Non-balance sheet items, total	1,601,003	2,030,108	1,751,417

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.

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. regnskabsår af både DAB og BEC. 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 **Security**

As security for balances with other banks, the bank has deposited bonds with a nominal value of DKK 300m, corresponding to a market value of DKK303.8m.

In connection with the usual execution of trade in financial contracts, the bank has 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 12 **Related parties**

30.6.2012 DKK '000	Associates	Board of Directors	Board of Exe- cutives
Receivables from credit institutions	24,574	0	0
Loans	0	42,340	1,355
Payables to credit institutions	348,104	0	0
Deposits	0	16,127	338
Unutilised credit facilities	0	5,789	802
Guarantees	0	11,285	3,197
30.6.2011 DKK '000	Associates	Board of Directors	Board of Exe- cutives
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
31.12.2011 DKK '000	Associates	Board of Directors	Board of Exe- cutives
Receivables from credit institutions	0	0	0
Loans	0	42,543	1,600
Payables to credit institutions	333,604	0	0
Deposits	6,017	10,352	2,061
Unutilised credit facilities	0	12,412	838
Guarantees	0	9,799	507