

2012 Annual Report



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In case of discrepancies the Danish version is valid,

Frontpage and other pictures

Danske Andelskassers Bank is proud to sponsor both the small and the very small activities in the local communities, The pictures and the stories in the Annual Report are examples of these sponsorships,

The Vrøgum Run



Andelskassen was the main sponsor of The Vrøgum Run 2012 which took place in the scenic Vrøgum Plantation near Oksbøl in Western Jutland. Approximately 1,200 runners stood at the starting line and despite heavy rain fall the spirits were high.

The Vrøgum Run is just one of many running events throughout the country where Andelskassen cooperates with the local sports clubs. The Tøsetur (Girls Tour) in Esbjerg, the marathon in Nordborg, the KirkebyRun and the Run of Egeskov Castle are other examples of such cooperation.

And actually the same applies to a number of cycling events e.g. Fjordløbet in Randers or the Andelskassen Cycling Event which is a part of the Cimber Party in Aars.

Dear shareholder

2012 was Danske Andelskassers Bank's first full year in its present form and as such its first full year as a listed public limited company.

This means that many things were tried for the first time, including shareholder meetings and the general meeting. It was a great pleasure to meet many of the bank's shareholders, and the bank is looking forward to repeating these events this spring. Furthermore, several things have been in a start-up phase where optimisations happen continuously. These include, among other things, the cooperation with our six shareholders' committees that are a great asset to the bank.

At the same time, we have been working on numerous initiatives in the bank in continuation of and/or brought about by the change in our organisation. These initiatives comprise support centres, business centres, re-organisations, branch mergers and competency development, among other things. The overall aim of these activities is to create a stronger bank of the highest standard where earnings grow, costs are reduced and customer-facing employees have as much time as possible for the customers and for developing their competencies. Briefly described the purpose is to focus even more on the customers.

2012 also saw a lot of changes externally – in the economy of which we are a part – although such changes and uncertainty may be considered the norm and probably will be for some years to come. Uncertainty about the economies in Southern Europe, relatively stagnant housing markets and unemployment rates that are stagnant at best thus constituted the past year's framework conditions. However, we wanted to act on these conditions, expecting that improvements would happen slowly and not lead to a market situation similar to the one that existed prior to the financial crisis.

Unfortunately, change and development take time. This also applies to the development that the bank is undergoing, and as described in connection with the publication of the interim report on 22 August 2012 we need to acknowledge that some of the changes and resulting synergies have taken longer to materialise than we had hoped and expected.

This means that we can take pleasure in the fact that we have built a stronger bank – with a solvency surplus that has almost doubled since the beginning of the year, with strong core earnings, very healthy liquidity and competent and dedicated employees – and bemoan the fact that it has not yet affected the bottom line.

The reason for this is the length and severity of the financial crisis which is still causing some customers financial challenges, leading to a continued high impairment level.

Of course, this is not satisfactory. However, with the initiatives launched and the ongoing development of the organisation we have laid the foundation for us to play an active role in the financial sector in future and provide personal and competent advice to our many customers.

Together we can do more.

On behalf of the Board of Executives

Jan Pedersen
CEO

Financial highlights

Income statement (Group)

DKK '000	2012	2011	2010	2009	2008
Interest income	745,200	766,212	789,612	922,133	1,004,416
Interest expenses	216,446	236,835	223,750	312,734	456,938
Net interest income	528,754	529,377	565,862	609,399	547,478
Share dividend etc,	6,035	4,338	1,280	16,755	18,510
Net fee and commission income	215,559	209,411	231,049	208,356	196,263
Net interest and fee income	750,348	743,126	798,191	834,510	762,251
Market value adjustments	11,536	-51,181	45,592	34,817	-222,802
Other operating income	10,898	13,406	8,191	8,251	7,885
Staff costs and administrative expenses	499,227	505,381	570,329	587,166	557,558
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	11,827	18,685	18,337	14,963	56,150
Other operating expenses	40,360	50,830	101,216	83,750	23,098
Impairment of loans and receivables etc,	342,154	377,616	414,266	480,750	194,197
Profit/loss from equity investments in associates	-45,323	6,708	11,364	10,584	-15,706
Profit/loss before tax	-166,109	-240,453	-240,810	-278,467	-299,375
Tax	-11,721	163,265	-57,040	-79,114	-11,644
Net profit/loss for the year	-154,388	-403,718	-183,770	-199,353	-287,731

Balance sheet (Group)

DKK '000	2012	2011	2010	2009	2008
Receivables from credit institutions etc,	379,314	946,641	1,325,115	1,871,981	1,164,014
Loans	7,537,283	8,914,017	9,562,394	10,283,414	11,105,802
Bonds and shares	4,366,999	3,360,648	3,316,643	3,719,496	2,303,227
Payables to credit institutions	1,153,975	702,060	1,484,525	2,467,158	2,320,265
Deposits	9,324,035	9,013,842	9,930,589	11,630,765	10,439,838
Bonds issued	1,016,920	2,016,294	1,015,860	17,003	10,425
Subordinated debt	749,499	705,246	703,077	683,459	241,752
Equity	1,233,832	1,389,975	1,426,759	1,612,868	1,824,831
Total assets	13,859,776	14,210,743	15,180,556	16,759,700	15,184,196
Guarantees	1,568,261	1,751,417	2,372,568	3,512,821	3,142,931
Solvency ratio	15.5%	14.2%	12.0%	11.5%	10.3%
Number of employees	517	547	623	654	653

Ratios (Group)

	2012	2011	2010	2009	2008
Solvency ratio	15.5%	14.2%	12.0%	11.5%	10.3%
Core capital ratio	15.3%	14.0%	11.8%	11.6%	10.1%
Return on equity before tax	-12.7%	-17.1%	-15.8%	-16.2%	-15.2%
Return on equity after tax	-11.8%	-28.7%	-12.1%	-11.6%	-14.6%
Earnings per DKK of cost	0.82	0.75	0.78	0.76	0.64
Interest rate risk	2.5%	1.6%	2.7%	3.1%	1.8%
Currency position	4.2%	2.1%	3.9%	4.6%	3.3%
Currency risk	0.0%	0.1%	0.0%	0.1%	0.0%
Loans relative to deposits	93.7%	111.1%	106.5%	95.3%	110.4%
Loans relative to equity	5.4	5.5	6.7	6.3	6.1
Growth in loans for the year	-15.5%	-6.7%	-7.0%	-7.4%	13.4%
Surplus cover relative to statutory liquidity requirement	251.0%	159.0%	141.3%	176.4%	55.9%
Sum of large commitments	29.1%	18.3%	28.5%	16.5%	29.9%
Impairment percentage for the year	3.4%	3.2%	3.8%	3.3%	1.4%

Highlights are derived from the official and audited annual reports of the SDA group for 2008 presented in accordance with the Danish Executive Order on financial reports for credit institutions etc, and audited historical accounting information for 2009 and 2010 for the SDA group presented in accordance with IFRS as adopted by the EU for use in the prospectus dated 7 June 2011 and the present financial statements of Danske Andelskassers Bank A/S,

Income statement (Parent company)

DKK '000	2012	2011	2010	2009	2008
Interest income	747,044	768,050	791,371	923,359	1,004,543
Interest expenses	216,465	236,862	223,766	312,993	456,936
Net interest income	530,579	531,188	567,605	610,366	547,607
Share dividend etc,	6,035	4,338	1,280	16,755	18,510
Net fee and commission income	215,559	209,411	231,284	208,616	196,438
Net interest and fee income	752,173	744,937	800,169	835,737	762,555
Market value adjustments	11,536	-50,981	45,592	34,813	-222,809
Other operating income	8,072	9,274	5,898	5,487	5,445
Staff costs and administrative expenses	503,370	508,506	570,713	586,904	554,816
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	11,432	10,082	18,245	14,155	24,038
Other operating expenses	40,360	50,571	101,195	83,731	23,040
Impairment of loans and receivables etc,	342,154	377,616	414,270	480,757	194,202
Profit/loss from equity investments in associates	-41,636	2,157	11,555	10,966	-48,261
Profit/loss before tax	-167,171	-241,388	-241,209	-278,544	-299,166
Tax	-12,783	162,330	-57,439	-79,190	-11,435
Net profit/loss for the year	-154,388	-403,718	-183,770	-199,354	-287,731

Balance sheet (Parent company)

DKK '000	2012	2011	2010	2009	2008
Receivables from credit institutions etc,	379,314	946,641	1,324,610	1,871,981	1,164,014
Loans	7,562,804	8,950,398	9,597,444	10,319,425	11,128,191
Bonds and shares	4,366,999	3,360,648	3,316,643	3,074,841	2,303,227
Payables to credit institutions	1,153,975	702,060	1,484,525	2,467,158	2,320,265
Deposits	9,324,086	9,017,353	9,933,931	11,643,001	10,451,685
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Equity	1,233,832	1,389,975	1,426,759	1,612,868	1,824,831
Total assets	13,856,764	14,212,329	15,182,520	16,783,556	15,191,374
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Solvency ratio	15.5%	14.2%	12.0%	11.5%	10.3%
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Return on equity before tax	-12.7%	-17.1%	-15.8%	-16.2%	-15.2%
Return on equity after tax	-11.8%	-28.7%	-12.1%	-11.6%	-14.6%
Earnings per DKK of cost	0.82	0.75	0.78	0.76	0.64
Interest rate risk	2.5%	1.6%	2.7%	3.1%	1.8%
Currency position	4.2%	2.1%	3.9%	4.6%	3.3%
Currency risk	0.0%	0.1%	0.0%	0.1%	0.0%
Loans relative to deposits	93.7%	111.1%	106.5%	95.3%	110.4%
Loans relative to equity	6.1	5.5	6.7	6.3	6.1
Growth in loans for the year	-15.5%	-6.7%	-7.0%	-7.4%	13.4%
Surplus cover relative to statutory liquidity requirement	251.0%	159.0%	141.3%	176.4%	55.9%
Sum of large commitments	29.1%	18.3%	28.5%	16.5%	29.9%
Impairment percentage for the year	3.4%	3.2%	3.8%	3.3%	1.4%
Net profit/loss for the year per share	-2.9	-7.5	-	-	-
Book value per share	23.0	25.9	-	-	-
Dividend per share	0.0	0.0	-	-	-
Net asset value/earnings per share	-3.0	-2.6	-	-	-
Net asset value/book value per share	0.4	0.8	-	-	-

Highlights are derived from the official and audited annual reports of Danske Andelskassers Bank A/S and Sammenslutningen Danske Andelskasser for 2008-2010 and the present financial statements of Danske Andelskassers Bank A/S presented in accordance with the Danish Executive Order on financial reports for credit institutions etc,

Business concept

The Danske Andelskassers Bank group's ('Danske Andelskassers Bank') core business is the provision of financial services to private customers, small and medium-sized business customers and institutional customers, in particular small banks. The bank is a full-service bank with a natural and special focus on its market areas which are mostly located outside the larger towns and cities in Denmark.

Danske Andelskassers Bank is striving to provide accessible, down-to-earth, dedicated and professional advice, solutions and products to all its customers – whether they live close to our branches or a bit further away.

At the end of 2012, the bank had just under 120,000 customers served by a total of 517 employees distributed onto, as of the date of this annual report, 36 private customer branches, six business centres, three support centres and the head office in Hammershøj, Denmark.

Vision, mission and values

Danske Andelskassers Bank wants to be an accessible, dedicated and professionally competent bank. This is also a part of the bank's vision, mission and values.

Vision

We want to be the preferred local bank in our market area.

Mission

We create added value for customers, the local area and staff. Our customers experience a positive difference by choosing Danske Andelskassers Bank as their bank. The local area benefits from Danske Andelskassers Bank supporting local initiatives. Our staff pursue professional and personal development, making them an important factor in customers experiencing a positive difference.

Values

Collaboration, commitment, trust and stability

Customers are increasingly served by self-service solutions and annual advisory meetings where the customer's finances are discussed in depth. The number of branches is therefore expected to fall in the years ahead, while the number of advisory meetings held at the customers is going up. However, in the coming years it is also important for the bank to give every customer quick and easy access to an adviser who knows the customer and is able to provide the right advice.

Fundamentally, the bank wants to maintain the strengths and values that have been developed over almost 100 years of banking by continuously adjusting to and dealing with the changes in society and the financial sector. This also includes legislative conditions, such as the introduction of the Danish Financial Supervisory Authority's supervisory diamond with which the bank was fully compliant even prior to its introduction. The bank also expects to meet the coming capital requirements of Basel III/CRD IV.

An active part of the sector

In recent years, the financial sector has undergone significant changes and consolidation which is expected to continue in the coming years.

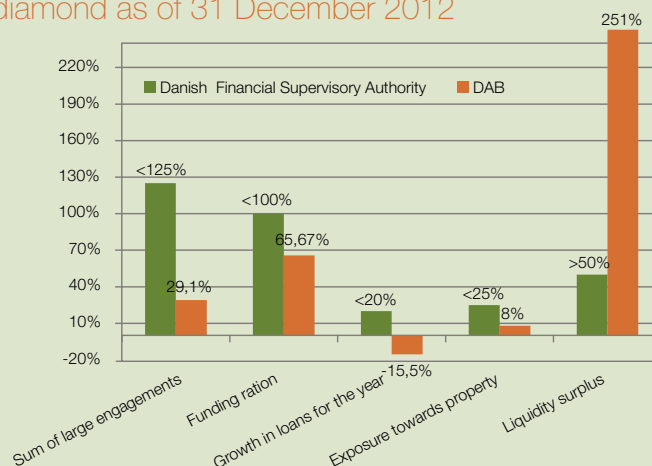
Danske Andelskassers Bank wants to play an active role and contribute to a positive development in the financial sector, and as such the bank is prepared to participate actively in its consolidation. This is especially achieved through mergers with strong local banks. Danske Andelskassers Bank sees itself as the continuing party in such consolidations, and apart from the financial benefits of belonging to a large organisation, the bank also sees a considerable potential for developing the entire bank through dialogue and the exchange of ideas and experience.

Long-term objectives

As mentioned above, Danske Andelskassers Bank expects to see continued consolidation in the Danish financial sector in the coming years, which will significantly change the structure of the sector and what is required of its players.

Danske Andelskassers Bank wants to be an important player in the financial sector of the future, which is to be achieved through a strong foundation and customer

The supervisory diamond as of 31 December 2012



approach that is based on accessibility, mutual respect, high professional standards and commitment to the customer and the local area.

The bank's ambition is to have a broad and strong presence in local areas outside the large urban communities, which is to be achieved by developing existing market areas and adding new market areas. The latter is expected to take place through partnerships and mergers with well-consolidated banks with a local focus.

Overall, Danske Andelskassers Bank wants a stable economic development that allows the bank to provide existing and new customers with high-quality advice, products and solutions. This is also regarded as fundamental to securing satisfactory returns for the bank's shareholders.

Summary

The pre-tax core earnings of Danske Andelskassers Bank were DKK 250m in 2012. That's the highest level in the history of the bank and the core earnings for 2012 were 8 % above the core earnings for 2011.

The bank recorded a pre-tax loss of DKK -166m in 2012 against a pre-tax loss of DKK -240m in 2011. The net loss for 2012 was DKK -154m against a net loss of DKK -404m in 2011. The result of 2012 is affected by impairments of loans and receivables of DKK 342m and a loss of DKK -45m from equity investments in associates.

Through 2012 the solvency of Danske Andelskassers Bank has been strengthened significantly. The excess solvency cover is thus nearly doubled from 2.0 percentage points at the beginning of the year to 3.8 percentage points at the end of the year. The core capital ratio of the bank is 15.3 %.

As of 31 December 2012 the bank's excess liquidity cover in accordance with the Act's requirements was 251 %. The bank's deposits are larger than the bank's loans and the liquidity situation in general is considered to be very satisfactory.



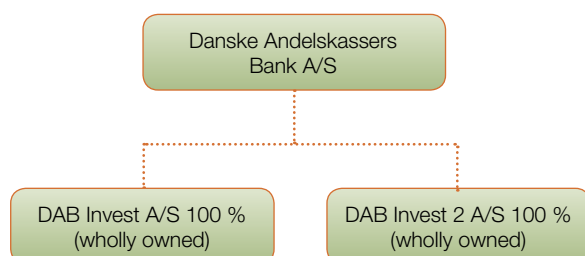
The volleyball-team of Ilskov IF

Volleyball is all about springing, timing and quick reactions - and furthermore it's a fun sport with lots of team spirit. Ilskov Sports Club (Ilskov IF) was founded in 1933 and beside volleyball the club offers its members activities as handball, badminton, swimming, soccer and running. The Sports Club is also responsible for a lot of activities in the town of Ilskov, from Shrovetide festivities to Family Olympics.

Andelskassen supports Ilskov Sports Club and among the beneficiaries are the volley-kids who received smart shirts for the matches.

Group management's review

Group chart



Principal activities

The Danske Andelskassers Bank group's ('Danske Andelskassers Bank') principal activity is to engage in banking. Special focus is on offering private customers and small and medium-sized enterprises professionally competent, dedicated and easily accessible advice and solutions that fully meet the customers' needs. The bank also offers solutions to other financial institutions that enable them to provide their customers with a complete range of products.

The group got its present form in 2011 through the merger of the Danish Amalgamation of Cooperative Banks, the 16 cooperative banks in the Danish Amalgamation of Cooperative Banks and Danske Andelskassers Bank – a wholly owned subsidiary of the 16 cooperative banks – subsequent admission to trading and listing on NASDAQ OMX Copenhagen in July 2011.

In 2012, mergers were completed between several of the group's subsidiaries, resulting in the discontinuation of the three wholly owned subsidiaries DAB Invest 3 A/S, SDA Invest A/S and SDA Bolig A/S as at 15 August 2012. The remaining subsidiaries are DAB Invest A/S, whose activities comprise leasing of group properties, and DAB Invest 2 AS which invests in, develops and sells properties acquired by Danske Andelskassers Bank in connection with the settlement of customer commitments. The subsidiaries' activities represent an insignificant share of the group's overall activities and financial position.

The group's principal activity is thus focused on the parent which had a staff of 517 as at 31 December 2012, distributed onto 41 branches, six business centres, three support centres and the bank's head office in

Hammershøj, Denmark. The branches and the business centres are distributed onto six regions headed by their own regional management, ensuring broad local decision-making and insight into the bank's market areas in Jutland and on Funen. The head office comprises specialist functions within credit, pension, investment and business, among other things.

Three branches were merged with nearby branches in 2012, and in early 2012 another five branches were merged with nearby branches. At the time of publication of this annual report, the bank had 36 branches and it expects the number of branches to be further reduced in future due to declining branch visits and to ensure development opportunities and flexibility for their staff. In connection with the streamlining of the branch network, organisational changes were also made at the head office in January 2013 to better support the increasingly larger branches and growing demands. .

Development in continuing activities and financial affairs

Please note that the accounting figures for 2010 and 2009 are the audited historical financial information for the SDA group in accordance with IFRS for use in Danske Andelskassers Bank's prospectus of 7 June 2011, while the accounting figures for 2008 are based on the audited annual reports of the SDA group. The accounting figures are presented in DKKm without decimal places.

In 2012, Danske Andelskassers Bank returned a loss before tax of DKK -166m against a loss before tax of DKK -240m in 2011.

The results correspond to a return on equity before tax of -12.7% and is not satisfactory. The results were especially impacted by impairment and market value adjustments, but the continued standstill in the Danish economy has also reduced core earnings more than expected at the beginning of 2012.

The bank returned a net loss of DKK -154m in 2012 against a loss of DKK -404m in 2011. It should be noted that the bank, as of 31 December 2012, has adjusted the deferred tax assets due to tax loss to DKK

0 following a dialogue with the Danish Financial Supervisory Authority. The adjustment is incorporated in the comparative figures for 2011 and it has worsened the loss of 2011 as well as the equity as of 31 December 2011 with DKK 227m. The core capital and the solvency aren't affected by this since deferred tax assets isn't a part of these figures. In light of the loss for 2012 the bank has decided not to activate the deferred tax asset for the year - which has come as a result of the loss - of DKK 25m. This depreciation is described in detail in the section "Events after the end of the financial year".

Danske Andelskassers Bank's core earnings – profit/loss before tax less market value adjustments, impairment and sector solutions – were DKK 250m in 2012 against DKK 232m in 2011, up 8%.

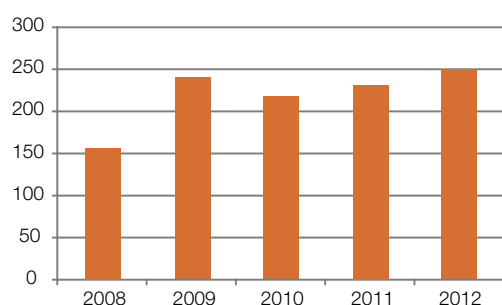
The fact that core earnings have increased in 2012 as well on the previous year is fundamentally satisfactory, but it is of course not satisfactory that core earnings have not reached the level expected in early 2012. The bank therefore revised its outlook down from DKK 270-300m to DKK 245-265m in the interim report of 22 August 2012, while also revising its outlook for a profit before tax to a loss before tax. The realised core earnings and loss before tax are included in this outlook.

Core earnings

As already mentioned, Danske Andelskassers Bank had core earnings of DKK 250m in 2012 against core earnings of DKK 232m in 2011.

The development in core earnings during the past five years is illustrated in figure 1.

Figure 1: Core earnings (2008-2012) (DKKm)



It should be noted that strong and growing core earnings have been maintained in recent years despite the fact that the balance sheet total has fallen since 2009 as will be described later. The 2012 core earnings are thus the highest in the bank's history.

Interest and fee income

Danske Andelskassers Bank's net interest and fee income amounted to DKK 750m in 2012 against DKK 743m in 2011.

Net interest income is on a par with 2011, while net fee and commission income is growing compared to 2011.

Net interest income thus amounted to DKK 529m in 2012 which is at level with 2011. Interest income fell from DKK 766m in 2011 to DKK 745m in 2012, which can especially be ascribed to the decline in loans as described in further detail later, while interest expenses fell from DKK 237m in 2011 to DKK 216m in 2012, primarily due to declining expenses relating to payables to credit institutions and central banks as well as bonds issued. The declining bond expenses are partially explained by the bond loan repayment of DKK 1,000m announced in company announcement no. 11/2012 of 16 May 2012.

The bank's net fee and commission income was DKK 216m in 2012 against DKK 209m in 2011. The underlying items display a fall in loan transaction fees due to a low demand for loans, which is offset by increased income from payment services and other fees and commissions. The increase in income from payment services in particular stems from e.g. increased cooperation with other banks on delivering solutions in this area.

Costs and depreciation/amortisation

In recent years, Danske Andelskassers Bank has focused increasingly on reducing costs and thereby increasing this part of core earnings. These efforts continued in 2012 when total costs inclusive of depreciation and amortisation fell from DKK 524m in 2011 to DKK 511m, down 2%. This should be compared to a fall of 2% from 2009 to 2010 and a fall of 11% from 2010 to 2011.

Staff costs rose from DKK 309m in 2011 to DKK 322m in 2012, while administrative expenses continued to fall from DKK 196m to DKK 177m in 2012. The reduction in administrative expenses is the result of administrative

streamlining and cost cuts, including branch mergers and the establishment of support centres, which were made possible with the reorganisation of the bank in 2011. The increase in staff costs translates into a small increase in payroll costs caused by more staff and resources being brought into some of the bank's key functions, particularly the credit operation, and costs relating to termination and severance agreements have also initially had a negative accounting effect. As regards staff costs, it should be noted that the bank's pension costs in 2011 were extraordinarily affected by an extraordinary reversal of pension provisions; excluding this provision, staff costs for 2012 were on a par with staff costs for 2011.

Other operating expenses amounted to DKK 40m in 2012 against DKK 51m in 2011, down 22%. In 2011, the item particularly comprised costs relating to the restructuring of the organisation and rationalisation expenses, while in 2012 it comprised primarily sector solution costs relating to the Deposit Guarantee Fund as well as rationalisations and reorganizations.

As a result of the rapid decline in branch visits in recent years in particular, Danske Andelskassers Bank has merged branches with other nearby branches to create larger units that provide more development opportunities and flexibility for the staff and thereby better quality advice for the customers and of course reduced costs.

In 2012, Danske Andelskassers Bank merged three branches with nearby branches, resulting in 41 branches at the end of 2012. The adjustment of the branch network continued in the beginning of 2013, bringing the total number of branches to 36 at the date of publication of these financial statements.

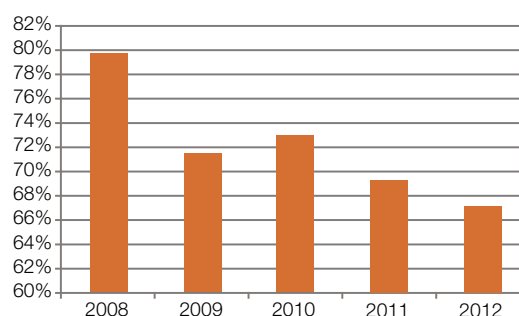
During the year, the bank also closed ATMs in the branches and elsewhere. The closures were prompted by an assessment of the use versus the cost of running the ATMs, and, especially in 2012, by several regrettable instances of ATMs being blown up using gas. In some cases, this have led to demands for removal of the ATM from the owner of the building in which the ATM was installed. The blow-ups have also increased the costs of securing the ATMs, which may lead to further ATM closures if the costs become disproportionately high.

Finally, the bank continued the establishment of support centres in 2012, which enhances the efficiency and quality of administrative work and frees up more time for customer contact.

One of the consequences of the ongoing adjustments is ongoing redundancies, reducing the number of staff from 529 at the end of 2011 to 517 at the end of 2012, and in some areas staff has been cut while in others new staff has been hired as mentioned earlier. These measures are part of the ongoing adjustment to the changed competitive situation and requirements from customers and authorities.

The result of the ongoing adjustments relative to costs is illustrated by Danske Andelskassers Bank's rate of cost, which was 67% in 2012 compared to 69% in 2011 (shown in figure 2 for the past five years).

Figure 2: Rate of cost (2008-2012)



Impairment of loans etc.

In 2012, Danske Andelskassers Bank's impairment of loans amounted to DKK 342m against DKK 378m in 2011, down 10%. Despite the fall, the level is higher than expected at the beginning of 2012 and is thus an important reason for the changed outlook in the interim report of 22 August 2012 of a profit before tax to a small loss before tax, which is confirmed by this annual report.

In recent years, the bank has carried out a major upgrading of the credit operation throughout the bank, which included an upgrading of resources and competencies in the central credit department. However, there are still long-term customers who are facing growing financial difficulties or new financial challenges, particularly as a result of the stagnant Danish economy.

This is especially the case in the agricultural sector, which accounted for almost half of Danske Andelskassers Bank's impairment in 2012, despite the fact that many of the bank's agricultural customers run sound and well-consolidated farms, just as positive trends are seen in several areas of the agricultural sector. Danske Andelskassers Bank's exposure to the agricultural sector and the assessment of the resulting risk are described in further detail on page 26.

In addition to agricultural customers, particularly small and medium-sized enterprises struggled in 2012 as domestic demand continued to slide during the year while the relative share of private customers challenged by the economic crisis has increased a little.

Table 1 shows the distribution of the bank's loans and guarantees by sector, the distribution of the total impairment and provision account and the distribution of impairment for 2012.

The impairment percentage for loans and guarantees amounted to 3.4% in 2012 against 3.2% in 2011.

Danske Andelskassers Bank's total impairment and provision account amounted to DKK 1,182m at the end of

2012, corresponding to 11.5% of the bank's total loans and guarantees.

Investment portfolio earnings

Danske Andelskassers Bank's investment portfolio earnings came to DKK -34m in 2012 against investment portfolio earnings of DKK -44m for 2011.

At the end of 2012, the bank had so-called sector shares in other companies in the financial sector with a market value of DKK 653m, shares in other listed companies with a market value of DKK 27m and other capital interests with a value of DKK 5m. Furthermore, the bank had a bond portfolio of DKK 3,682m as at 31 December 2012, most of which are AAA to A rated Danish mortgage credit bonds. The bank has no portfolio exposure to the countries in Southern Europe which were hit by the recent years' debt crisis.

The primary reason for the negative portfolio return is the development in sector shares, particularly the bank's shareholdings in GrønlandsBANKEN A/S and A/S Vinderup Bank.

As announced in company announcement no. 5/2012 of 9 March 2012, the bank sold 261,000 shares in Grøn-

Table 1: Distribution of impairment by industry

DKKm	Gross exposure	%	Total impairments	%	Impairments of the year	%
Public authorities	0	0%	0	0%	0	0%
Business:						
Agriculture, hunting and forestry	2,031,013	20%	373,243	32%	139,143	41%
Industry and raw material extraction	252,924	3%	43,599	4%	4,254	1%
Energy supply	158,943	1%	2,544	0%	140	0%
Building and construction industry	440,670	4%	63,214	5%	11,121	3%
Trade	624,281	6%	58,038	5%	5,434	2%
Transport, restaurant and hotel industry	358,094	3%	47,503	4%	15,231	4%
Information and communication	47,757	1%	6,416	1%	1,996	1%
Finance and insurance	564,408	6%	71,883	6%	15,438	5%
Real property	804,232	8%	201,809	17%	55,490	16%
Other business	964,020	9%	119,877	10%	18,177	5%
Business, total	6,246,342	61%	988,126	84%	256,426	78%
Private	4,063,705	39%	194,153	16%	75,728	22%
Total	10,310,047	100%	1,182,279	100%	342,154	100%

landsBANKEN as at the same date. Viewed separately, this increased Danske Andelskassers Bank's solvency surplus cover by 1.1 percentage point, but resulted in a capital loss of DKK 38m at the same time. This is stated under the item 'Profit/loss from investments in associates'.

Additionally, as at 22 November 2012 the general meetings in Salling Bank A/S and A/S Vinderup Bank, with Danske Andelskassers Bank owning 26.55% of the share capital in the latter, adopted a proposal to merge the two banks. In this connection, Danske Andelskassers Bank's shares in Vinderup Bank were converted into shares in Salling Bank corresponding to 12.88% (6,746,870 shares) of Salling Bank's share capital. Prior to the merger Vinderup Bank was recognised as an associate due to the size of the ownership share. As described above, the ownership share in Salling Bank has been reduced following the merger, and the company is not recognised as an associate in Danske Andelskassers Bank. The shareholding must therefore be recognised at market price against previously price/equity value, and this entails a negative market value adjustment of DKK -9m as at 31 December 2012. The adjustment is stated under the item 'Profit/loss from investments in associates'.

As off 31 December 2012 Danske Andelskassers Bank has no shares in associated companies.

Overall, 47m of the negative investment portfolio earnings can thus be attributed to the sale or conversion of shareholdings in GrønlandsBANKEN and Vinderup Bank.

Danske Andelskassers Bank pursues a generally prudent portfolio policy. Calculated according to the Danish Financial Supervisory Authority's guidelines which indicate the risk of an immediate change of 1 percentage point in the market rates, the bank's interest rate risk was 2.5% as at 31 December 2012, corresponding to DKK 37m.

As of 10 October 2009 Danske Andelskassers Bank loaned DKK 399,6m in the form of hybrid core capital in accordance with the Danish Act on Government Capital Injections in Credit Institutions (Bank Package II). This hybrid core capital can be redeemed at a rate of 100

until 9 October 2014, at a rate of 105 between 9 October 2014 and 9 October 2015 and subsequently at a rate of 110. Due to the Danish Financial Supervisory's present custom a financial institution has to carry such a rate step up to the debit side, if the financial institutions change its expectations regarding redemption to a date subsequent to a rate step up, and this has to be done of time of the changed expectations.

This is the case for Danske Andelskassers Bank and the bank has thus counted a value adjustment worth DKK -25m in the annual report. It should be noted that the ability of the equity to absorb losses isn't changed, given that the hybrid core capital figures with the revalued value when the core capital is calculated.

Uncertainty of recognition and measurement and unusual circumstances

Danske Andelskassers Bank does not consider there to have been any circumstances in 2012 that give rise to uncertainty in recognition and measurement above and beyond what is described in note 2 of this annual report.

However, it should be noted that as of the date of this Annual Report, Danske Andelskassers Bank has depreciated the bank's deferred tax assets due to tax loss with DKK 227m to DKK 0 in the Annual Report of 2011 and likewise has depreciated the deferred tax assets due to tax loss in 2012 - which have developed due to the loss for the year - with DKK 25m to DKK 0m in the Annual Report of 2012. Due to this depreciation the size of the balance sheet total as well as the equity is reduced with DKK 227m in 2011. This depreciation is described in detail in the section "Events after the end of the financial year".

Net profit/loss for the year

Danske Andelskassers Bank recorded a loss before tax of DKK -166m, which is a considerable improvement relative to 2011 when the loss before tax was DKK -240m. Nevertheless, the results are considered unsatisfactory.

Based on especially the above-mentioned impairment of the bank's tax asset, Danske Andelskassers Bank's net loss is DKK -154m compared to a net profit of DKK -404m in 2011. As mentioned above and in the section "Events after the end of the financial year" the results are

affected by the depreciation of the deferred tax assets due to tax loss in the Annual Report of 2011 and the Annual Report of 2012.

The net loss corresponds to a net return on equity of -11.8% in 2012 compared to -28.7% in 2011.

Q4 2012

Viewed separately, Danske Andelskassers Bank recorded a loss before tax of DKK -100m in Q4 2012 against DKK -113m for the same quarter in 2011.

The loss for the quarter can particularly be attributed to impairment of DKK 118m, negative market value adjustments equivalent to DKK -16m and a negative impact from the profit/loss on investments in associates of DKK -9m resulting from the conversion of the bank's shareholding in Vinderup Bank into a shareholding in Salling Bank following the merger of the two banks.

Core earnings for the quarter were DKK 57m, which is on a par with the previous quarters, and are considered satisfactory in light of the continued uncertainty in the Danish economy and the resulting cautiousness in terms of loans and investments.

Table 2 shows the highlights for the four quarters of 2012.

Table 2: Highlights for Q1-Q4 2012

DKKm	Q1	Q2	Q3	Q4
Net interest and fees income	193	188	182	187
Staff costs and administrative expenses	118	136	119	126
Impairments	54	112	59	118
Pre-tax profit	-6	-69	9	-100
Core earnings	72	51	65	62

Distribution of net profit/loss for the year

The net loss for 2012 will be covered through equity.

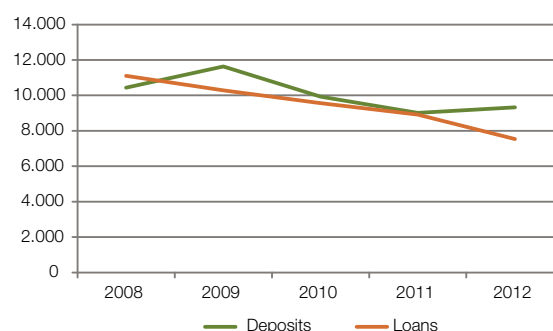
Balance sheet

Danske Andelskassers Bank's balance sheet total was DKK 13,860m as at 31 December 2012 against DKK 14,211m as at 31 December 2011, down 3 %.

An underlying increase was seen in the bank's deposits which amounted to DKK 9,324m as at 31 December 2012 against DKK 9,013m as at 31 December 2011, while a fall in loans was seen which amounted to DKK 7,537m as at 31 December 2012 against DKK 8,914m as at 31 December 2011. This corresponds to an increase in deposits of 3 % and a fall in loans of 15 %, which has further improved the bank's already satisfactory liquidity as will be described in further detail later.

Figure 3 illustrates the development in Danske Andelskassers Bank's loans and deposits over the past five years and emphasises the bank's ambition to balance these two items.

Figure 3: Loans and deposits (2008-2012) (DKKm)



In recent years, Danske Andelskassers Bank has seen a decline in loans caused by a combination of customers wish to repay existing loans and a declining willingness to take out new loans. The bank has thus seen an increase in the repayment and a reduction in new loans taken out. This is linked to the general uncertainty in the Danish economy and the resulting uncertainty among many private customers due to falling or stagnant housing prices and not least rising unemployment in the period. At the same time, business customers have been less willing to invest and expand, but have instead called for adjustments, consolidation and stronger financial buffers.

For further information about the bank's loan portfolio, which is overall comprised of 39% of total loans to private customers and 61% of total loans to business customers, particularly small and medium-sized enterprises, please refer to Danske Andelskassers Bank's loan report (available in Danish only) on the bank's website:.

<http://www.andelskassen.dk/da-DK/Om/Risikorapport%20og%20redegoerelse/Udlaansredegoerelse>.

See also the description of impairment on page 15 and risk and risk management on page 24 of this annual report.

In 2012, deposits rose after a couple of years of decline. This is a very satisfactory development and confirms a fundamental confidence in the bank.

Danske Andelskassers Bank's total guarantees were DKK 1,568m as at 31 December 2012 against DKK 1,751m as at 31 December 2011. This represents a fall of 10% which should be seen in the context of the underlying loan trends.

Liquidity

As mentioned earlier, Danske Andelskassers Bank's already satisfactory liquidity improved even further in 2012. As at 31 December 2012, the liquidity surplus cover in accordance with the statutory requirement was 251% against 159% as at 31 December 2011. The surplus cover is thus considerably higher than the 50% required by the Danish Financial Supervisory Authority's supervisory diamond.

Calculated according to the Danish Financial Supervisory Authority's guidelines, the bank's loan ratio relative to deposits was 93%, while the loan ratio was 80% when simply comparing loans and deposits. Furthermore, 96% of the bank's deposits were covered by the Guarantee Fund for Depositors and Investors as at 31 December 2012 and these deposits are therefore regarded as stable in terms of liquidity.

As described in company announcement no. 11/2012 of 16 May 2012 and in light of the favourable liquidity situation, Danske Andelskassers Bank repaid a bond loan of DKK 1,000m early which was issued and backed by a government guarantee on 18 June 2010 pursuant to the Danish Financial Stability (Amendment) Act No. 68 of 3 February 2009 (Lov om ændring af lov om finansiel stabilitet). The bank also repaid yet another bond loan of DKK 1,000m on 4 February 2013 which was issued pursuant to the above act as at 27 December 2010. This is described in further detail under 'Events after the end of the financial year'.

As announced in company announcement no. 13/2012, the bank took out a three-year loan of DKK 500m with Danmarks Nationalbank as at 28 September 2012. The loan was taken out as part of Nationalbanken's LTRO, under which Danish banks were able to take out loans on 30 March and 28 September 2012, guaranteed by the banks' loans for customers of good quality. It should be noted that, viewed separately, there was no need to take out the loan, but given the economic uncertainty in society and an overall desire for security and stability it was deemed sensible to strengthen liquidity.

Danske Andelskassers Bank has not raised liquidity beyond the above loans, and the bank's favourable liquidity situation is emphasised by the fact that, based on the figures as at 31 December 2012, the bank would have had a liquidity surplus cover of 174% if the above loan had theoretically been repaid.

Equity and subordinated debt

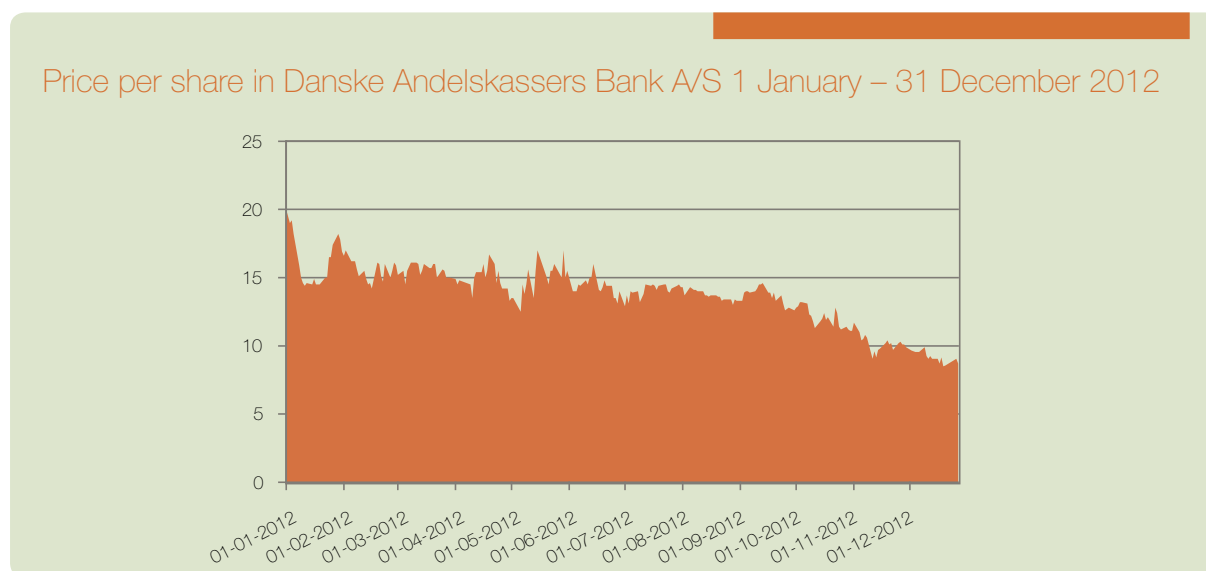
As at 31 December 2012, Danske Andelskassers Bank had equity of DKK 1,234m against equity of DKK 1,390m as at DKK 31 December 2011. The development in equity is entirely attributable to the net loss for 2012 of DKK -154m.

Equity primarily comprises the items 'Retained earnings' and 'Share capital', where the latter is described in further detail below.

Furthermore, the bank has subordinated debt in the form of hybrid core capital of DKK 400m, which in 2009 was raised pursuant to the Danish Act on Government Capital Injections in Credit Institutions (Lov om statsligt kapitalindskud i kreditinstitutter) (Bank Package II) and falls due for payment on 9 October 2014 as well as subordinated debt of DKK 325m (converted from NOK 320m using Danmarks Nationalbank's exchange rate as at 31 December 2012) which falls due on 7 February 2014.

The hybrid core capital can be repaid at a price of 105 in the period 2014-2015 and subsequently at a price of 110, while the remaining subordinated debt cannot be extended. In this context, it should be noted that the latter subordinated debt pursuant to the reduction rules on

Figure 4: Price per share



recognition of supplementary capital in the capital base is included only at 25% from 7 February 2013 against 50% at the end of 2012, which will have an isolated impact on solvency in the range of -0.8 percentage points. This will thus impact the quarterly report for Q1 2013.

Share capital

At the end of 2011 and 2012, Danske Andelskassers Bank's share capital was a nominal DKK 550.6m, made up of 55.06m shares with a value of DKK 10 each.

The total share capital in Danske Andelskassers Bank has been admitted to trading and listing on NASDAQ OMX Copenhagen. In 2012, the bank was included in NASDAQ OMX Copenhagen's Mid Cap index, but was included in the Small Cap index as at 2 January 2013.

At the end of 2011, the price of Danske Andelskassers Bank's share was DKK 19.5 per share with a nominal value of DKK 10 each. As at 31 December 2012, the price per share with a nominal value of DKK 10 each was DKK 8.7. The development during 2012 is illustrated in figure 4.

A total of 1,064,285 shares with a nominal value of DKK 10 each in Danske Andelskassers Bank were traded on NASDAQ OMX Copenhagen in 2012, equivalent to a market value of DKK 14.5m.

At the end of 2012, the bank's portfolio of treasury shares amounted to 1,384,406 shares with a nominal value of DKK 10 each, equivalent to 2.51% of the total share capital.

For further information about Danske Andelskassers Bank's shares, please refer to 'Company information' and 'Shareholder information' on page 104 of this annual report.

Solvency

Since the publication of the annual report for 2011, Danske Andelskassers Bank has used the credit reservation model to calculate the bank's solvency requirement. The transition to the 8+ model, which banks are required by law to use as of 1 January 2013, has thus not had any negative impact on the bank's solvency surplus cover.

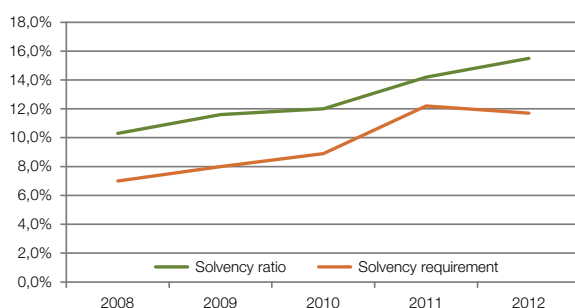
Danske Andelskassers Bank's solvency requirement was 11.7% at the end of 2012 against 12.2% at the end of 2011. The solvency ratio at the end of 2012 was 15.5% against 14.2% at the end of 2011. The calculation of the ratio at the end of 2012 is based on a capital base net of deductions of DKK1,505m and risk-weighted items of DKK 9,741m.

Danske Andelskassers Bank's solvency surplus cover was thus 3.8 percentage point(s) as at 31 December

2012, up 90% on 31 December 2011 when the solvency surplus cover was 2.0 percentage points. This is a very satisfactory development and confirms that the measures taken to strengthen the organisation have the desired effect.

Figure 5 illustrates the solvency requirement, solvency ratio and thereby the solvency surplus cover during the past five years (end of year).

Figure 5: Solvency requirement and solvency ratio (2008-2012)



Danske Andelskassers Bank's core capital ratio was 15.3% at the end of 2012 against 14.0% at the end of 2011. Core capital thus makes up 99% of the total capital base.

It should be noted that Danske Andelskassers Bank's capital structure is expected to comply with the future requirements expected to be introduced under CRD IV/ BASEL III.

See also the bank's risk report (available in Danish only) which can be found on the website:

<http://www.andelskassen.dk/da-DK/Om/Risikorapport%20og%20redegørelse/Risikorapport>.

Events after the end of the financial year.

On 17 December 2012 Danske Andelskassers Bank published a company announcement - in Danish only - regarding a depreciation of the bank's deferred tax assets, which stood at DKK 250m as of 30 September 2012, with DKK 75m. The depreciation was based partly on the enactment of changes to the tax laws in June 2012, partly on a verdict from the Danish Securities Council as of 22 October 2012 regarding the way another Danish bank,

Spar Lolland, had included a deferred tax asset in the Annual Report of 2011 and the Semiannual Report of 2012.

Subsequently Danske Andelskassers Bank has been in dialogue with the Danish Financial Supervisory Authority regarding the understanding of the Danish Securities Council's verdict in relation to accounting. It is the Danish Financial Supervisory Authority's opinion that the verdict indicates that a deferred tax asset should be depreciated in full if the financial results from previous years do not indicate a sufficient future earning capacity. Further more it is the Danish Financial Supervisory's opinion that the documentation for future earning capacity has to be very convincing if the financial reports of recent years have shown losses.

Following the dialogue the Danish Financial Supervisory Authority's send a draft for a report to Danske Andelskassers Bank requesting that the bank revaluated the value of the deferred tax assets due to tax loss. Due to this revaluation - and primarily based on the losses of recent years - the bank has, as of the date of this Annual Report, decided to depreciate the bank's deferred tax assets due to tax loss with DKK 227m to DKK 0 in the Annual Report of 2011 and likewise depreciate the deferred tax assets due to tax loss in 2012 with DKK 25m to DMM 0m in the Annual Report of 2012.

As a result of this the bank has received a reprimand from the Danish Financial Supervisory Authority regarding the inclusion of the deferred tax asset.

The depreciation affects the interim financial report of Q1 2012, H1 2012 and Q1-Q3 2012 as well. The effect can be seen in the following charts.

	Annual Report 2011	Corrected Annual Report 2011	Difference
DKK '000			
Net loss	-176,237	-403,718	-227,481
Assets	14,438,224	14,210,743	-227,481
Equity	1,617,456	1,389,975	-227,481

	Interim Report Q1 2012	Corrected Interim Report Q1 2012	Difference
DKK '000			
Net loss	-11,795	-,7175	4,620
Assets	14,535,388	14,312,527	-222,861
Equity	1,605,823	1,382,962	-222,861

DKK '000	Interim Report H1 2012	Corrected Interim Report H1 2012	Difference
Net loss	-63,851	-78,463	-14,612
Assets	13,925,578	13,683,485	-242,093
Equity	1,553,432	1,311,339	-242,093

DKK '000	Interim Report Q1- Q3 2012	Corrected Interim Report Q1- Q3 2012	Difference
Net loss	-56,820	-61,219	-4,399
Assets	14,322,581	14,090,701	-231,880
Equity	1,560,712	1,328,832	-231,880

It should be emphasised that the depreciation doesn't mean that the deferred tax asset is lost in relation to SKAT (the Danish Tax Authority). Danske Andelskassers Bank is still able to deduct future income in the deferred tax asset according to the legislation regarding this issue. This is mentioned in the Danish Financial Supervisory Authority's report regarding the reprimand.

Furthermore it should be emphasised that the depreciation is neutral in regard to solvency. It has no influence on the bank's excess solvency cover.

Finally it should be emphasised that Danske Andelskassers Bank expects to generate a future income enabling the bank to make full use of the deferred tax asset within a period of 5 to 8 years and thereby activate the deferred tax asset when the documentation is available.

It's possible to read the full report on the reprimand from the Danish Financial Supervisory Authority on Danske Andelskassers Bank's website (in Danish only) where it is published in accordance to the legislation regarding this.

In light of the highly satisfactory liquidity situation, Danske Andelskassers Bank furthermore repaid a bond loan with a nominal value of DKK 1,000m as at 4 February 2013, which is described in company announcement no. 1/2013 of the same date.

The bond loan was issued with an individual government guarantee on 29 December 2010 for repayment on 27

December 2013. When determining the loan conditions, it was agreed that the loan could not be terminated and the loan was therefore repaid through a buy-back at a small premium. Overall, however, the repayment has a minor positive effect on the bank's results for 2013.

Danske Andelskassers Bank has no other bond loans issued with a government guarantee.

Outlook for 2013.

The economic development in Denmark and the rest of the world is subject to considerable uncertainty, and there are many large and small, known and unknown factors which may impact the economic development and have significant secondary consequences.

Globally, the uncertainty at the end of 2012 was linked to the US economy and the debt crisis in Southern Europe, among other things, while Denmark is facing an overall productivity challenge and challenges relating to a continued stagnant housing market and an expected slight increase in unemployment.

On a macro-economic level, 2013 will be an exercise in balancing cut-backs on the one hand and investments and growth measures on the other hand.

The same will be the case on a micro-economic level – also in Danske Andelskassers Bank.

In recent years, the bank has undergone substantial changes, including, in particular, the restructuring of the organisation from 18 legal units into a single unit, but the strengthening of the bank's credit function, move of administrative tasks to support centres, establishment of business centres, development of staff competencies, branch mergers, staff cuts and the establishment of a new business culture are also examples of the bank's efforts to cut costs and boost earnings.

These efforts have yielded increasingly positive results in 2012, which is illustrated in the growing solvency surplus cover. The work continues in 2013, when further competency development will take place throughout the organisation. However, the year is also expected to see more branch mergers in order to increase the staff's opportunities for development and the quality of the advice provided to customers, while also cutting costs.

Danske Andelskassers Bank expects core earnings to be slightly retreating in 2013 compared to 2012 and it is mentioned that the expectations are subject to substantial uncertainty due to e.g. the uncertainty regarding the economic development in Denmark and the world as mentioned above.

Risk and risk management

Danske Andelskassers Bank's business is naturally exposed to different types of risk, which is an integral part of banking as is a constant focus on these risks as well as risk management and risk-taking.

The objective is to ensure the right balance between a stable and healthy development for the bank, the bank's risk and the price charged for the risk. Work is going into ensuring a balance between the bank's vision, mission and strategy and that the bank maintains a risk profile that matches the capital base at all times.

This is described in further detail in the bank's risk report (available in Danish only) which is available on the website

<http://www.andelskassen.dk/da-DK/Om/Risikorapport%20og%20redegoerelse/Risikorapport>

The bank has identified the following main risk types as the most important:

- Credit risk: The risk of loss occurring because counterparties default on their payment obligations
- Market risk: The risk of loss as a result of the market value of the bank's assets and liabilities changing owing to market conditions
- Liquidity risk: The risk of the bank sustaining a loss due to insufficient funds with the effect that payment obligations cannot be met from normal liquidity reserves
- Operational risk: The risk of the bank sustaining a loss due to insufficient resources or flaws in internal procedures and the risk of human or system errors occurring.
- Business risk: The risk of loss as a result of changes in external circumstances or events that damage the bank's image or earnings.

The above risk types and their management and development are described in further detail in the risk report mentioned above. Notes 33-37 also contain additional information about risk types and risk management.

The following sections should thus only be regarded as a brief account of the bank's risk management and selected risk areas.

Risk profile

The risks undertaken by Danske Andelskassers Bank and the willingness to undertake the individual types of risk stem from the bank's overall strategic objectives as determined by the Board of Directors.

The Board of Directors determines the overall policies, while the Board of Executives is responsible for the day-to-day management of the bank. The Board of Directors is responsible for ensuring that the bank has the right organisation and that risk policies and limits are defined for all significant risk types. All major credit facilities must also be presented to the Board of Directors for approval. Furthermore, the Board of Directors decide on the general principles for handling and monitoring risk. The Board of Directors receives regular reports to enable it to check that all risk policies and limits are observed.

The Board of Directors has given the Board of Executives a Section 70 Instruction based on the bank's business model and policies, and ongoing reports are prepared on the development in risks and the degree of utilisation of the limits granted. The Board of Executives delegates some of the powers granted by the Instruction to the relevant management levels and specialist areas.

The Board of Executives is responsible for the day-to-day management of the bank. This involves preparing specific instructions for the bank's risks and risk management practice, among other things. The Board of Executives reports regularly to the Board of Directors on the bank's risk exposure.

Audit committee, internal audit and external audit

The Board of Directors has appointed an audit committee, which is responsible for monitoring and checking accounting and audit-related matters and making preparations for the Board of Directors' consideration of accounting and audit-related matters. The work of the audit committee is of a preparatory nature.

The members of the audit committee are Jens Jørgensen Hald (Chairman), Jakob Fastrup, Anette Holstein and Preben Arndal (member with accounting expertise).

Danske Andelskassers Bank also has an in-house audit department, which is required by law for banks of Dan-

ske Andelskassers Bank's size. The in-house audit department reports to the Board of Directors and the Board of Executives. The work of the department is based on the annual plan approved by the Board of Directors and comprises random audits of business procedures and internal controls within significant and risky areas, including in connection with the financial reporting.

Danske Andelskassers Bank's independent auditor is appointed for one year at a time at the annual general meeting. The focus of the audit is discussed each year by the Board of Directors and the auditors following a recommendation from the audit committee.

Chief risk and compliance officers

Danske Andelskassers Bank has established a risk and compliance function as required by the Danish Financial Business Act (Lov om finansiel virksomhed). These two functions are handled by a chief risk officer and a chief compliance officer.

The chief risk officer is responsible for risk management in the group being carried out in a satisfactory manner, including having an overview of the bank's risks and the total risk picture. The chief risk officer's area of responsibility is thus the bank's risky activities across risk areas and organisational units.

The chief compliance officer is responsible for establishing methods and procedures capable of identifying and reducing the risk of sanctions being imposed on the bank or the bank damaging its reputation. Similarly, the methods and procedures established are designed to identify and reduce the risk of the bank or the bank's customers sustaining significant financial losses as a result of non-compliance with the legislation, market standards or internal rules that apply to the bank.

Areas of special risk

As mentioned above, Danske Andelskassers Bank is aware of all types of risk and continuously works to minimise the risk and/or ensure an optimum relationship between risks and opportunities.

However, special focus is on the bank's credit risks given that lending is one of the bank's primary business

areas and given the recent years' development in this area. This, coupled with the market-economic situation, means that the credit risk of the bank – as in other banks – is regarded as the most significant risk.

This is described in further detail on the following pages.

Lending

The bank believes that it has a moral responsibility as a player in society. Therefore, the lending is based on ethical, moral and environmental factors, which means that no loans are granted for purposes in violation of such factors or in non-compliance with statutory requirements. Consequently, there are transactions which the bank does not want to perform and customers with whom the bank does not wish to collaborate.

The total credit risk is managed in accordance with policies and frameworks laid down and adopted by the bank's Board of Directors which, through delegation, ensures a balanced granting system for the Board of Executives. Responsibility for monitoring, overall risk-taking and reporting to the bank's management is located centrally with Credit.

Increased monitoring is established for all customer relations developing more negatively than expected. This applies to commitments both with and without individual impairment. For such commitments, an action plan is prepared, the purpose of which is to ensure an acceptable credit risk and thus a normalisation of the customer commitment. If such a development is deemed impossible or unlikely, the bank will seek to settle the customer commitment.

All major commitments are assessed at least once a year on the basis of the financial information provided by the customer. In addition, Credit performs regular follow-ups and monitoring and reports the results of these activities to the Board of Executives and the Board of Directors.

Danske Andelskassers Bank generally wants a balanced relationship between loans to business customers and private customers, so that loans to the former make up 50-60% of total loans, while loans to private customers make up 40-50% of total loans. The bank does not want loans to any sector to account for more than 20% of total loans, and the bank does not want its lending to

exceed 10% of its capital base. The general rule is that future commitments should not exceed DKK 50m.

The bank's loans are generally spread across many small customers and sectors.

As at 31 December 2012, the bank had only 7 commitments exceeding DKK 50m, while 80% of the bank's loans were granted to customers with loans below DKK 10m and 47% were granted to customers with loans below DKK 1m. No sector accounts for more than 20% of the bank's total loans. However, the distribution between private and business customers falls just short of the bank's objectives with 39% of the bank's loans being granted to private customers and 61% being granted to business customers. The bank is aware of this, but the bank's aim is to achieve this objective through an ongoing and natural process in cooperation with the customers, which has been the case in 2012.

For further see note 34, and in this context it is worth mentioning that the number of unsecured commitments have declined during 2012.

The bank continuously seeks to match the price to the risk when pricing its commitments.

Credit organisation

Danske Andelskassers Bank continued to develop and optimise its credit organisation throughout 2012 via changed authorisation procedures, upgrading of resources and competencies in the central credit department and training of all the bank's advisers and managers etc.

Today, Danske Andelskassers Bank is deemed to have an extremely strong credit organisation as regards existing commitments, of which some are unfortunately experiencing financial challenges, and new commitments.

This benefits the bank and customers alike, including the customers whose financial challenges are addressed through action plans or similar plans.

Agriculture

The agricultural sector accounts for the proportionally largest share of Danske Andelskassers Bank's loans as well as impairment. The sector thus accounted for 20%

of the bank's loans as at 31 December 2012, 41% of the bank's impairment in 2012 and 32% of the bank's total impairment at the end of 2012 (see also the overview on page 16).

Since the foundation of the first cooperative bank, Danske Andelskassers Bank has had a relatively high exposure to the agricultural sector by way of its historical links to this sector. This means that the bank has many second- and third-generation agricultural customers, of which many run well-consolidated and sound farms.

Overall, the bank is very pleased with its cooperation with most of the customers in the portfolio.

However, the agricultural sector has experienced significant challenges in recent years, such as worsening terms of trade and declining land prices coupled with uncertainty about the framework conditions to which the agricultural sector is subject at national and particularly EU level.

These factors have also impacted some of Danske Andelskassers Bank's agricultural customers.

However, the bank believes that it has the tools needed to assist agricultural customers in financial difficulty, that it also has a fundamentally healthy distribution of agricultural customers and that it assesses its agricultural commitments in a suitably critical manner.

In particular, it is emphasised that:

- the bank has a broad and sensible distribution of agricultural customers across different subsectors within the sector, e.g. pigs, cattle, fur farming and plant production, and that these sectors have operated under very different industry conditions in recent years
- the bank has a track record of using a conservative method of farmland valuation
- the bank takes an active approach to agricultural customers in financial difficulty and works with the customer to find the right long-term solution.

Danske Andelskassers Bank believes the agricultural sector to be an integral part of the Danish economy and culture and expects that the sector will continue to play an important role in Danish society going forward.

Danske Andelskassers Bank therefore wants to use its experience and competencies to further grow the agricultural sector, but it is important for the bank that this does not harm the relationship between risk and price and the bank's other customers and shareholders etc.

Laila and Limone



Andelskassen supports Laila Carstensen from Gredstedbro and her haflinger-horse, Limone.

Thanks to the support from Andelskassen, Laila and Limone were able to go to the European Championships in Austria in the summer of 2012, and the championships turned out to be a fantastic experience.

Good corporate governance



Since the end of 2009, Danske Andelskassers Bank has at least once a year addressed the regularly updated recommendations on corporate governance in corporate governance reports based on the 'comply-or-explain' principle, of which the latest report (in Danish only) is available on the bank's website

<http://investor.andelskassen.dk/governance.cfm>

In 2012, the Board of Directors' review of the recommendations on corporate governance were based on the Committee on Corporate Governance's new/updated recommendations on corporate governance of April 2010, updated recommendations with a point to do with diversity being added in August 2011 and the Danish Financial Supervisory Authority's supplementary recommendations of December 2008.

These recommendations are available at the following websites (in Danish):

http://www.corporategovernance.dk/gaeldende_anbefalinger

<http://www.finansraadet.dk/tal--fakta/bankernes-betydning-i-samfundet/god-selskabsledelse-og-ekstern-revision.aspx>

Danske Andelskassers Bank takes an overall positive view of the recommendations and use them to supplement and aid the ongoing work on corporate governance.

The bank complies with most of the recommendations and has a continually enhanced focus on the areas where the bank does not comply with the recommendations.

These are:

- Re 3.1.2: The bank deems most of its investors to be Danish native speakers so the bank has decided not to publish information in English due to cost considerations. Essential information, including annual and interim reports, is published in Danish and English.
- Re 4.1.4: The bank wants and works to ensure diversity in the Board of Directors and at other management levels, but has not set any specific diversity ob-

jectives as recommended. The Board of Directors is aware that on 14 December 2012 a bill was passed on the implementation of such objectives and policies, and Danske Andelskassers Bank will, of course, take the appropriate action.

- Re 5.9.1: Board members are elected to the Board of Directors every two years as the Board considers an election period of two years to offer advantages over the one year recommended in terms of stable management. In connection with the bank's conversion into a public limited company in spring 2011, the election period for the incumbent Board of Directors was extended until the annual general meeting in 2014 to ensure stability and continuity.
- Re 5.11.2-5.11.4: The bank does not feel that there is a need for disclosing the method and outcome of the self-evaluation of the Board of Directors as recommended. The Board of Directors also finds that the entire Board of Directors, through its close collaboration with the Board of Executives and ongoing evaluation, has the necessary insight into the work of the Board of Executives, and no criteria have therefore been defined for an annual evaluation as recommended. Finally, the Board of Directors finds that the entire Board of Directors, through its close cooperation with the Board of Executives and ongoing evaluation, has the necessary insight into the work of the Board of Executives, and the recommended formalised dialogue is therefore not deemed to be relevant.
- Re 6.2.1: The remuneration policy is deemed to be clear and understandable and its contents are disclosed in the bank's annual report in line with the recommendations. The remuneration policy is not posted on the website as recommended, as the bank does not offer incentive pay and as such the Board of Directors has not found it relevant to post information on the bank's website. If the situation changes, the bank intends to comply with this aspect of the recommendation as well.

For further information, please refer to the corporate governance report by following the above link.

Mandatory report on Corporate social responsibility



Danske Andelskassers Bank is built on the values of the cooperative banks and particularly the desire for cooperation, a democratic mindset and strong commitment to the local community. The bank is thus also based on long-standing and natural values of good, ethical behaviour and local commitment.

In 2008, these values were first described in an actual CSR policy for the SDA group, most recently updated in December 2011, and CSR reports have been published since 2009. The policy and the bank's CSR reports (in Danish only) are available on the bank's website

<http://investor.andelskassen.dk/csr.cfm>

The CSR report for 2012 can also be found here.

Highlights from this report are outlined below.

Overall assessment

In 2012, special focus was directed on ensuring a positive development in the bank's local areas and identifying and developing staff competencies.

The efforts and results achieved in both areas were generally satisfactory and in line with expectations.

The same can be said for the bank's other CSR efforts, the bank's main focus for 2012 being core banking operations and ensuring that its customers exploited new opportunities and steered clear of any challenges during the year.

1. Overall policy

In 2012, Danske Andelskassers Bank combined local commitment, cooperation and the democratic mindset which produced the desired results. The bank has been working to ensure open and fair communication with shareholders to increase insight into the bank's affairs and the democratic participation in the bank's different bodies. However, the bank's inability to deliver a profit in 2012 is regarded as less satisfactory.

2. Business

Danske Andelskassers Bank's primary corporate social responsibility as a bank is to provide its customers with professional, competent and relevant advice, and the initiatives launched in 2012 are believed to have made a

satisfactory contribution to this. Furthermore, the investments offered to customers and the investments made by the bank itself have been characterised by a satisfactory degree of social responsibility. Our customers' investments in climate and energy-efficiency initiatives have also developed positively, and the bank believes that it is able to offer its customers the products and advice they need. Lastly, the bank's cooperation with partners in the financial sector has strengthened not only the partners – regardless of whether they are providers or buyers of services – but also the bank and its customers.

3. Employees

Danske Andelskassers Bank's most important resource is its employees. In 2012, the bank therefore continued its efforts to give its employees the best possible working conditions, e.g. by combining banks into larger units and identifying competencies to develop staff competencies in the best possible way. The establishment of different cooperative forums and the election of employees to the Board of Directors proved to be a major success in 2012.

4. Customers

Danske Andelskassers Bank had a good working relationship with customers in 2012, and both positive and negative issues were dealt with constructively by all parties. The services offered to the bank's customers were continuously optimised during the year and are believed to be satisfactory.

5. Local community

Danske Andelskassers Bank is of the opinion that initiatives that create positive growth in the local areas also create positive growth for Danske Andelskassers Bank, and it is therefore natural for the bank to devote a lot of effort to such initiatives. This is exemplified in the fact that the bank does not have an overall sponsorship plan, but supports a number of initiatives that benefit the local areas. The initiatives carried out in 2012 are believed to be satisfactory. The bank is particularly aware that its responsibility also extends to areas in which the bank is carrying out or has carried out branch mergers.

6. Climate and environment

Danske Andelskassers Bank regularly assesses how it can reduce its environmental impact. New initiatives

introduced in 2012 include the conclusion of one joint electricity agreement for the entire bank, which ensures a better overview of the opportunities in this area, and the establishment of digital signature rooms which save both resources and time. The bank also continued its focus on reducing the use of paper for printed matter, for example, and using eco-labelled paper for all necessary printed matter. Customers have received improved self-service solutions and training in how to use them. These solutions include energy loans to improve the energy efficiency of the customer's home. Generally, the bank's environmental efforts have been satisfactory in 2012 and are overall considered important to everyone, but is not an integral part of the bank's strategy.

Corporate social responsibility 2013

The economy and the financial sector are closely linked and both have faced challenges in the past years. This has called for a willingness to change and make decisions that few had imagined a couple of years ago.

As a result, there has been an increased focus on core competencies and core business – both when it comes to public services and the companies' business focus.

Of course, Danske Andelskassers Bank is no exception and the bank therefore intends to continue its focus on core areas in 2013, with special emphasis on making a difference for the local areas and the staff. Based on the objectives for 2012, the bank's objectives are:

- to contribute to a positive development in the local areas in which the bank is located
- to ensure relevant development plans and competency development plans for all the bank's employees.

Focusing on these areas and objectives is believed to have a positive rub-off on the other elements of the bank's CSR policy as strengthening staff competencies and ensuring a positive development in the local areas help to strengthen customers as well as the business.

Pay policy



Danske Andelskassers Bank has appointed a remuneration committee consisting of Jakob Fastrup (Chairman), Jens Jørgensen Hald, Poul Weber and Palle Iversen.

The remuneration committee is responsible for recommending a pay policy, including overall guidelines for incentive pay for the Board of Directors, Board of Executives, employees whose activities have a substantial influence on Danske Andelskassers Bank's risk profile ('significant risk-takers'), and employees in control functions to be approved by the Board of Directors prior to their approval by the general meeting.

Based on a recommendation by the remuneration committee, significant risk-takers are defined by the Board of Directors as follows:

- employees responsible for trade in or approval of financial instruments
- employees responsible for trade in own funds
- employees responsible for monitoring compliance with risk limits
- employees who may expose Danske Andelskassers Bank to significant credit risks.

The pay policy was most recently presented and approved by Danske Andelskassers Bank's general meeting (as part of the SDA group prior to the conversion) on 9 April 2011, and there have been no amendments to the policy since then.

Pay structure

The aim of the pay policy is to promote a pay policy and pay practice that comply with and encourage healthy and effective risk management in Danske Andelskassers Bank.

In principle, Danske Andelskassers Bank only uses fixed pay determined in accordance with the collective agreement and the employment contracts under it. The bank uses standardised employment contracts. Individual pay is determined on the basis of the above and a concrete assessment of the job description, performance and competencies.

The bank does not use variable pay elements at individual or group level, neither in the form of pay, shares, options, pension contributions nor other similar schemes.

No share option or incentive schemes have been established for management, nor does the bank offer severance pay or pension plans that are not required by law or collective agreements. It should be noted that defined-benefit plans have been established for former members of the Board of Executives.

In the event of extraordinary performance, employees can be granted a one-off consideration. Should this be the case for a member of the Board of Directors, the Board of Executives or a significant risk-taker, the consideration will be paid in accordance with Sections 77a and 77b of the Danish Financial Business Act.

Further information about remuneration for the Board of Directors, the Board of Executives and other risk-takers in 2012 can be found in note 9.

Important agreements with management

An agreement has been concluded with the members of the Board of Executives, which requires Danske Andelskassers Bank to award special severance pay equivalent to up to three years' salary in the event of a transfer of the group, for example in connection with a merger.

Otherwise no special agreements of any importance have been entered into with management.



Hviding IF

Andelskassen supports Hviding Sports Club (Hviding IF) and the support is given to the gym as well as the outdoor facilities. The Sports Club offers its members badminton, soccer, gymnastics, handball, fitness, croquet, squash, swimming and tennis - thereby being able to offer something for everybody, whether one is child or retiree and whether one prefers training indoors or outdoors.

Andelskassen has among other things sponsored reflector shirts for the senior soccer team.

Management's statement



The Board of Directors and the Board of Executives have on this day considered and adopted the annual report for the financial year 1 January – 31 December 2012 of Danske Andelskassers Bank A/S.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports of listed financial companies. The financial statements of the parent have been presented in accordance with the Danish Financial Business Act (lov om finansiel virksomhed).

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial

position as at 31 December 2012 and of the results of the group's and the parent's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 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 year 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 annual report is submitted for adoption by the general meeting.

Hammershøj, 27 February 2013

Board of Executives

Jan Pedersen
CEO

Tomas Michael Jensen
Deputy CEO

Hammershøj, 27 February 2013

The Board of Directors

Jakob Fastrup
Chairman

Jens J. Hald
Deputy Chairman
Chairman of audit committee

Preben Arndal
Member with audit expertise

Kenneth Clausen

Palle Bo Iversen

Lona Elisabeth Linding

Anette Holstein Nielsen

Jens H. Ladefoged

Jens Nørvang Madsen

Hans Jørn Madsen

Asger Pedersen

Poul Weber

Auditor's report



Internal auditors' reports

Auditors' report on the consolidated financial statements and financial statements

We have audited the consolidated financial statements and the financial statements of Danske Andelskassers Bank A/S for the financial year 1 January – 31 December 2012. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports of listed financial undertakings. The financial statements are presented in accordance with the Danish Financial Business Act.

Basis of opinion

Our audit has been performed on the basis of the Danish Financial Supervisory Authority's Executive Order on audits in financial undertakings and financial groups etc, and in accordance with international auditing standards. This requires that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements and the financial statements are free from material misstatement.

Our audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of established business procedures and internal controls, including the risk management planned by the management aimed at reporting processes and significant business risks. Based on materiality and risk, we have, on a sample basis, examined the basis of amounts and other disclosures in the consolidated financial statements and the financial statements. An audit also includes evaluating the appropriateness of accounting policies applied by the management and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the financial statements.

We have participated in the audit of material and risky areas, and we believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the established business procedures and internal controls, including the risk management

planned by the management aimed at the group's and the company's reporting processes and significant business risks, are satisfactory.

We also believe that the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2012 and of the results of the group's and the company's operations and cash flows for the financial year 1 January – 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements of listed financial undertakings as far as the consolidated financial statements are concerned and in accordance with the Danish Financial Business Act as far as the financial statements are concerned.

Statement on the management's review

We have read the management's review as required by the Danish Financial Business Act. We have not performed any procedures other than the audit performed of the consolidated financial statements and the financial statements.

Against this background, we believe that the information in the management's review is consistent with the consolidated financial statements and the financial statements.

Hammershøj, 27 February 2013

Carsten S. Graver
Audit Manager

Independent auditors' reports

To the shareholders of Danske Andelskassers Bank A/S

Auditors' report on the consolidated financial statements and financial statements

We have audited the consolidated financial statements and the financial statements of Danske Andelskassers Bank A/S for the financial year 1 January – 31 December 2012, comprising the income statement, highlights, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies for the group and the company and the cash flow statement for the group. The consolidated

financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports of listed financial undertakings. The financial statements are presented in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and the financial statements

The management is responsible for preparing consolidated financial statements which provide a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports of listed financial undertakings and for preparing financial statements which provide a true and fair view in accordance with the Danish Financial Business Act. The management is also responsible for the internal control deemed necessary for preparing consolidated financial statements and financial statements that are free from material misstatement whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the financial statements based on our audit. We conducted our audit in accordance with international auditing standards and additional requirements set out in Danish auditing legislation. This requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the consolidated financial statements and financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the consolidated financial statements and the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of consolidated financial statements and financial statements. The purpose of this is to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes

evaluating the appropriateness of accounting policies applied by the management and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the financial statements.

In our opinion, the audit evidence obtained provides a reasonable and suitable basis for our opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's assets, liabilities and financial position as at 31 December 2012 and of the results of the group's operations and cash flows for the financial year 1 January – 31 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed financial undertakings.

It is also our opinion that the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2012 and of the results of the company's operations in the financial year 1 January – 31 December 2012 in accordance with the Danish Financial Business Act.

Statement on the management's review

We have read the management's review as required by the Danish Financial Business Act. We have not performed any procedures other than the audit performed of the consolidated financial statements and the financial statements. Against this background, we believe that the information in the management's review is consistent with the consolidated financial statements and the financial statements.

Viborg, 27 February 2013

Beierholm - Statsautoriseret Revisionspartnerselskab

Jørgen Jakobsen

State Authorised Public Accountant

The Run of Egeskov Castle



At the Run of Egeskov Castle some run to win, others for the fun of it. But everybody can be sure of a wonderful experience in the beautiful surroundings of Egeskov Castle.

Andelskassen was among the sponsors of the 2012-edition which attracted more than 1,000 runners to the different race distances ranging from 3 kilometres to the half marathon. When the 2013-edition takes place 26 April 2013, Andelskassen is once again among the sponsors - for the third year in a row.

Income statement

DKK '000	Note	Group		Parent company	
		2012	2011	2012	2011
Interest income	3	745,200	766,212	747,044	768,050
Interest expenses	4	216,446	236,835	216,465	236,862
Net interest income		528,754	529,377	530,579	531,188
Share dividend etc,		6,035	4,338	6,035	4,338
Fee and commission income	5	221,813	213,580	221,813	213,580
Fees and commission paid		6,254	4,169	6,254	4,169
Net interest and fee income		750,348	743,126	752,173	744,937
Market value adjustments	6	11,536	-51,181	11,536	-50,981
Other operating income	8	10,898	13,406	8,072	9,274
Staff costs and administrative expenses	9	499,227	505,381	503,370	508,506
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	10	11,827	18,685	11,432	10,082
Other operating expenses	11	40,360	50,830	40,360	50,571
Impairment of loans and receivables etc,	12	342,154	377,616	342,154	377,616
Profit/loss from investments in associates and group enterprises	18	-45,323	6,708	-41,636	2,157
Profit/loss before tax		-166,109	-240,453	-167,171	-241,388
Tax	13	-11,721	163,265	-12,783	162,330
Net profit/loss for the year		-154,388	-403,718	-154,388	-403,718

Proposal for the distribution of net profit

Net profit/loss for the year	-154,388	-403,718
Total available for distribution	-154,388	-403,718

Reserves for net revaluation following the equity method	-6,708	6,708
Retained earnings	-147,680	-410,426
Total used	-154,388	-403,718

Earnings per share

Earnings per share (DKK)	-2.9	-7.5
Diluted earnings per share (DKK)	-2.9	-7.5

Statement of comprehensive income

Net profit/loss for the year	-154,388	-403,718	-154,388	-403,718
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Other comprehensive income				
Net revaluation of properties	-108	341	-108	341
Actuarial gains and losses on the pension obligation after tax	-1,829	-	-1,829	-
Total other comprehensive income	-1,937	341	-1,937	341

Total comprehensive income	-156,325	-403,377	-156,325	-403,377
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Balance sheet

DKK '000	Note	Group		Parent company	
		2012	2011	2012	2011
Assets					
Cash balance and demand deposits with central banks		1,090,849	304,052	1,090,849	304,052
Receivables from credit institutions and central banks	14	379,314	946,641	379,314	946,641
Loans and other receivables at amortised cost	15	7,537,283	8,914,017	7,562,804	8,950,398
Bonds at fair value	16	3,681,771	2,748,150	3,681,771	2,748,150
Shares etc,	17	685,228	612,498	685,228	612,498
Equity investments in associates	18	0	164,276	0	164,276
Equity investments in group enterprises	18	-	-	47,398	43,784
Total land and buildings	19	145,978	167,010	83,203	89,171
Owner-occupied properties		131,671	134,527	81,873	87,505
Investment properties		6,252	20,914	1,330	1,666
Properties available for sale		8,055	11,569	-	-
Other property, plant and equipment	20	13,129	21,232	13,039	21,057
Current tax assets		76	1,893	76	2,535
Deferred tax assets	21	25,296	12,513	25,296	12,513
Assets in temporary possession	22	25,525	27,847	25,525	27,847
Other assets		258,765	274,232	245,699	273,025
Prepayments		16,562	16,382	16,562	16,382
Total assets		13,859,776	14,210,743	13,856,764	14,212,329

DKK '000	Note	Group		Parent company	
		2012	2011	2012	2011
Equity and liabilities					
Payables					
Payables to credit institutions and central banks	23	1,153,975	702,060	1,153,975	702,060
Deposits and other payables	24	9,324,035	9,013,842	9,324,086	9,017,353
Bonds issued at amortised cost	25	1,016,920	2,016,294	1,016,920	2,016,294
Liabilities assumed on a temporary basis		5,599	6,288	5,599	6,288
Other liabilities		333,779	325,328	330,716	323,403
Deferred income		4	2,042	4	2,042
Total payables		11,834,312	12,065,854	11,831,300	12,067,440
Provisions					
	26				
Provisions for pensions and similar obligations		28,592	27,477	28,592	27,477
Provisions for guarantee losses		7,378	14,221	7,378	14,221
Other provisions		6,163	7,970	6,163	7,970
Total provisions		42,133	49,668	42,133	49,668
Subordinated debt					
	27				
Subordinated debt		749,499	705,246	749,499	705,246
Total subordinated debt		749,499	705,246	749,499	705,246
Equity					
Share capital		550,600	550,600	550,600	550,600
Share premium		0	252,652	0	252,652
Revaluation reserves		233	7,049	233	7,049
Retained earnings		682,999	579,674	682,999	579,674
Total equity		1,233,832	1,389,975	1,233,832	1,389,975
Total equity and liabilities		13,859,776	14,210,743	13,856,764	14,212,329

Statement of changes in equity

Group

DKK '000	Share capital	Share premium	Revaluation reserves, properties at reassessed value	Net revaluation according to the equity method	Retained earnings	Total
2012						
Equity, beginning of year	550,600	252,652	341	6,708	579,674	1,389,975
Net profit/loss for the year	-	-	-	-6,708	-147,680	-154,388
Other comprehensive income:						
Net revaluation of properties	-	-	-108	-	-	-108
Adjustment of pension obligation	-	-	-	-	-1,829	-1,829
Total other comprehensive income	-	-	-108	-	-1,829	-1,937
Comprehensive income for the year	-	-	-108	-6,708	-149,509	-156,325
Other changes in equity:						
Purchase and sale of treasury shares – net	-	-	-	-	182	182
Share premium transferred to retained earnings	-	-252,652	-	-	252,652	0
Total other changes in equity	-	-252,652	-	-	252,834	182
Equity as at 31 December 2012	550,600	0	233	0	682,999	1,233,832

Group

DKK '000	Contributed capital	Share capital	Share premium	Revaluation reserves, properties at reassessed value	Net revaluation according to the equity method	Retained earnings	Total
2011							
Equity, beginning of year	26,381	-	-	3,906	0	1,396,472	1,426,759
Net profit/loss for the year	-	-	-	-	6,708	-410,426	-403,718

Other comprehensive income:

Net revaluation of properties	-	-	-	341	-	-	341
Total other comprehensive income	-	-	-	341	-	-	341
Comprehensive income for the year	-	-	-	341	6,708	-410,426	-403,377

Other changes in equity:

Payment of contributed capital	-676	0	0	0	0	0	-676
Change in connection with company conversion	-25,705	0	0	-3,906	0	3,230	-26,381
Issue of bonus shares on company conversion	0	375,000	0	0	0	-375,000	0
Share issue	0	175,600	252,652	0	0	0	428,252
Other movements in capital, associates	0	0	0	0	0	-277	-277
Purchase of treasury shares	0	0	0	0	0	-34,325	-34,325
Total other changes in equity	-26,381	550,600	252,652	-3,906	0	-406,372	366,593
Equity as at 31 December 2011	0	550,600	252,652	341	6,708	579,674	1,389,975

Parent

DKK '000	Share capital	Share premium	Revaluation reserves, properties at reassessed value	Net revaluation according to the equity method	Retained earnings	Total
2012						
Equity, beginning of year	550,600	252,652	341	6,708	579,674	1,389,975
Net profit/loss for the year	-	-	-	-6,708	-147,680	-154,388
Other comprehensive income:						
Net revaluation of properties	-	-	-108	-	-	-108
Adjustment of pension obligation	-	-	-	-	-1,829	-1,829
Total other comprehensive income	-	-	-108	-	-1,829	-1,937
Comprehensive income for the year	-	-	-108	-6,708	-149,509	-156,325
Other changes in equity:						
Purchase and sale of treasury shares – net	-	-	-	-	182	182
Share premium transferred to retained earnings	-	-252,652	-	-	252,652	0
Total other changes in equity	-	-252,652	-	-	252,834	182
Equity as at 31/12/2012	550,600	0	233	0	682,999	1,233,832

Parent

DKK '000	Contributed capital	Share capital	Share premium	Revaluation reserves, properties at reassessed value	Net revaluation according to the equity method	Retained earnings	Total
2011							
Equity, beginning of period	26,381	-	-	3,906	0	1,396,472	1,426,759
Net profit/loss for the year	-	-	-	-	6,708	-410,426	-403,718

Other comprehensive income:

Net revaluation of properties	-	-	-	341	-	-	341
Total other comprehensive income	-	-	-	341	-	-	341
Comprehensive income for the year	-	-	-	341	6,708	-410,426	-403,377

Other changes in equity:

Payment of contributed capital	-676	0	0	0	0	0	-676
Change in connection with company conversion	-25,705	0	0	-3,906	0	3,230	-26,381
Issue of bonus shares on company conversion	0	375,000	0	0	0	-375,000	0
Share issue	0	175,600	252,652	0	0	0	428,252
Other movements in capital, associates	0	0	0	0	0	-277	-277
Purchase of treasury shares	0	0	0	0	0	-34,325	-34,325
Total other changes in equity	-26,381	550,600	252,652	-3,906	0	-406,372	366,593

Equity as at 31 December 2011	0	550,600	252,652	341	6,708	579,674	1,389,975
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The share capital is divided into 55,060,000 shares of DKK 10 each and has been fully paid in. No shares have special rights, and there are no restrictions in negotiability. There is a restriction in voting rights so that no shareholder may cast votes in excess of 1% of total share capital. The share capital consists of one share class.

Danske Andelskassers Bank A/S participates in the government guarantee scheme (Danish Contingency Plan) passed by the Danish Parliament on 10 October 2008. The bank's participation in the scheme means that as long as the Danish state has contributed hybrid core capital, dividend payments cannot exceed the net profit/loss for the year, just as no share buyback is permitted. No dividend was paid in 2011 and 2012.

Treasury shares	Group		Parent	
	2012	2011	2012	2011
Shares in circulation, number of shares				
Beginning of year	53,667,436	0	53,667,436	0
Share issue	0	55,060,000	0	55,060,000
Treasury shares purchased	900,139	1,662,462	900,139	1,662,462
Treasury shares sold	908,297	269,898	908,297	269,898
End of year	53,659,278	53,667,436	53,659,278	53,667,436
Shares issued	55,060,000	55,060,000	55,060,000	55,060,000
Holding of treasury shares	1,384,406	1,392,564	1,384,406	1,392,564
Issued shares in circulation, end of year	53,675,594	53,667,436	53,675,594	53,667,436
Holding, number of shares				
Number of shares	1,384,406	1,392,564	1,384,406	1,392,564
Nominal value, DKK '000	13,844	13,926	13,844	13,926
Fair value, DKK '000	12,044	27,155	12,044	27,155
Percentage of share capital	2.51%	2.53%	2.51%	2.53%
Holding, fair value DKK '000				
Holding, beginning of year	27,155	0	27,155	0
Purchase	12,124	40,444	12,124	40,444
Sale	12,306	6,119	12,306	6,119
Market value adjustment	-14,929	-7,170	-14,929	-7,170
Holding, end of year	12,044	27,155	12,044	27,155
Treasury shares used as security				
Number of shares	154,886	104,460	154,886	104,460
Nominal value, DKK '000	1,549	1,045	1,549	1,045
Fair value, DKK '000	1,348	2,037	1,348	2,037
Percentage of share capital	0.28%	0.19%	0.28%	0.19%

Treasury shares used as security encompass security from customers in Danske Andelskassers Bank A/S.

The holding of treasury shares is used for trade with customers and shareholders as part of the bank's ordinary banking activities. Danske Andelskassers Bank A/S has entered into a market-maker arrangement with Danske Bank.

Cash flow statement

DKK '000	2012	2011
Operating activities		
Profit/loss before tax	-166,109	-240,453
Impairment of loans/guarantees	342,154	377,616
Depreciation and impairment of property, plant and equipment	11,827	18,885
Market value adjustments of bonds and shares etc.	-11,536	51,181
Market value adjustments of associates	45,323	-6,708
Tax paid	2,366	10,811
Cash flows from operating activities	224,025	211,332
Working capital		
Change in credit institutions and central banks	451,915	-403,991
Change in bond and share portfolio	-903,768	-107,690
Change in loans	1,044,580	270,761
Change in deposits	310,193	-916,747
Change in other assets and liabilities	280	-231,947
Cash flows from working capital	903,200	-1,389,614
Investing activities		
Purchase of property, plant and equipment	-5,041	-28,760
Sale of property, plant and equipment	15,019	30,369
Sale of equipment	915	1,665
Purchase of investments	81,171	-5,319
Cash flows from investing activities	92,064	-2,045
Financing activities		
Dividend paid	0	0
Share issue	0	428,928
Purchase and sale of own equity investments	182	-60,706
Bonds issued	-1,000,000	999,850
Subordinated debt	0	0
Cash flows from financing activities	-999,818	1,368,072
Change in liquidity for the year	219,471	187,745
Cash and cash equivalents, beginning of year	1,250,693	1,062,948
Change in liquidity for the year	219,471	187,745
Cash and cash equivalents, end of year	1,470,164	1,250,693
Cash and cash equivalents, end of year:		
Cash balance and demand deposits with central banks, end of year	1,470,163	1,250,693

Notes

1. Accounting policies
2. Significant accounting estimates and assessments
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Information in compliance with schedule 20 of the Danish Financial Supervisory Authority's Executive Order on capital adequacy (Bekendtgørelse om kapitaldækning) can be downloaded at www.andelskassen.dk under 'Om andelskassen' and 'Risikorapport og udlånsredegørelse' (in Danish only).

Note 1 Accounting policies

1. Basis for preparation of annual reports

Danske Andelskassers Bank A/S is a public company domiciled in Denmark. The annual report for the period 1 January – 31 December 2011 comprises the consolidated financial statements of Danske Andelskassers Bank A/S and its subsidiaries as well as the financial statements of the parent.

On 26 May 2011, a merger was completed between the Danish Amalgamation of Cooperative Banks and Danske Andelskassers Bank A/S according to the uniting-of-interests method with Danske Andelskassers Bank A/S as the continuing company. As part of the merger, the company's shares were admitted for listing on NASDAQ OMX Copenhagen A/S.

As a result, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for the annual reports of listed financial undertakings. The financial statements of the parent are presented in accordance with the Danish Financial Business Act, including the Danish Executive Order on financial reports for credit institutions and stockbroker companies etc. On presentation of the report, the standards and interpretations that apply to financial years beginning on 1 January 2012 have been applied.

Upon transition to IFRS in 2011, IFRS 1, First-time adoption of IFRS, has been applied.

The accounting policies are described below and have been applied consistently with the consolidated annual report for 2011.

The Executive Order on financial reports for credit institutions and stockbroker companies (Regnskabsbekendtgørelsen om finansielle rapporter for kreditinstitutter og fondsmæglerselskaber) was amended with effect from 1 January 2013. However, the changes can be applied to the annual report for 2012, and, accordingly, the bank has recognised actuarial gains and losses in equity.

There is no difference between the financial results and equity calculated according to IFRS or the Executive Order on financial reports for credit institutions and stockbroker companies etc.

On the date of the presentation of the annual 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.

On 17 December 2012 Danske Andelskassers Bank published a company announcement - in Danish only - regarding a depreciation of the bank's deferred tax assets, which stood at DKK 250m as of 30 September 2012, with DKK 75m. The depreciation was based partly on the enactment of changes to the tax laws in June 2012, partly on a verdict from the Danish Securities Council as of 22 October 2012 regarding the way another Danish bank, Spar Lolland, had included a deferred tax asset in the Annual Report of 2011 and the Semiannual Report of 2012.

Subsequently Danske Andelskassers Bank has been in dialogue with the Danish Financial Supervisory Authority regarding the understanding of the Danish Securities Council's verdict in relation to accounting. It is the Danish Financial Supervisory Authority's opinion that the verdict indicates that a deferred tax asset should be depreciated in full if the financial results from previous years do not indicate a sufficient future earning capacity. Further more it is the Danish Financial Supervisory's opinion that the documentation for future earning capacity has to be very convincing if the financial reports of recent years have shown losses.

Following the dialogue the Danish Financial Supervisory Authority's send a draft for a report to Danske Andelskassers Bank requesting that the bank revaluated the value of the deferred tax assets due to tax loss. Due to this revaluation - and primarily based on the losses of recent years - the bank has, as of the date of this Annual Report, decided to depreciate the bank's deferred tax assets due to tax loss with DKK 227m to DKK 0 in the Annual Report of 2011 and likewise depreciate the deferred tax assets due to tax loss in 2012 with DKK 25m to DMM 0m in the Annual Report of 2012.

As a result of this the bank has received a reprimand from the Danish Financial Supervisory Authority regarding the inclusion of the deferred tax asset.

The effect in 2011 can be seen in the following chart.

DKK '000	Annual Report 2011	Corrected Annual Report 2011	Difference
Net loss	-176,237	-403,718	-227,481
Assets	14,438,224	14,210,743	-227,481
Equity	1,617,456	1,389,975	-227,481

It should be emphasised that the depreciation doesn't mean that the deferred tax asset is lost in relation to SKAT (the Danish Tax Authority). Danske Andelskassers Bank is still able to deduct future income in the deferred tax asset according to the legislation regarding this issue. This is mentioned in the Danish Financial Supervisory Authority's report regarding the reprimand.

Furthermore it should be emphasised that the depreciation is neutral in regard to solvency. It has no influence on the bank's excess solvency cover.

Finally it should be emphasised that Danske Andelskassers Bank expects to generate a future income enabling the bank to make full use of the deferred tax asset within a period of 5 to 8 years and thereby activate the deferred tax asset when the documentation is available.

It's possible to read the full report on the reprimand from the Danish Financial Supervisory Authority on Danske Andelskassers Bank's website (in Danish only) where it is published in accordance to the legislation regarding this.

Recognition and measurement

The annual report is presented in DKK '000.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when they are likely to occur and can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value. However, on initial recognition, property, plant and equipment and intangible assets are measured at cost. Assets and liabilities are subsequently measured as described below for each item.

On recognition and measurement, account is taken of gains, losses and risks arising before the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

Income is recognised in the income statement as earned. Costs incurred to generate earnings are recognised in the income statement. Market value adjustments of financial assets, financial liabilities and derivative financial instruments are recognised in the income statement.

2. Accounting policies

Consolidated financial statements

The consolidated financial statements comprise Danske Andelskassers Bank A/S and subsidiaries in which the group has a controlling influence on their financial and operating decisions. A controlling influence exists when Danske Andelskassers Bank A/S directly or indirectly holds more than half of the voting rights in an enterprise or otherwise has a controlling influence on managerial or operating decisions.

The consolidated financial statements are prepared by combining items of a uniform nature, eliminating internal income and expenses, internal balances as well as income and expenses from intercompany trade.

The financial statements used for the consolidation are prepared in accordance with the group's accounting policies and revised according to IFRS.

Business combinations and disposal of enterprises

Newly acquired or newly founded enterprises are recognised in the consolidated financial statements as from the time of acquisition. Enterprises divested or discontinued are recognised until the date of divestment.

Comparative figures are not restated for newly acquired, divested or discontinued enterprises. Discontinued operations are, however, presented separately.

Gains or losses on the divestment of subsidiaries and associates are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of divestment, including remaining goodwill, as well as the expected divestment or discontinuation costs.

Subsidiaries and associates are recognised in accordance with the purchase method, according to which the assets and liabilities of the newly acquired companies are measured at fair value at the time of acquisition. The tax effect of any reassessments is taken into account.

Positive differences (goodwill) between the acquisition price and fair value of assets and liabilities taken over are recognised in the balance sheet. Positive differences are not amortised, but are instead tested regularly for impairment.

Transaction costs are recognised as costs as incurred. If control is gained of an enterprise that was previously an associate, the previous ownership share is regarded as sold and repurchased at fair value. The difference between the carrying amount and the fair value is recognised in the income statement.

For intercompany business combinations, the uniting-of-interests method is used for the period in which the uniting of interests took place as if the enterprises had been combined as of the earliest period included in the consolidated financial statements. Any adjustments relating to the combination are recognised under retained earnings.

Foreign currency

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates applicable at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies which have not been settled at the balance sheet date are translated using the closing price of the particular currency. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment or the exchange rate at the balance sheet date, respectively, are recognised in the income statement as foreign currency translation adjustments.

Calculation of fair value in connection with measurement and disclosure

Derivative financial instruments and unsettled spot transactions are recognised and measured at fair value which is generally based on listed market prices. To the extent the instruments are unlisted, the fair value is determined according to generally accepted principles based on market-based parameters.

Bonds traded on the active markets are measured at fair value. The fair value is determined in accordance with the closing price at the balance sheet date.

Shares traded on the active markets are measured at fair value. The fair value is determined in accordance with the closing price at the balance sheet date.

Unlisted shares in enterprises jointly owned with other banks and other unlisted shares are measured at fair value. If no current market data are available, the fair value is determined using the enterprises' most recently presented and adopted financial statements.

Income statement

Interest, fees and commission

Interest income and expenses are recognised in the income statement in the period to which they relate. Commission and fees, which are an integral part of the effective interest rate on a loan, are recognised as a part of the amortised cost and are thus reported as income over the term of the loan.

Interest income on loans which have been either fully or partially impaired is recognised under interest income with only the calculated effective interest rate on the impaired value of the loan. Interest income is also recognised under 'impairment of loans and receivables etc.'

Commissions and fees which form part of an ongoing service are accrued over the term of the service.

Other fees are recognised in the income statement at the transaction date.

Share dividend

Share dividend is recognised in the income statement when the group is entitled to the dividend, normally when the dividend has been adopted at the company's general meeting.

Market value adjustments/translation adjustments

Market value adjustments comprise realised and unrealised market value adjustments of financial assets and other derivative financial instruments as well as adjustments of investment properties at fair value.

Other operating income

Other operating income includes other income which does not belong under any of the other items in the income statement, including income from the operation of investment properties and gains on the sale of assets acquired on a temporary basis and properties available for sale.

Staff costs and administrative expenses

Staff costs comprise wages and salaries as well as social contributions and pensions etc. Costs relating to staff payments and benefits, including anniversary bonuses, are recognised as the staff perform the work services entitling them to these payments and benefits.

Contribution-based pension schemes have been agreed with the majority of the employees. In the contribution-based schemes, fixed contributions are paid, and there is no obligation to make further contributions.

In addition to this, defined benefit schemes have been agreed with former members of the Board of Executives, involving an obligation to pay a defined benefit on retirement. Changes in the pension obligation which cannot be attributed to actuarial gains and losses are recognised in pension costs. Actuarial gains and losses are recognised directly in equity.

Other operating expenses

Other operating expenses comprise expenses which do not belong under any other items in the income statement, including contributions to sector solutions and expenses concerning properties available for sale and non-recurring costs regarding the bank's reorganisation.

Impairment of loans and receivables etc.

Impairment of loans and receivables etc. consists of impairment of loans, receivables from credit institutions and central banks and other receivables which may involve a credit risk as well as provisions for guarantees and unutilised credit facilities and subsequent adjustments of the value of such items.

Impairment of guarantees is recognised as a provision for guarantee losses under 'Provisions'. Impairment of unutilised credit facilities is recognised as other provisions under 'Provisions'.

Balance sheet

Financial assets in general

Classification is made only in the consolidated financial statements as per IFRS.

The purchase and sale of financial assets are recognised on the settlement date at fair value. Changes in the fair value of the unsettled financial instrument are recognised between the trading day and the settlement day.

Transaction costs are added on initial recognition of financial assets that are not subsequently measured at fair value in the income statement.

On initial recognition, financial assets are attributed to one of the following categories:

- Trading portfolio comprising shares and bonds held with a view to short-term profit-making and derivative financial instruments which are assets.
- Financial assets attributable to the fair value in the income statement comprising bonds and shares which do not form part of the trading portfolio, but which are managed and evaluated on a fair value basis.
- Loans and receivables comprising loans and other receivables, cash balance and demand deposits with central banks, receivables from credit institutions and central banks and other assets besides derivative financial instruments.

Financial assets are not reclassified upon initial recognition.

Financial assets forming part of the trading portfolio or attributable to the fair value in the income statement are measured at fair value with recognition of fair value changes in the income statement.

Loans and receivables are measured at amortised cost which usually corresponds to the nominal value less establishment fees which make up some of the effective interest rate and impairment for bad debts which have occurred, but have not yet been realised.

Cash balance and demand deposits with central banks

Cash balance and demand deposits consist of the bank's holding of national and foreign notes and coins as well as demand deposits with central banks.

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks comprise receivables from credit institutions and time deposits with central banks. The receivable is measured at fair value on initial recognition and subsequently at amortised cost.

Loans and other receivables

Loans and other receivables comprise loans for customers and other receivables, including mortgages, and are recognised at amortised cost.

Impairment of loans and other receivables as well as provisions for guarantees and unutilised credits granted are made individually and collectively. Write-downs for bad debts are made when there is an objective indication of impairment.

For individual impairment, an objective indication is at least considered to exist in one or more of the following circumstances:

- The borrower is in serious financial difficulties
- The borrower is in breach of contract, e.g. he has failed to pay instalments and interest
- The borrower is granted reliefs in respect of the loan terms, which would not have been granted if it had not been for the financial difficulties of the borrower
- The borrower is likely to go bankrupt or be party to some other form of financial reorganisation

Impairment is made by an amount corresponding to the difference between the carrying amount before the impairment and the present value of the expected future loan payments. The expected future payments are calculated on the basis of the debtor's ability to pay, realisation of security in 6 to 12 months' time and any dividend. The effective interest rate is used as the discount rate.

Loans which have been impaired individually are included in the group impairment.

For loans and receivables which have not been impaired individually, a group assessment is made of whether an objective indication of impairment exists for the group.

The group assessment is made of groups of loans and receivables with similar characteristics in terms of credit risk. Eleven groups are used: one group of public authorities, one group of private customers and nine other groups of business customers, the latter being divided into industry groups.

The group assessment is based on a segmentation model developed by The Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, which is in charge of the ongoing maintenance and development. The segmentation model defines the relationship between losses realised in the individual groups and a number of significant explanatory macroeconomic variables through a linear regression analysis. The explanatory macroeconomic variables comprise unemployment, housing prices, interest rates, number of bankruptcies/compulsory sales etc.

Generally, the calculation of the macroeconomic segmentation model is based on loss data for the entire banking sector. Danske Andelskassers Bank has therefore assessed whether the model estimates reflect the credit risk to which its own loan portfolio is exposed. The assessment has resulted in an adaptation of the model estimates to the bank's own business, after which the adapted estimates form the basis of the calculation of the group impairment. Furthermore, the adapted estimates have been corrected to allow for the changed economic trends.

Each group of loans and receivables results in an estimate which reflects the percentage impairment associated with a specific group of loans and receivables at the balance sheet date. By comparing the current loss risk of the individual loan with the original loss risk of such loan and the loss risk of the loan at the beginning of the current accounting period, the contribution of the individual loan to the group impairment is calculated. The impairment is calculated as the difference between the carrying amount and the discounted value of the expected future payments.

Shares

Shares comprise shares traded on active markets and unlisted shares in companies jointly owned with several other banks as well as other unlisted shares. Shares traded on the active markets are measured at fair value. The fair value is determined in accordance with the closing price at the balance sheet date. Illiquid shares or unlisted equity investments are measured at fair value.

Bonds

The item comprises bonds traded on an active market. Bonds traded on active markets are measured at fair value. The fair value is determined in accordance with the closing price for the specific market at the balance sheet date. Redeemed bonds are measured at their present value.

Leases

Leases are classified as finance leases when all significant risks and returns associated with the right of ownership to an asset are transferred to the lessee. All other leases are classified as operating leases. The bank has entered into operating leases only.

Equity investments in associates

Equity investments in associates are recognised in the consolidated financial statements and the parent financial statements at the proportionate share of the equity value at the balance sheet date.

The company's share of the enterprises' profit or loss after tax and after eliminating unrealised internal gains and losses is recognised in the income statement, while shares in items recognised in other comprehensive income in the company are recognised in other comprehensive income.

Net revaluation of equity investments is transferred to reserves under equity to the extent the carrying amount exceeds cost. Impairment is recognised and deducted from any positive reserves as long as there are any reserves against which it can be offset.

When acquiring or divesting associates, the enterprise's results are included in the income statement from the date of acquisition until the date of divestment, respectively.

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the parent financial statements at the proportionate share of the equity value at the balance sheet date.

The company's share of the enterprises' profit or loss after tax and after eliminating unrealised internal gains and losses is recognised in the income statement, while shares in items recognised in other comprehensive income in the company are recognised in other comprehensive income.

Net revaluation of equity investments is transferred to reserves under equity to the extent the carrying amount exceeds cost. Impairment is recognised and deducted from any positive reserves as long as there are any reserves against which it can be offset.

When acquiring or divesting associates, the enterprise's results are included in the income statement from the date of acquisition until the date of divestment, respectively.

Investment properties

Investment properties comprise properties that are mainly owned for the purpose of receiving rent income and/or capital gains in a sale.

On initial recognition, investment properties are measured at cost and subsequently at fair value. Adjustment to fair value and rent income are recognised in the income statement under 'Market value adjustments/translation adjustments' and 'Other operating income'.

As a general rule, the fair value of investment properties is determined on the basis of the property's expected return and a return percentage fixed individually for each property. The return percentage depends on the location, property type and uses, layout and state of repair as well as the terms of the lease agreement.

Domicile properties

Domicile properties are properties which the bank uses for administrative functions, as a branch or other service activities. Properties are considered to be domicile properties if most of the building's total floor space is used for banking operations.

On initial recognition, domicile properties are measured at cost which comprises the acquisition price and costs directly related to the acquisition until such time as the property is ready for use. The property is subsequently measured at a revalued amount which is the fair value at the date of revaluation less subsequently accumulated depreciation.

Notes

Revaluations are carried out so frequently that the carrying amount does not differ much from the fair value at the balance sheet date.

Fair value is calculated using the ROC method, which takes rent income, costs and return requirements into account. The group applies its own valuation model for the fixing of the fair value. This model is based on a geographic division of properties, including the estimated market rent of the area in question. The return requirement is based on the interest on a mortgage credit bond with a term to maturity of 30 years plus 0.25-5.0%, depending on the geographical location of the property. In special cases, the fair value is determined by independent surveyors.

Increases in the revalued amount of the domicile properties are recognised under other comprehensive income and tied to provisions for revaluations unless the increase corresponds to a reduction in value which was previously recognised in the income statement.

A decline in the revalued amount of the domicile properties is recognised in the income statement unless the decline corresponds to an increase in value which was previously recognised in other comprehensive income. In that case, the reduction in value is reversed to other comprehensive income.

Depreciation is calculated according to the straight-line method over the expected useful lives of the assets which are 25-50 years for buildings and 10-20 years for rebuilding costs. Useful lives and residual values are re-assessed annually. Land is not depreciated.

Installations are depreciated according to the straight-line method over a period of 20 years.

Properties available for sale

Properties available for sale are domicile properties that have been put up for sale because the branch operations have closed down.

Operating expenses incurred until the property has been sold are recognised in the income statement under 'Other operating expenses'.

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost comprises the acquisition price and costs directly related to the acquisition until such time as the asset is ready for use.

Depreciation is provided according to the straight-line method over the assets' expected useful lives of 3-5 years and is re-assessed annually.

Other property, plant and equipment are assessed for any need for impairment when there is an indication of impairment, and are written down to the recoverable amount which is the higher of the net selling price and the value in use.

Assets in temporary possession

Assets in temporary possession comprise assets taken over as a result of the settlement of customer commitments where the intention is to sell the assets within 12 months. Assets taken over are measured at the lower of the carrying amount and fair value less costs relating to the sale. Assets in temporary possession are not depreciated/amortised.

Other assets

Other assets comprise assets which are not placed under other asset items. The item primarily comprises interest and commission measured at amortised cost as well as derivative financial instruments measured at fair value.

Prepayments and deferred income

Prepayments and deferred income comprise costs incurred in respect of subsequent financial years.

Prepayments and deferred income are measured at cost.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. Transaction costs are deducted from financial liabilities that are not subsequently measured at fair value.

On initial recognition, financial liabilities are attributed to one of the following categories:

- Trading portfolios comprising derivative financial instruments that are liabilities

- Other financial liabilities comprising the items Other liabilities, except for Derivative financial instruments, Payables to credit institutions and central banks/deposits and Subordinated debt/bonds issued.
- Financial guarantees

Liabilities belonging to the trading portfolio are measured at fair value with recognition of value adjustments in the income statement.

Other financial liabilities are measured at amortised cost. When calculating the amortised cost, an estimate is made of the expected future interest payments. If the interest rate changes during the term of the liability in excess of what follows from a floating interest rate, these are included to the extent that the loan is not expected to be repaid prior to the change.

Financial guarantees are measured at the higher of the deferred commission income and the provision for guarantee losses. See the 'Loans and receivables' section for a specification of provisions for guarantee losses.

Other liabilities

The item comprises equity and liabilities which are not placed under other items under equity and liabilities and comprise, among other things, negative market values of spot transactions, derivative financial instruments recognised at fair value and interest due recognised at amortised cost.

Deferred income

Deferred income recognised under equity and liabilities comprises commission received etc. which concern the subsequent accounting period.

Prepayments and deferred income are measured at cost.

Payables to credit institutions and central banks/deposits

Payables to credit institutions and central banks as well as deposits are valued at amortised cost.

Liabilities acquired on a temporary basis

Liabilities acquired on a temporary basis comprise mortgage debt in mortgage credit institutions acquired in connection with the realisation of assets as a result of the settlement of customer commitments.

Subordinated debt/bonds issued

When recognising subordinated debt/bonds issued, any embedded derivatives and equity elements are separated. Embedded derivatives are treated as independent derivatives, while equity elements are recognised directly in equity. Initial recognition is made at fair value, while subsequent recognition is made at amortised cost.

Taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to the profit or loss for the year, and directly in other comprehensive income or equity with the portion attributable to these items.

Current tax payable and tax receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of previous years and for taxes paid on account.

Deferred tax is recognised on all temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax assets, including the tax value of tax losses for carryforward, are recognised in the balance sheet at the value at which the asset is expected to be realised either by offsetting against deferred tax liabilities or as net assets.

The parent is taxed jointly with all Danish companies in which it exercises a controlling influence. The current Danish income tax is distributed between the jointly taxed Danish companies in proportion to their taxable incomes (full distribution with refund concerning tax losses).

Provisions

Employee obligations and other liabilities that are uncertain as to size or date of settlement are recognised when it is probable at the balance sheet date that financial resources will flow from the group and such liabilities can be measured reliably.

Liabilities are measured using the best estimate of the costs necessary to realise the liability. In connection with the measurement of provisions, discounting is made wherever relevant.

Pension provisions comprise only defined-benefit pension obligations towards former members of the Board of Executives and are determined at the present value of the expected future payments in accordance with an actuarial calculation.

Equity

Costs regarding an increase in the share capital are recognised in equity. If the capital increase is not completed at the balance sheet date, the costs are recognised as described when the completion is likely to happen.

Revaluation reserves

Revaluation reserves comprise revaluation of the group's domicile properties at the reassessed value after tax as well as revaluation of equity investments in associates according to the equity method, and, for the parent, also revaluation of equity investments in group enterprises according to the equity method.

Revaluations are reversed when the revaluation can no longer be justified.

Other reserves

In the financial statements of the parent, other reserves comprise value adjustments of equity investments in group enterprises and associates according to the equity method. The reserve is affected by other changes in equity and by full or partial realisation of the equity investments.

Proposed dividend

Proposed dividend is recognised as a liability at the time of its adoption by the general meeting. Proposed dividend for the year is included in equity until its adoption by the general meeting.

Treasury shares

Treasury shares are not recognised as assets. Purchase and selling prices as well as dividend from treasury shares are recognised directly in retained earnings under equity.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when it is legally possible to do so, and when it is the bank's intention to offset or settle the asset and the liability at the same time.

Hedging

No financial instruments meet the criteria for fair value hedging or cash flow hedging. The special accounting provisions applying to hedging instruments are thus not used.

Cash flow statement

The cash flow analysis is carried out using the indirect method.

The cash flow statement shows the cash flows divided into cash flows from operating activities, investing activities and financing activities for the year, changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year. Cash flows from operating activities are determined using the indirect method as the profit or loss before tax adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities comprise payments relating to the purchase and sale of non-current assets. Cash flows from financing activities comprise dividend paid and changes in equity and the arrangement and repayment of bonds issued and subordinated debts.

Cash and cash equivalents comprise cash balance, demand deposits with central banks and receivables from credit institutions and central banks falling due within less than three months.

Note 2

Significant 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. If these assumptions are changed, it may impact the presentation of the financial statements considerably.

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.

The economic slowdown causes greater uncertainty when measuring the commitments. Consequently, it cannot be ruled out that a continued negative development in sectors where the bank has substantial commitments or change in practice for one reason or another could lead to further impairment. If it can be established that not all future payments will be received, determining the size of the expected payments, including realisation values of security and expected dividend payments from estates, is also subject to significant estimates. Rising interest rates also constitute uncertainty when measuring the value of commitments with low creditworthiness. When determining the individual solvency requirement, the bank has recognised the inherent credit risk resulting from an interest rate increase of 2 percentage points.

When measuring security in the form of mortgages on fully or partially leased commercial properties or residential properties, the return requirement is one of the bank's most important preconditions. The property value is determined on the basis of an assessment of the return requirement an investor is expected to have for a property in the relevant category. At present, the return requirement for such properties is essentially 5-10%. The size of the return requirement depends on geography, location, property uses (commercial/residential), state of repair and any releasing and thereby the vacancy level etc. The impairment tests made

assume that the properties will be sold in the short term. As a result of the current and recent years' economic uncertainty, the valuation of security furnished for the bank's commitments is still subject to uncertainty, and the security furnished for commercial properties is still affected to a large degree by the current estimates of return requirements in the property market.

The impairment is calculated in accordance with the Danish Financial Supervisory Authority's guidelines. The value of farmland is a significant factor in the impairment of agricultural commitments. Depending on the property's geographical location, a price per hectare of DKK 120-175k is used to calculate impairment of agricultural commitments where there is an objective indication of impairment. The typical price per hectare is DKK 130 k.

As regards private customers, the calculation of impairment is subject to uncertainty as the bank finds that although some of the customers are able to service their loans now, demands for further instalment or interest payments will put pressure on their ability to pay. To this should also be added that many home owners will not be able to sell their home without incurring a loss.

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, 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 taking into account short-term sales.

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 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, trade and shareholders' agreements etc.

Deferred tax assets

Deferred tax assets encompass tax-deductible temporary differences and taxable losses allowed for carryforward.

Taxable losses allowed for carryforward are included in the statement of deferred tax assets to the extent that tax profits are likely to be realized 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. The taxable losses allowed for carryforward are furthermore factored in according to the rules of tax and accounting in force as well as interpretations based on verdicts from the Financial Council.

On 13 June 2012 the Danish Parliament (the Folketing) adopted a model limiting the access to take advantage of taxable losses allowed for carryforward. As of 2013 it's always possible to deduct an amount of up to DKK 7.5m from taxable income and the remaining loss can, at the most, reduce the remaining income with 60%. The right to use the taxable loss isn't lost but the period, in which the taxable loss should be used, is extended.

Verdict from the Danish Securities Council as of 22 October 2012 regarding the way another Danish bank, Spar Lolland, had included a deferred tax asset indicate that a deferred tax asset should be depreciated in full if the recent financial results doesn't indicate a future earning capacity.

Taxable losses allowed for carryforward, which aren't included in the statement, are treated as a contingent asset.

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.

Notes

Note 3	Interest income DKK '000	Group		Parent	
		2012	2011	2012	2011
	Receivables from credit institutions and central banks	3,565	12,770	3,565	12,770
	Loans and other receivables	658,134	681,311	659,978	683,149
	Bonds	76,695	62,905	76,695	62,905
	Currency, interest rate, share, commodity and other contracts and derivative financial instruments	6,806	9,176	6,806	9,176
	Other interest income	0	50	0	50
	Total	745,200	766,212	747,044	768,050

Of which income from genuine sales and repurchase transactions recognised under:

Receivables from credit institutions and central banks	7	0	7	0
Loans and other receivables	0	0	0	0

Note 4	Interest expenses DKK '000	Group		Parent	
		2012	2011	2012	2011
	Credit institutions and central banks	2,733	10,254	2,733	10,254
	Deposits and other payables	119,168	117,080	119,187	117,107
	Bonds issued	34,895	50,550	34,895	50,550
	Subordinated debt	58,855	58,922	58,855	58,922
	Other interest expenses	795	29	795	29
	Total	216,446	236,835	216,465	236,862

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

Credit institutions and central banks	78	0	78	0
Deposits and other payables	0	0	0	0

Note 5	Fee and commission income DKK '000	Group		Parent	
		2012	2011	2011	2011
	Securities trading and safe custody accounts	63,638	68,371	63,638	68,371
	Payment services	16,099	17,171	16,099	17,171
	Loan transaction fees	23,266	28,226	23,266	28,226
	Guarantee commission	20,322	24,373	20,322	24,373
	Other fees and commission	98,488	75,439	98,488	75,439
	Total	221,813	213,580	221,813	213,580

Like other banks, Danske Andelskassers Bank has concluded a cooperation agreement with DLR Kredit under which the bank receives guarantee commission for loss guarantees furnished. Losses on the bank's customers are offset against future guarantee commission, and for each year, DLR Kredit can only offset losses corresponding to the guarantee commission..

Note 6	Market value adjustments DKK '000	Group		Parent	
		2012	2011	2012	2011
	Bonds	-3,626	-4,419	-3,626	-4,419
	Shares etc.	34,331	-38,539	34,331	-38,539
	Currency	5,944	-5,464	5,944	-5,464
	Other assets	0	-200	0	0
	Currency, interest rate, share, raw material and other contracts and derivative financial instruments, total	183	-2,559	183	-2,559
	Financial obligations	-25,296	0	-25,296	0
	Total	11,536	-51,181	11,536	-50,981

Notes

Note 7 Net financials (Group)

DKK '000	Interest income	Interest expenses	Net interest	Market value adjustments	Dividend	Total
2012						
Net financials at amortised cost:						
Receivables from and payables to credit institutions and central banks	3,565	2,733	832	0	0	832
Loans and deposits	658,134	119,168	538,966	0	0	538,966
Bonds issued	0	34,895	-34,895	0	0	-34,895
Subordinated debt	0	58,855	-58,855	0	0	-58,855
Other financial items	0	795	-795	-25,296	0	-26,091
Total	661,699	216,446	445,253	-25,296	0	419,957
Net financials at fair value:						
Trading portfolio	76,695	0	76,695	7,580	6,035	90,310
Shares in the financial sector	0	0	0	29,069	0	29,069
Financial instruments	6,806	0	6,806	183	0	6,989
Total	83,501	0	83,501	36,832	6,035	126,368
Total net income from net financials	745,200	216,446	528,754	11,536	6,035	546,325

Net financials (Group)

DKK '000	Interest income	Interest expenses	Net interest	Market value adjustments	Dividend	Total
2011						
Net financials at amortised cost:						
Receivables from and payables to credit institutions and central banks	12,770	10,254	2,516	0	0	2,516
Loans and deposits	681,311	117,080	564,231	0	0	564,231
Bonds issued	0	50,550	-50,550	0	0	-50,550
Subordinated debt	0	58,922	-58,922	0	0	-58,922
Other financial items	50	29	21	0	0	21
Total	694,131	236,835	457,296	0	0	457,296
Net financials at fair value:						
Trading portfolio	62,905	0	62,905	-18,701	4,338	48,542
Shares in the financial sector	0	0	0	-29,921	0	-29,921
Financial instruments	9,176	0	9,176	-2,559	0	6,617
Total	72,081	0	72,081	-51,181	4,338	25,238
Total net income from net financials	766,212	236,835	529,377	-51,181	4,338	482,534

Notes

Net financials (Parent)

DKK '000	Interest income	Interest expenses	Net interest	Market value adjustments	Dividend	Total
2012						
Net financials at amortised cost:						
Receivables from and payables to credit institutions and central banks	3,565	2,733	832	0	0	832
Loans and deposits	659,978	119,187	540,791	0	0	540,791
Bonds issued	0	34,895	-34,895	0	0	-34,895
Subordinated debt	0	58,855	-58,855	0	0	-58,855
Other net financials	0	795	-795	-25,296	0	-26,091
Total	663,543	216,465	447,078	-25,296	0	421,782
Net financials at fair value:						
Trading portfolio	76,695	0	76,695	7,580	6,035	90,310
Shares in the financial sector	0	0	0	29,069	0	29,069
Financial instruments	6,806	0	6,806	183	0	6,989
Total	83,501	0	83,501	36,832	6,035	126,368
Total net income from net financials	747,044	216,465	530,579	11,536	6,035	548,150

Net financials (Parent)

DKK '000	Interest income	Interest expenses	Net interest	Market value adjustments	Dividend	Total
2011						
Net financials at amortised cost:						
Receivables from and payables to credit institutions and central banks	12,770	10,254	2,516	0	0	2,516
Loans and deposits	683,149	117,107	566,042	0	0	566,042
Bonds issued	0	50,550	-50,550	0	0	-50,550
Subordinated debt	0	58,922	-58,922	0	0	-58,922
Other net financials	50	29	21	0	0	21
Total	695,969	236,862	459,107	0	0	459,107
Net financials at fair value:						
Trading portfolio	62,905	0	62,905	-48,622	4,338	48,742
Shares in the financial sector	0	0	0	-18,501	0	-29,921
Financial instruments	9,176	0	9,176	-2,559	0	6,617
Total	72,081	0	72,081	-50,981	4,338	25,438
Total net income from net financials	768,050	236,862	531,188	-50,981	4,338	484,545

Notes

Note 8 Other operating income

DKK '000	Group		Parent	
	2012	2011	2012	2011
Proceeds from the sale of domicile properties	1,704	935	1,704	935
Proceeds from the sale of temporarily acquired properties	2,402	0	2,402	0
Proceeds from the sale of operating equipment	474	334	474	334
Fee, other banks *)	2,558	2,699	2,558	2,699
Other operating income	837	5,268	837	5,268
Operation of investment properties				
Rent income	1,262	2,463	100	41
Operating expenses	400	646	3	3
Profit	2,061	2,353	0	0
Total	10,898	13,406	8,072	9,274

*) A number of banks have outsourced a range of IT, payroll administration, auditing and accounting tasks to Danske Andelskassers Bank A/S.

Note 9 Staff costs and administrative expenses

DKK '000	Group		Parent	
	2012	2011	2012	2011
Staff costs	321,910	309,289	321,910	309,289
Other administrative expenses	177,317	196,092	181,460	199,217
Total	499,227	505,381	503,370	508,506

Staff costs

Salaries	259,599	259,643	259,599	259,643
Pension	29,409	15,856	29,409	15,856
Tax on labour costs	30,445	30,783	30,445	30,783
Social security expenses	2,457	3,007	2,457	3,007
Total	321,910	309,289	321,910	309,289

Of which salaries and remuneration for Board of Directors, Board of Executives and important risk takers:

Board of Directors:

2012	Directors' remuneration	Audit committee	Nomina-tion committee	Remune-ration committee	Local strategy committee	Total
DKK '000						
Board of Directors:						
Chairman, Jakob Fastrup	500	50	25	25	0	600
Deputy Chairman, Jens J. Hald	250	50	25	25	0	350
Preben Arndal, member with audit expertise	150	100	6	0	0	256
Kenneth Clausen	150	0	25	0	0	175
Jens H. Ladefoged	150	0	6	0	19	175
Jens Nørvang Madsen	150	0	6	0	19	175
Hans Jørn Madsen	150	0	6	0	19	175
Asger Pedersen	150	0	25	0	0	175
Poul Weber	150	0	25	25	19	219
Lona E. Linding	113	0	19	0	19	150
Anette Holstein	113	38	0	0	0	150
Palle Bo Iversen	113	0	0	19	0	131
Total	2,138	238	169	94	94	2,731

2011	Directors' remuneration	Audit committee	Nomination committee	Remuneration committee	Total
DKK '000					
Board of Directors:					
Chairman, Jakob Fastrup	500	50	25	25	600
Deputy Chairman, Jens J. Hald	250	50	25	25	350
Preben Arndal, member with audit expertise	150	100	25	0	275
Kenneth Clausen	150	50	25	0	225
Jens H. Ladefoged	150	50	25	0	225
Jens Nørvang Madsen	150	50	25	0	225
Hans Jørn Madsen	150	50	25	0	225
Asger Pedersen	150	50	25	0	225
Poul Weber	150	50	25	25	250
Total	1,800	500	225	75	2,600

Board of Executives:

DKK '000	2012	2011
Jan Pedersen, CEO		
Contractual remuneration	3,364	3,195
Pension	348	345
Total	3,712	3,540
Tomas Michael Jensen, Deputy CEO		
Contractual remuneration	1,929	-
Pension	205	-
Total	2,134	-

Tomas Michael Jensen became Deputy CEO 1 January 2012

Conditions for termination:	Jan Pedersen	Tomas Michael Jensen
Bank's notice of termination	24 months	24 months
Board of Executives' notice of termination	24 months	6 months
Compensation in the event of termination by the bank	12 months' pay	
Compensation for surviving relatives in the event of death before the age of 65	18 months' pay	12 months' pay

Payment of compensation in the event of death requires that the person was employed at the time of death.

Remuneration for former member of the Board of Executives

DKK '000	2012	2011
Vagn T. Raun, CEO		
Contractual remuneration	3,330	3,307
Pension	276	274
Total	3,606	3,581

Vagn T. Raun retired from the Board of Executives as of 31 December 2011 and works as a consultant for the bank, reporting directly to the Board of Directors. Vagn T. Raun's pay remains unchanged until his retirement in 2015.

Tax deduction for pay for Board of Executives	2,924	3,563
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Other members of staff whose activities have a major influence on the bank's risk profile:

DKK '000	Group		Parent	
	2012	2011	2012	2011
Contractual remuneration	13,751	13,084	13,751	13,084
Pension	1,445	1,419	1,445	1,419
Total	15,196	14,503	15,196	14,503
Number of persons	22	19	22	19

Pension conditions for Board of Directors, Board of Executives and special risk takers:

	Board of Directors	Board of Executives	Special risk takers
Pension	None	Defined contribution through pension insurance company, with contributions being expensed on an ongoing basis	Defined contribution through pension insurance company, with contributions being expensed on an ongoing basis
Annual pension	None	The bank contributes 11% of salary until the person turns 65 years old. Retirement is due no later than the person turns 70 years old.	The bank contributes 11% of salary until the end of the turn of employment or at the retirement no later than the person turning 70 years old.

In addition, Danske Andelskassers Bank A/S has defined-benefit pension obligations for former members of the Board of Executives. The obligations have been actuarially determined and are specified in note 26.

Danske Andelskassers Bank A/S have not established any incentive schemes for management or employees, just as no agreements on share-based remuneration have been concluded.

The Board of Directors of Danske Andelskassers Bank A/S has appointed a remuneration committee in accordance with Executive Order no. 122 of 7 February 2012 on remuneration policy and public disclosure of salaries in financial institutions and financial holding companies (Bekendtgørelse nr. 122 af 7 February 2012 om lønpolitik samt oplysningsforpligtelser om aflønning i finansielle virksomheder og finansielle holdingvirksomheder). The terms of reference of the remuneration committee can be read at www.andelskassen.dk under Aktionær – Corporate Governance – Bestyrelsesudvalg (in Danish only).

Number of employees

The average number of employees in the financial year converted to full-time equivalents

517	547	517	547
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Administrative expenses:

DKK '000	Group		Parent	
	2012	2011	2012	2011
IT expenses	100,681	95,460	100,681	95,460
marketing	9,032	13,326	9,032	13,326
Cost of premises	18,370	28,681	23,594	28,681
Staff, training and travel expenses	11,493	12,667	11,493	12,667
Office expenses	5,808	9,752	5,808	9,752
Contingents	4,032	6,254	4,032	6,254
Rent and leasing expenses	4,999	6,233	4,999	6,233
Other administrative expenses	22,902	23,719	21,821	26,844
Total	177,317	196,092	181,460	199,217

Notes

Auditors' fee:

DKK '000	Group		Parent	
	2012	2011	2012	2011
Total fees to the auditors appointed by the general meeting who perform the statutory audit	1,519	3,442	1,460	3,381
Of which statutory audit	686	998	627	937
Of which fees for other assurance engagements	682	2,030	682	2,030
Of which fees for tax consultancy	5	44	5	44
Of which fees for other services	146	370	146	370

Note 10 Depreciation, amortisation and impairment of property, plant and equipment and intangible assets

DKK '000	Group		Parent	
	2012	2011	2012	2011
Depreciation of owner-occupied properties for the year	1,193	1,137	882	827
Impairment of owner-occupied properties for the year	664	9,234	664	1,931
Reversals for the year of previous impairment of owner-occupied properties	0	-4,663	0	-5,569
Depreciation of equipment for the year	9,970	12,977	9,886	12,893
Total	11,827	18,685	11,432	10,082

Note 11 Other operating expenses

DKK '000	Group		Parent	
	2012	2011	2012	2011
Contribution to sector solutions (Bank Package I)	3,249	0	3,249	0
Contribution to Deposit Guarantee Fund	15,996	-732	15,996	-732
Rationalisation costs	14,358	29,081	14,358	29,081
Company conversion	0	18,237	0	18,237
Loss when selling property, plant or equipment	1,122	548	1,122	297
Other expenses	5,635	3,696	5,635	3,688
Total	40,360	50,830	40,360	50,571

Note 12 Impairment of and provisions for loans and guarantees

DKK '000	Group		Parent	
	2012	2011	2012	2011
Individual impairment:				
Impairment, beginning of year	1,073,404	1,107,601	1,073,404	1,107,601
Impairment and value adjustments during the year	447,082	454,370	447,082	454,370
Reversal of impairment in respect of previous financial years	131,465	193,186	131,465	193,186
Bad debts (written off) for which individual impairment/provisions have been made	229,763	294,807	229,763	294,807
Other changes	-6,005	-574	-6,005	-574
Impairment, end of year	1,153,253	1,073,404	1,153,253	1,073,404
Total loans and guarantee debtors on which individual impairment/provisions have been made (calculated before impairment/provisions)	1,940,372	1,929,121	1,940,372	1,929,121

Notes

DKK '000	Group		Parent	
	2012	2011	2012	2011
Group-based impairment:				
Impairment, beginning of year	31,758	33,798	31,758	33,798
Impairment and value adjustments during the year	9,043	13,459	9,043	13,459
Reversal of impairment in respect of previous financial years	11,354	15,405	11,354	15,405
Other changes	-420	-94	-420	-94
Impairment, end of year	29,027	31,758	29,027	31,758
Total loans and guarantee debtors on which group-based impairment/provisions have been made (calculated before impairment/provisions)				
	6,090,849	6,101,100	6,090,849	6,101,100
Impairment and provisions				
Impairment and value adjustments during the year	456,125	467,829	456,125	467,829
Reversal of impairment in respect of previous financial years	142,819	208,591	142,819	208,591
Other changes	-18,877	-11,272	-18,877	-11,272
Bad debts (written off) for which no individual impairment/provision has been made	50,435	132,455	50,435	132,455
Received in respect of bad debts previously written off	2,710	2,805	2,710	2,805
Total	342,154	377,616	342,154	377,616

Note 13 Tax

DKK '000	Group		Parent	
	2012	2011	2012	2011
Calculated income tax for the year	1,062	1,017	0	1,017
Change in deferred tax	-12,783	167,220	-12,783	166,285
Adjustment of calculated tax in respect of previous years	0	-4,972	0	-4,972
Total	-11,721	163,265	-12,783	162,330
Effective tax rate				
Current tax rate	25.0%	25.0%	25.0%	25.0%
Current tax	0.0%	0.4%	0.0%	0.4%
Non-taxable income and non-deductible expenses	-2.1%	-0.5%	-2.1%	-0.5%
Adjustment of calculated tax in respect of previous years	0.0%	2.1%	0.0%	2.1%
Depreciation of deferred tax asset	-15.1%	-94.2%	-15.1%	-94.2%
Effective tax rate for the year	7.8%	-67.2%	7.8%	-67.2%

Note 14 Receivables from credit institutions and central banks

DKK '000	Group		Parent	
	2012	2011	2012	2011
Receivables at notice from central banks	0	580,000	0	580,000
Receivables from credit institutions	379,314	366,641	379,314	366,641
Total	379,314	946,641	379,314	946,641
Broken down by term to maturity:				
Demand deposits	379,314	366,641	379,314	366,641
Up to 3 months	0	580,000	0	580,000
Between 3 months and 1 year	0	0	0	0
Between 1 and 5 years	0	0	0	0
Over 5 years	0	0	0	0
Total	379,314	946,641	379,314	946,641

Notes

Note 15 Loans at amortised cost

Loans by category

DKK '000	Group		Parent	
	2012	2011	2012	2011
Overdraft facilities	3,641,306	4,512,261	3,666,828	4,548,642
Mortgages	18,532	23,674	18,532	23,674
Other loans	3,877,445	4,378,082	3,877,444	4,378,082
Total	7,537,283	8,914,017	7,562,804	8,950,398
Of which subordinated debt	0	0	0	0
Of which genuine sales and repurchase transactions	0	0	0	0

Loans and other receivables broken down by term to maturity:

DKK '000	Group		Parent	
	2012	2011	2012	2011
On demand	2,044,316	2,654,052	2,066,837	2,690,433
Up to 3 months	572,922	633,674	575,922	633,674
Between 3 months and 1 year	808,611	1,212,398	808,611	1,212,398
Between 1 and 5 years	2,745,302	2,934,818	2,745,302	2,934,818
Over 5 years	1,366,132	1,479,075	1,366,132	1,479,075
Total	7,537,283	8,914,017	7,562,804	8,950,398

In September 2012, the bank utilised the credit facility with Danmarks Nationalbank for borrowing against creditworthy loans. The loan amounts to DKK 500m and is secured by a combined loan portfolio equivalent to a borrowing value of DKK 769m, the bulk of which represents loans granted to private individuals.

Note 16 Bonds at fair value

DKK '000	Group		Parent	
	2012	2011	2012	2011
Government bonds	0	3	0	3
Mortgage credit bonds	3,561,032	2,619,942	3,561,032	2,619,942
Other bonds	120,739	128,205	120,739	128,205
Total	3,681,771	2,748,150	3,681,771	2,748,150

All bonds are included in the bank's trading portfolio and are measured at fair value.

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 DKK 300m.

Note 17 Shares etc.

DKK '000	Group		Parent	
	2012	2011	2012	2011
Shares/investment funds listed on Nasdaq OMX Copenhagen A/S	27,477	27,866	27,477	27,866
Shares/investment funds listed on other stock exchanges	0	62	0	62
Unlisted shares recognised at fair value	657,751	584,570	657,751	584,570
Total	685,228	612,498	685,228	612,498

Other shares at fair value in accordance with fair value option

Total acquisition cost, beginning of year	359,155	322,645	359,155	322,645
Addition	45,890	52,795	45,890	52,795
Disposal	1,048	16,285	1,048	16,285
Total acquisition cost, end of year	403,998	359,155	403,998	359,155

Notes

DKK '000.	Group		Parent	
	2012	2011	2012	2011
Revaluation and impairment, beginning of year	225,626	257,614	225,626	257,614
Net movements during the year	28,127	-31,988	28,127	-31,988
Revaluation and impairment, end of year	253,753	225,626	253,753	225,626
Carrying amount, end of year	657,751	584,781	657,751	584,781
Trading portfolio	27,477	27,717	27,477	27,717
Other shares at fair value in accordance with the fair value option	657,751	584,781	657,751	584,781
Total shares	685,228	612,498	685,228	612,498

Note 18 Equity investments in associates – group

Associates

DKK '000	Group		Parent	
	2012	2011	2012	2011
Cost, beginning of year	104,587	84,459	104,587	84,459
Addition during the year	0	20,128	0	20,128
Disposal during the year	82,052	0	82,052	0
Reclassified to shares	22,535	0	22,535	0
Cost, end of year	0	104,587	0	104,587
Revaluation and impairment, beginning of year	59,689	52,981	59,689	52,981
Value adjustment during the year	-45,323	6,708	-45,323	6,708
Reversed revaluation and impairment	14,366	0	14,366	0
Revaluation, end of year	0	59,689	0	59,689
Book holding, end of year	0	164,276	0	164,276
Of which credit institutions	0	142,657	0	142,657

At the end of 2012, the bank had no capital interests classified as associates due to divestment or reduction of the significant influence.

The holding of shares in GrønlandsBANKEN was reduced from 14.96% to 0.46% on 9 March 2012. As a result of a share redistribution in Garanti Invest A/S, the holding of shares was reduced to 19.24%. Furthermore, on account of a merger, shares in A/S Vinderup Bank were exchanged for shares in Salling Bank A/S in the ratio of 4.25:1. The holding of shares in Salling Bank represented 11.94% of the capital in Salling Bank at the end of 2012.

Equity investments in associates – parent

DKK '000	Domicile	Activity	Ownership share	Equity, end of 2012	Net profit/loss for the year
DAB Invest A/S	Viborg	Properties	100.00%	45,936	2,392
DAB Invest 2 A/S	Viborg	Properties	100.00%	1,462	1,297

In 2012, SDA Invest A/S, SDA Bolig A/S and DAB Invest 3 A/S merged with DAB Invest A/S, the latter being the continuing company.

Notes

DKK '000	Group		Parent	
	2012	2011	2012	2011
Cost, beginning of year	-	-	62,655	62,655
Addition during the year	-	-	0	0
Disposal during the year	-	-	0	0
Cost, end of year	-	-	62,655	62,655
Revaluation and impairment, beginning of year	-	-	-18,871	-14,321
Value adjustment during the year	-	-	3,687	-4,550
Reversed revaluation and impairment	-	-	73	0
Revaluation, end of year	-	-	-15,257	-18,871
Book holding, end of year	-	-	47,398	43,784
Of which credit institutions	-	-	0	0

Results from equity investments in associates

DKK '000	Group		Parent	
	2012	2011	2012	2011
Affiliated	-	-	3,687	-4,550
Associated	-45,323	6,708	-45,323	6,707
Total	-45,323	6,708	-41,636	2,157

Note 19 Land and buildings

DKK '000	Group		Parent	
	2012	2011	2012	2011
Owner-occupied properties				
Reassessed value, beginning of year	-	-	87,505	90,774
Addition during the year, including improvements	-	-	2,268	213
Disposal during the year	-	-	6,964	4,968
Depreciation	-	-	881	827
Value changes recognised directly in equity during the year	-	-	-108	341
Impairment for the year	-	-	514	1,931
Reversals for the year of impairment in respect of previous years	-	-	233	5,569
Other adjustments	-	-	0	0
Reclassified as investment properties	-	-	0	1,666
Reclassified as available for sale	-	-	334	0
Omvurderet værdi ultimo	-	-	81,873	87,505

Notes

DKK '000	Group		Parent	
	2012	2011	2012	2011
Cost, beginning of year	307,466	357,791	-	-
Addition during the year	2,355	16,241	-	-
Disposal during the year	5,347	12,151	-	-
Reclassified to investment property	0	22,575	-	-
Reclassified to available for sale	4,386	31,840	-	-
Reclassified from owner-occupied properties	0	0	-	-
Reclassified from investment property	0	0	-	-
Carrying amount, end of year	300,088	307,466	-	-
Depreciation and impairment, beginning of year	173,280	205,840	-	-
Depreciation for the year	1,122	1,137	-	-
Impairment for the year	0	9,234	-	-
Reversals for depreciation from previous years	2,753	4,663	-	-
Other adjustments	0	0	-	-
Reclassified to investment property	0	17,997	-	-
Reclassified to available for sale	2,999	20,271	-	-
Total depreciation and impairment, end of year	168,650	173,280	-	-
Revaluation, beginning of year	341	3,906	-	-
Liquidated in relation to the company conversion	0	3,906	-	-
Revaluation for the year	0	341	-	-
Reversals for revaluation from previous years	108	0	-	-
Revaluation end of year	233	341	-	-
Fair value, end of year	131,671	134,527	-	-
Accounting value using the cost price model	212,821	235,589	-	-

Investment properties

DKK '000	Group		Parent	
	2012	2011	2012	2011
Fair value, beginning of year	20,914	16,443	1,666	0
Reclassified to owner-occupied properties	0	0	335	0
Reclassified from owner-occupied properties	0	4,579	0	0
Reclassified from assets in temporary possession	334	0	-	-
Addition during the year, including improvements	26	0	0	1,666
Disposal during the year	14,354	108	1	0
Fair value, end of year	6,252	20,914	1,330	1,666

Fair value is calculated using the ROC method, which takes rent income, costs and return requirements into account. The group applies its own valuation model for establishing fair value. This model is based on a geographic division of properties, including the estimated market rent of the area in question. The return requirement is based on the interest on a mortgage credit bond with a term to maturity of 30 years plus 0.25-5.0%, depending on the geographical location of the property. Outside experts are used to establish fair value in special cases. The return requirement for owner-occupied properties is in the 5.4 %-9.9 % range.

Notes

Properties available for sale

DKK '000	Group		Parent	
	2012	2011	2012	2011
Cost, beginning of year	31,840	0	-	-
Addition during the year	0	0	-	-
Disposal during the year	11,599	0	-	-
Reclassified to investment property	0	0	-	-
Reclassified to available for sale	0	0	-	-
Reclassified from owner-occupied properties	4,386	31,840	-	-
Reclassified from investment property	594	0	-	-
Carrying amount, end of year	25,221	31,840	-	-
Depreciation and impairment, beginning of year	20,271	0	-	-
Depreciation for the year	69	0	-	-
Impairment for the year	514	0	-	-
Reversals for depreciation from previous years	6,945	0	-	-
Other adjustments	0	0	-	-
Reclassified from owner-occupied properties	2,998	20,271	-	-
Reclassified from investment property	259	0	-	-
Reclassified to investment property	0	0	-	-
Reclassified to available for sale	0	0	-	-
Total depreciation and impairment, end of year	17,166	20,271	-	-
Book holding, end of year	8,055	11,569	-	-

Properties available for sale comprise domicile properties where the bank has previously carried out banking activities.

Note 20 Other property, plant and equipment

DKK '000	Group		Parent	
	2012	2011	2012	2011
Cost:				
Total cost, beginning of year	119,572	124,919	119,572	124,919
Addition during the year	2,434	5,146	2,434	5,146
Disposal during the year	6,384	10,493	6,384	10,493
Total cost, end of year	115,622	119,572	115,622	119,572
Depreciation and impairment:				
Depreciation and impairment, beginning of year	98,340	94,224	98,515	94,483
Depreciation for the year	9,971	12,977	9,886	12,893
Impairment for the year	0	0	0	0
Reversals for the year of impairment in respect of previous years plus reversal of depreciation and impairment of assets sold or withdrawn from operation during the year	5,818	8,861	5,818	8,861
Total depreciation and impairment, end of year	102,493	98,340	102,583	98,515
Book holding, end of year	13,129	21,232	13,039	21,057

Notes

Note 21 Deferred tax assets and liabilities

DKK '000	Group		Parent	
	2012	2011	2012	2011
Deferred tax assets/liabilities, beginning of year	12,513	179,161	12,513	178,143
Change in deferred tax due to temporary differences	12,783	-2,951	12,783	-2,951
Change in deferred tax due to taxable losses	24,353	64,946	25,414	64,802
Depreciation of deferred tax asset	-24,353	-228,643	-25,414	-227,481
Deferred tax assets/liabilities, end of year	25,296	12,513	25,296	12,513

Contingent asset DKK '000.	Group		Parent	
	2012	2011	2012	2011
The value of taxable losses not included, are	252,996	228,643	252,895	227,481

For a further description of the deferred tax asset please see Group management's review and note 2.

Group

DKK '000.	Deferred tax assets	Deferred tax liabilities	Deferred tax, net
2012			
Property, plant and equipment	3.778	0	3.778
Loans	5.556	0	5.556
Investments	0	0	0
Pension obligations	7.148	0	7.148
Other	8.814	0	8.814
Total	25.296	0	25.296

DKK '000.	Deferred tax assets	Deferred tax liabilities	Deferred tax, net
2011			
Property, plant and equipment	3.557	0	3.557
Loans	6.215	0	6.215
Investments	0	9.354	-9.354
Pension obligations	6.869	0	6.869
Other	5.226	0	5.226
Total	21.867	9.354	12.513

Parent

DKK '000.	Deferred tax assets	Deferred tax liabilities	Deferred tax, net
2012			
Property, plant and equipment	3.778	0	3.778
Loans	5.556	0	5.556
Investments	0	0	0
Pension obligations	7.148	0	7.148
Other	8.814	0	8.814
Total	25.296	0	25.296

Notes

DKK '000.	Deferred tax assets	Deferred tax liabilities	Deferred tax, net
2011			
Property, plant and equipment	3.557	0	3.557
Loans	6.215	0	6.215
Investments	0	9.354	-9.354
Pension obligations	6.869	0	6.869
Other	5.226	0	5.226
Total	21.867	9.354	12.513

Note 22 Assets in temporary possession

DKK '000	Group		Parent	
	2012	2011	2012	2011
Cost, beginning of year	27,847	34,490	27,847	34,490
Reclassified as investment properties	0	0	0	0
Addition during the year	178	11,279	178	11,279
Disposal during the year	2,117	17,922	2,117	17,922
Carrying amount, end of year	25,908	27,847	25,908	27,847
Value adjustments, beginning of year	0	0	0	0
Value adjustments during the year	-383	0	-383	0
Value adjustments, end of year	-383	0	-383	0
Fair value, end of year	25,525	27,847	25,525	27,847

Assets in temporary possession comprise properties taken over by the bank in connection with the settlement of customer commitments. Danske Andelskassers Bank A/S is working actively to secure a sale and expects to be able to sell the properties in the short term.

Note 23 Payables to credit institutions and central banks

DKK '000	Group		Parent	
	2012	2011	2012	2011
Payables to central banks	500,253	0	500,253	0
Payables to credit institutions	653,722	702,060	653,722	702,060
Total	1,153,975	702,060	1,153,975	702,060
Broken down by term to maturity:				
Debt payable on demand	659,321	702,060	659,321	702,060
Up to 3 months	0	0	0	0
Between 3 months and 1 year	0	0	0	0
Between 1 and 5 years	494,654	0	494,654	0
Over 5 years	0	0	0	0
Total	1,153,975	702,060	1,153,975	702,060

In September 2012, the bank utilised the loan facility with Danmarks Nationalbank for borrowing against creditworthy loans. Of the total debt to credit institutions and central banks as at 31 December 2012, the loan represents DKK 500m. The loan was extended as a three-year loan and is to be fully repaid on 25 September 2015. However, the loan may be repaid early on the last business day of every week, although not earlier than 29 March 2013. The interest rate is floating and currently stands at 0.3%.

Notes

Note 24 Deposits

Broken down by category:

DKK '000.	Group		Parent	
	2012	2011	2012	2011
On demand	7,408,303	7,082,859	7,408,354	7,086,370
With notice	330,366	430,510	330,366	430,510
Time deposits	150,537	201,312	150,537	201,312
Special deposit types	1,434,829	1,299,161	1,434,829	1,299,161
Total	9,324,035	9,013,842	9,324,086	9,017,353

Broken down by term to maturity:

On demand	7,702,237	7,316,868	7,702,288	7,320,379
Up to 3 months	362,449	480,157	362,449	480,157
Between 3 months and 1 year	158,119	165,569	158,119	165,569
Between 1 and 5 years	413,116	417,995	413,116	417,995
Over 5 years	688,114	633,253	688,114	633,253
Total	9,324,035	9,013,842	9,324,086	9,017,353

Note 25 Bonds issued at amortised cost

DKK '000.	Group		Parent	
	2012	2011	2012	2011
Bonds falling due within 1 year	1,002,511	0	1,002,511	0
Bonds falling due within 1-5 years	14,409	2,016,294	14,409	2,016,294
Total	1,016,920	2,016,294	1,016,920	2,016,294

Employee bonds

Falling 1 January 2013, rate of interest 4,00 %	2,548	2,548	2,548	2,548
Falling 1 January 2014, rate of interest 4,66 %	7,840	7,840	7,840	7,840
Falling 1 January 2015, rate of interest 3,68 %	6,569	6,569	6,569	6,569

Hereof bonds issued with state guarantee, maturing 27 December 2013. Rate of interest at present 1.83 %

	999,963	1,999,337	999,963	1,999,337
Total	1,016,920	2,016,294	1,016,920	2,016,294

Note 26 Provisions

Provisions for pensions and similar obligations:

DKK '000.	Group		Parent	
	2012	2011	2012	2011
Actuarial gains and losses	1,829	-14,622	1,829	-14,622
Pension cost for the year	673	489	673	489
Pensions paid	1,387	1,362	1,387	1,362
Adjustment for the year	1,115	-15,495	1,115	-15,495

Of which recognised in the income statement under pensions

-714 -15,495 -714 -15,495

Of which recognised in other comprehensive income

1,829 - 1,829 -

The pension obligation comprises:

DKK '000.	Group		Parent	
	2012	2011	2012	2011
Present value of pension obligation, beginning of year	27,477	42,972	27,477	42,972
Actuarial gains and losses	1,829	-14,622	1,829	-14,622
Pension cost for the year	673	489	673	489
Pensions paid	1,387	1,362	1,387	1,362
Present value of pension obligation, end of year	28,592	27,477	28,592	27,477

Notes

Danske Andelskassers Bank A/S has two types of pension obligations:

- Defined-contribution plans
- Defined-benefit plans

In defined-contribution plans, the bank makes regular contributions to an independent pension provider

and as such is not exposed to risk relating to the future development in interest rates, inflation, mortality, disability etc. as regards the amount that is eventually to be paid to the employee.

Defined-contribution plans have been established for all current employees and members of the Board of Executives.

In defined-benefit plans, the employer is obliged to pay a specified benefit when an event agreed in advance occurs, e.g. retirement, and carries the risk with respect to the future development in interest rates, inflation, mortality etc. as regards the amount to be paid to the employee.

Defined-benefit plans have been established for former members of the Board of Executives only. The obligation is determined on the basis of actuarial discounting to net present value of the pension obligation.

The defined-benefit plan entitles the recipient to 66% of the maximum pay including benefits on the date of retirement, of which around 32% is secured with an independent pension provider through regular contributions until the date of retirement. The pension is adjusted in step with the collective agreements concluded for the financial sector.

No financial assets are linked to the plan.

The pension obligation is calculated subject to the following actuarial assumptions

DKK '000.	Group		Parent	
	2012	2011	2012	2011
Discount rate	4.00%	2.63-4.09 %	4.00%	2.63-4.09 %
Expected annual development in pay	1.0%	2.0%	1.0%	2.0%

DKK '000.	Group		Parent	
	2012	2011	2012	2011
Provisions for guarantee losses:				
Provisions, beginning of year	14,221	123,750	14,221	123,750
Impairment and value adjustments during the year	2,933	10,558	2,933	10,558
Reversal of impairment in respect of previous financial years	9,582	18,241	9,582	18,241
Written off in the financial year	194	101,846	194	101,846
Provisions, end of year	7,378	14,221	7,378	14,221

DKK '000.	Group		Parent	
	2012	2011	2012	2011
Other provisions:				
Provisions, beginning of year	7,970	14,463	7,970	13,248
Change	-1,807	-6,493	-1,807	-5,278
Provisions, end of year	6,163	7,970	6,163	7,970

Other provisions comprise long-term staff payments concerning anniversary bonuses where one month's salary is paid to employees celebrating 25 and 40 years of employment.

Broken down by term to maturity:

DKK '000.	2012				Total
	Up to 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	
Provisions for pensions	341	1,022	7,151	20,079	28,592
Provisions for guarantee losses	7,378	0	0	0	7,378
Other provisions	280	515	1,287	4,080	6,163
Total	7,999	1,537	8,438	24,159	42,133

Notes

2011		Up to 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
DKK '000						
Provisions for pensions		341	1,022	7,151	18,964	27,477
Provisions for guarantee losses		14,221	0	0	0	14,221
Other provisions		199	2,141	613	5,018	7,970
Total		14,761	3,163	7,764	23,982	49,668

Note 27 Subordinated debt

DKK '000	Nominal	Interest rate	Due	2012	2011
Currency					
NOK	320,000	Nibor3 +2.35	7.2.2014	325,344	306,816
Bank Package II	399,600	10.7	Ingen	424,155	398,430
Total				749,499	705,246

Recognised present value of step-up hybrid core capital

25,296

0

Calculation of the core capital includes

586,827

703,077

Interest paid

DKK	42,885	42,885
NOK	16,020	11,423
Total	58,905	54,308

Interest conditions if loan is not redeemed when due:

NOK 320,000: Loan due on 7 February 2014 and cannot be extended.

DKK 399,600: After 9 October 2014, the loan can be redeemed at a price of 105 and after 9 October 2015 at a price of 110.

In 2012, Danske Andelskassers Bank A/S changed its expectations for hybrid core capital payments. The hybrid core capital was consequently revalued by the present value of the recognised step-up through discounting by the business' original effective interest rate.

Note 28 Contingent liabilities

Guarantees and other liabilities

DKK '000	Group		Parent	
	2012	2011	2012	2011
Guarantees:				
Financial guarantees	481,962	428,002	481,962	428,002
Loss guarantees for mortgage loans	681,934	726,479	681,934	726,479
Registration and conversion guarantees	40,815	161,073	40,815	161,073
Other contingent liabilities	363,549	435,863	363,549	435,863
Total	1,568,260	1,751,417	1,568,260	1,751,417

Operating lease commitments

DKK '000	Group		Parent	
	2012	2011	2012	2011

Danske Andelskassers Bank A/S and the group have concluded a number of operating leases, under which lease payments must be made for a number of years. The leases concern equipment. They have not been recognised in the balance sheet.

The maturity distribution of the lease payments is as follows:

0 - 1 year	2,218	2,021	2,218	2,021
1 - 5 year	2,437	3,727	2,437	3,727
Total	4,655	5,748	4,655	5,748
Lease payments for the year	2,173	1,596	2,173	1,596

Notes

Guarantee Fund for Depositors

Danske Andelskassers Bank A/S participates in the statutory Guarantee Fund for Depositors, which means that the participating banks are liable for any losses resulting from the Fund's cover of deposits of up to EUR 100,000 in banks that have filed for bankruptcy or are being wound up. Danske Andelskassers Bank's share amounts to approx. 1% of the total amount covered by the Guarantee Fund.

Contractual obligation

As part of the merger between the Danish Amalgamation of Cooperative Banks and Danske Andelskassers Bank A/S, the bank took over a contractual obligation towards a former executive in one of the merging cooperative banks.

The contract contains a right of option, according to which the employment contract can be terminated by either party until 1 July 2017 subject to an unconditional severance pay of up to 54 months; however, such that salaries and pensions paid from the date of conclusion until the date of execution (if any) is deducted from the option amount.

The remaining latent obligation was calculated at DKK 16,428k at the end of the year. The bank does not expect the employment relationship to end before 1 July 2017.

Note 29 Related parties

DKK '000	Associates	Board of Directors	Board of Executives
2012			
Assets:			
Receivables from credit institutions	0	0	0
Loans	0	41,505	1,531
Equity and liabilities:			
Payables to credit institutions	0	0	0
Deposits	0	16,849	511
Off balance sheet items			
Guarantees	0	2,556	1,040
Income statement:			
Interest income	0	1,975	74
Interest expenses	0	49	5
Fees	0	0	0
Market value adjustment, shares	0	0	0
Market value adjustment, associates	0	0	0
Unutilised credit facilities	0	8,633	512
Collateral, market value	0	0	0

Notes

DKK '000	Associates	Board of Directors	Board of Executives
2011			
Assets:			
Receivables from credit institutions	0	0	0
Loans	0	42,543	1,600
Equity and liabilities:			
Payables to credit institutions	333,604	0	0
Deposits	6,017	10,352	2,061
Off balance sheet items			
Guarantees	0	9,799	838
Income statement:			
Interest income	0	1,886	80
Interest expenses	3,458	53	26
Fees	3,553	0	0
Market value adjustment, shares	0	0	0
Market value adjustment, associates	6,708	0	0
Unutilised credit facilities	0	12,412	507
Collateral	306,000	0	0

All transactions with related parties have been conducted at arm's length. In addition to the above transactions, transactions with the Board of Directors and the Board of Executives and their related parties comprise the customary remuneration which is specified in note 9. There haven't been any losses or depreciations on transactions with related parties.

The following shareholders own more than 5% of the bank's share capital:

Andelskassen Midtvests Fond	12.71%
Andelskassen Fyns Fond	10.42%
Andelskassen Østjyllands Fond	7.05%
Andelskassen Sydjyllands Fond	6.25%
Andelskassen Himmerlands Fond	5.81%
Andelskassen Vardes Fond	5.78%

Note 30 Information regarding fair value

Financial assets and liabilities are measured in the balance sheet at fair value or amortised cost.

The fair value is the amount at which a financial asset can be traded or the amount at which a liability can be realised between qualified, willing and independent parties. The fair value can be the equity value if the equity value is calculated on the basis of underlying assets and liabilities measured at fair value.

The following hierarchy can be used to establish the fair value of financial instruments:

- Level 1: Observable prices in an active market for identical financial instruments
- Level 2: Valuation methods primarily based on observable market data
- Level 3: Valuation methods essentially based on non-observable market data

Shares, bonds and derivative financial instruments are measured at fair value so that the recognised values correspond to fair values. For listed shares and bonds the fair value is determined using the closing price at the balance sheet date. Other shares are sector shares in enterprises with which the bank partners in terms of products, payment services and administration etc. Here, the fair value is primarily based on the prices at which the shares, under the shareholders' agreements, were to be traded if they were sold at the balance sheet date.

Notes

For loans, measured at amortised cost, the impairment is assessed to correspond to changes in the credit quality, and the difference is thus assessed to be fees and commission received as well as interest receivable which does not fall due for payment until after the end of the financial year, and for fixed-rate loans also the interest-level dependent market value adjustment.

The fair value of receivables from credit institutions and central banks, which are measured at amortised cost, is determined according to the same method as loans although no impairment has been carried out of receivables from credit institutions and central banks.

Bonds issued and subordinated debt are measured at amortised cost. The difference between the carrying amount and fair value is interest due which does not fall due for payment until after the end of the financial year and costs and premium amortised over the term of the loan.

For floating-rate financial liabilities such as loans and payables to credit institutions measured at amortised cost, the difference at fair values is interest due which does not fall due for payment until after the end of the financial year.

For fixed-rate financial liabilities such as loans and payables to credit institutions measured at amortised cost, the difference at fair value is interest due which does not fall due for payment until after the end of the financial year and the interest-level dependent market value adjustment.

Information on fair value (Group)

Net financials are included in the balance sheet at either fair value or amortised cost. The following table breaks the items down by valuation method.

2012 DKK '000	Fair value	Amortised cost
Financial assets:		
Cash balance and demand deposits with central banks	0	1,090,849
Receivables from credit institutions and central banks	0	379,314
Loans and other receivables at amortised cost	0	7,537,283
Bonds at fair value	3,681,771	0
Shares etc.	685,228	0
Positive market value of derivative financial instruments	159,836	0
Total	4,526,835	9,007,446

2012 DKK '000	Dagsværdi	Amortiseret kostpris
Financial assets:		
Cash balance and demand deposits with central banks	0	1,153,975
Receivables from credit institutions and central banks	0	9,324,035
Loans and other receivables at amortised cost	0	1,016,920
Bonds at fair value	0	5,599
Shares etc.	325,344	424,155
Positive market value of derivative financial instruments	151,752	0
Total	477,096	11,924,684

Notes

2011		
DKK '000	Fair value	Amortised cost
Financial assets:		
Cash balance and demand deposits with central banks	0	304,052
Receivables from credit institutions and central banks	0	946,641
Loans and other receivables at amortised cost	0	8,914,017
Bonds at fair value	2,748,150	0
Shares etc.	612,498	0
Positive market value of derivative financial instruments	158,438	0
Total	3,519,086	10,164,710

Financial liabilities:		
Payables to credit institutions and central banks	0	702,060
Deposits and other payables	0	9,013,842
Bonds issued at amortised cost	0	2,016,294
Liabilities assumed on a temporary basis	0	6,288
Subordinated debt	306,816	398,430
Negative market value of derivative financial instruments	151,983	0
Total	458,799	12,136,914

2012				
DKK '000	Listed prices level 1	Observable prices level 2	Non-observable prices level 3	Total
Financial assets:				
Bonds at fair value	3,552,239	129,532	0	3,681,771
Shares etc.	29,780	0	655,448	685,228
Positive market value of derivative financial instruments	0	159,836	0	159,836
Total	3,582,019	289,368	655,448	4,526,835

Financial liabilities:				
Subordinated debt	0	325,344	0	325,344
Negative market value of derivative financial instruments	0	151,752	0	151,752
Total	0	477,096	0	477,096

2011				
DKK '000	Listed prices level 1	Observable prices level 2	Non-observable prices level 3	Total
Financial assets:				
Bonds at fair value	2,635,389	112,761	0	2,748,150
Shares etc.	27,928	0	584,570	612,498
Positive market value of derivative financial instruments	0	158,438	0	158,438
Total	2,663,317	271,199	584,570	3,519,086

Financial liabilities:				
Subordinated debt	0	306,816	0	306,816
Negative market value of derivative financial instruments	0	151,983	0	151,983
Total	0	458,799	0	458,799

Financial instruments recognised at amortised cost - info on fair value

DKK '000	Carrying amount	Fair value
2012		
Financial assets:		
Cash balance and demand deposits with central banks	1,090,849	1,090,849
Receivables from credit institutions	379,314	379,314
Loans and other receivables at amortised cost	7,537,283	7,534,563
Total	9,007,446	9,004,726
Financial liabilities:		
Payables to credit institutions	1,153,975	1,153,975
Deposits and other payables	9,324,035	9,319,406
Bonds at amortised cost	1,016,920	1,016,920
Subordinated debt	749,499	749,499
Total	12,244,429	12,239,800

DKK '000	Carrying amount	Fair value
2011		
Financial assets:		
Cash balance and demand deposits with central banks	304,052	304,052
Receivables from credit institutions	946,641	946,641
Loans and other receivables at amortised cost	8,914,017	8,910,999
Total	10,164,710	10,161,692
Financial liabilities:		
Payables to credit institutions	702,060	702,060
Deposits and other payables	9,013,842	9,014,519
Bonds at amortised cost	2,016,294	2,016,294
Subordinated debt	705,246	705,246
Total	12,437,442	12,498,119

Note 31 Security

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

Danske Andelskassers Bank has not furnished its own properties as security. However, security has been furnished for mortgage debt in properties taken over in connection with the settlement of customer commitments. Mortgage debt is entered in the balance sheet under 'Liabilities acquired on a temporary basis'.

In September 2012, the bank utilised the credit facility with Danmarks Nationalbank for borrowing against creditworthy loans. The loan amounts to DKK 500m and is secured by a combined loan portfolio equivalent to a borrowing value of DKK 769m, the bulk of which represents loans granted to private individuals.

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 DKK 300m.

Note 32 Other binding agreements

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

Danske Andelskassers Bank A/S uses Bankernes EDB-Central (BEC) as its supplier of IT solutions.

BEC's Articles of Association stipulate that Danske Andelskassers Bank A/S may cancel its 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 Danske Andelskassers Bank A/S, withdrawal compensation must be paid 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.

Danske Andelskassers Bank is a party to various pending lawsuits. The outcome of these lawsuits will not affect the financial position of the Amalgamation.

Note 33 Risk management

Danske Andelskassers Bank is exposed to various types of risk. The bank has drafted a number of risk management policies with the aim of minimising the losses which may occur due to an unpredictable development in the financial markets.

The most important risk types are:

- Credit risk: the risk of loss as a result of a debtor defaulting on his payment obligation completely or partly
- Market risk: the risk of loss as a result of the fair value of the group's assets and liabilities changing owing to market conditions
- Liquidity risk: the risk of the group not being able to meet its payment obligations from normal liquidity reserves
- Operational risk: the risk of financial loss as a result of errors in internal processes, human error or system errors, or loss as a result of external conditions.

Tools to identify and manage risks are being developed on an ongoing basis. The Board of Directors determines the overall frameworks and principles for risk and capital management and receives regular reports on risk development and utilisation of the risk limits granted.

Subsequent notes deal with the group's exposures and risks, including credit, market, liquidity and operational risks.

Note 34 Credit risk

The credit risk is the risk that interest and instalments on a commitment are not paid due to the debtor's unwillingness and inability to repay the loan as agreed. Commitments comprise loans, guarantees and receivables from other credit institutions.

One of our core areas is to offer advice on and grant loans, credits and other financial products to private customers and small and medium-sized companies. The bank believes that it has a moral responsibility as a player in society. Therefore, the granting of credit is based on ethical, moral and environmental factors, which means that no loans are granted for purposes in violation of such factors or in non-compliance with statutory requirements. Consequently, there are transactions which we do not want to perform and customers with whom we do not wish to collaborate.

Lending is based on sound risk-taking and risk diversification, with the willingness to take a risk being precisely matched with the borrower's financial position.

This means that:

- The bank will only enter into transactions that are compatible with good business practice.
- The bank will only assume credit risks if it can be demonstrated that the customer has the required ability and willingness to repay the loan.
- The bank will finance a business' operations and investments, but not several years of losses.
- The bank will lend funds to private individuals and families with a healthy balance between their assets, disposable income and actual personal expenditure. We will not fund personal expenditure which, over a number of years, is higher than the particular person's income and assets can sustain.

- The bank will only fund speculative transactions if the customer can understand and handle the transaction himself. The customer must therefore be able to bear any losses resulting from the transaction. Funding of speculative transactions is generally provided on a fully covered basis.

Furthermore, as a general rule, the bank takes a cautious approach when lending money to customers who do not bank exclusively with Danske Andelskassers Bank.

The total credit risk is managed in accordance with policies and frameworks laid down and adopted by the Board of Directors, which ensure a balanced lending system for the Board of Executives through delegation. Responsibility for monitoring, overall risk taking and reporting to the bank's management is located centrally with Group Credit.

Danske Andelskassers Bank wants to spread its credit risk between loans to private customers and loans to business customers by maintaining a healthy balance between these two main customer groups at all times. It wants to keep the ratio between business and private customers at 50-60% business and 50-40% private.

The bank wants to spread its credit risk on business loans by spreading the loans across industries as appropriate. It does not, for example, want lending to any one industry to exceed more than 20% of total lending. The bank seeks to reduce lending to industries which have historically affected the loss percentage disproportionately.

Credit management and monitoring

The overall credit policy lays down the framework for the employees' credit lending to the bank's customers and is aimed at ensuring a healthy balance between lending, earnings and risk. Generally, the quality of the loan portfolio is given higher priority than growth in lending.

The credit policy is based on the bank's strategy plan applicable at any time and is continuously revised to reflect economic trends, current legislation and executive orders as well as current guidelines issued by the Danish Financial Supervisory Authority.

The objective of the credit policy is to ensure that lending to customers – less costs and loss risk – generates a satisfactory return on the lent capital.

The overall credit policy is supplemented by retail business procedures which contain a detailed and operational description of the current requirements as to establishing creditworthiness, including the ability and willingness to meet existing and future obligations towards Danske Andelskassers Bank.

The management and monitoring of the credit policy are handled locally by the bank's Group Credit department which, as the controlling unit, is organisationally separated from the executing units. There is ongoing reporting on the monitoring to the Board of Executives and the Board of Directors at board meetings.

Loans and credits are granted locally if the commitment does not exceed the branch's authority. Large commitments are authorised by Group Credit or the Board of Executives and the Board of Directors depending on the size of the commitment.

Group Credit is responsible for authorising large commitments and high-risk commitments and for monitoring compliance with the credit policy and the creditworthiness of the loan portfolio etc.

Impairment

All significant loans with an objective indication of impairment (OII) are reviewed individually, and other loans are reviewed in groups. All loans with OII that are not impaired are transferred to the group assessment along with other loans assessed in groups. Danske Andelskassers Bank A/S uses the segmentation model developed by the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark. The impairment is calculated as the difference between the carrying amount of loans at amortised cost and the present value of future payments where the realisable value of security, dividend and the customer's ability to pay is taken into account. A commitment does not have to be in default to be impaired. When impairing the commitment it is assessed if the interest rate should be reset.

Impairment is made of individually assessed loans when there is an objective indication of impairment which affects the expected future payments.

An objective indication of impairment of a loan or a guarantee exists when one or more of the following events have occurred:

- 1) The borrower is in serious financial difficulties
- 2) The borrower is in breach of contract, e.g. he has failed to pay instalments and interest

Notes

- 3) The borrower is granted a relief in respect of the loan terms, which would not have been granted if it had not been for the financial difficulties of the borrower
- 4) The borrower is likely to go bankrupt or be party to some other form of financial reorganisation.

Danske Andelskassers Bank A/S has not developed any scoring models, but assigns WEAK or OIL codes to commitments on the basis of manual and automatic criteria. Based on these registrations, a manual review of marked commitments is carried out in order to isolate commitments for impairment.

Group impairment is made when objective indicators show that the expected future losses exceed the loss expected on the date of establishment. Apart from objective indicators for the group, changes in group impairment are primarily brought about by customers moving to other groups or being impaired individually.

Commitments for which losses are deemed unavoidable are written off on a continuous basis.

Credit risk – credit exposure

Gross exposure and impairment by industry – group:

DKK '000	Gross exposure	%	Impairment	%
2012				
Public authorities	0	0%	0	0%
Business:				
Agriculture, hunting and forestry	2,031,013	20%	373,243	32%
Industry and raw material extraction	252,924	3%	43,599	4%
Energy supply	158,943	1%	2,544	0%
Building and construction industry	440,670	4%	63,214	5%
Trade	624,281	6%	58,038	5%
Transport, restaurant and hotel industry	358,094	3%	47,503	4%
Information and communication	47,757	1%	6,416	1%
Finance and insurance	564,408	6%	71,883	6%
Real property	804,232	8%	201,809	17%
Other business	964,020	9%	119,877	10%
Business, total	6,246,342	61%	988,126	84%
Private	4,063,705	39%	194,153	16%
Total	10,310,047	100%	1,182,279	100%
Of which group-based impairment			29,027	
DKK '000	Gross exposure	%	Impairment	%
2011				
Public authorities	0	0%	0	0%
Business:				
Agriculture, hunting and forestry	2,214,943	19%	277,639	25%
Industry and raw material extraction	281,758	2%	40,248	4%
Energy supply	81,748	1%	2,061	0%
Building and construction industry	551,069	5%	62,531	6%
Trade	868,171	7%	55,622	5%
Transport, restaurant and hotel industry	424,184	4%	34,175	3%
Information and communication	67,439	0%	5,697	1%
Finance and insurance	849,915	7%	203,513	18%
Real property	882,096	8%	146,299	13%
Other business	1,192,080	10%	114,048	10%
Business, total	7,413,403	63%	941,833	85%
Private	4,382,054	37%	163,329	15%
Total	11,795,457	100%	1,105,162	100%
Of which group-based impairment			31,758	

Gross exposure and impairment by industry - parent:

DKK '000	Gross exposure	%	Impairment	%
2012				
Public authorities	0	0%	0	0%
Business:				
Agriculture, hunting and forestry	2,031,013	20%	373,243	32%
Industry and raw material extraction	252,924	3%	43,599	4%
Energy supply	158,943	1%	2,544	0%
Building and construction industry	440,670	4%	63,214	5%
Trade	624,281	6%	58,038	5%
Transport, restaurant and hotel industry	358,094	3%	47,503	4%
Information and communication	47,757	1%	6,416	1%
Finance and insurance	589,929	6%	71,883	6%
Real property	804,232	8%	201,809	17%
Other business	964,020	9%	119,877	10%
Business, total	6,271,863	61%	988,126	84%
Private	4,063,705	39%	194,153	16%
Total	10,335,568	100%	1,182,279	100%
Of which group-based impairment			29,027	

DKK '000	Gross exposure	%	Impairment	%
2011				
Public authorities	0	0%	0	0%
Business:				
Agriculture, hunting and forestry	2,214,943	19%	277,639	25%
Industry and raw material extraction	281,758	2%	40,248	4%
Energy supply	81,748	1%	2,061	0%
Building and construction industry	551,069	5%	62,531	6%
Trade	868,171	7%	55,622	5%
Transport, restaurant and hotel industry	424,184	4%	34,175	3%
Information and communication	67,439	0%	5,697	1%
Finance and insurance	849,915	7%	203,513	18%
Real property	918,477	8%	146,299	13%
Other business	1,192,080	10%	114,048	10%
Business, total	7,449,784	63%	941,833	85%
Private	4,382,054	37%	163,329	15%
Total	11,831,838	100%	1,105,162	100%
Of which group-based impairment			31,758	

Properties

Danske Andelskassers Bank A/S's exposure to the property sector represents 7% (7%) of the total exposure, which is considerably below the limit set out in the Danish Financial Supervisory Authority's supervisory diamond. Loans to the property sector are spread between many single commitments and the average commitment amounts to DKK 1.0m (DKK 1.6m.)

Agriculture

Agriculture, hunting and forestry represent 20 % (19%) of the total loan exposure. Traditionally, Danske Andelskassers Bank has had a relatively large number of loans to agricultural customers on account of the branches' geographical location. The immense crisis in the Danish agricultural sector has led to a considerable increase in losses and impairment of commitments with agricultural customers. The bank works closely with the customer to adapt his agricultural operations to create a basis for positive financial developments which are to ensure the continued existence of distressed agricultural customers in the long term. The economic trends for agriculture seem to be improving on the whole. The forecasts for terms of trade in several branches of production have improved, which indicates an improvement in earnings potential for the industry.

Notes

Credit exposure is made up of the following balance sheet items and off balance sheet items

DKK '000	Group		Parent	
	2012	2011	2012	2011
Loans and other receivables	7,537,283	8,914,017	7,562,804	8,950,398
Guarantees	1,568,260	1,751,417	1,568,260	1,751,417
Credit exposure, net	9,105,543	10,665,434	9,131,064	10,701,815
Amortisation contribution	22,225	24,861	22,225	24,861
Corrective account, loans	1,175,154	1,090,941	1,175,154	1,090,941
Corrective account, guarantees	7,125	14,221	7,125	14,221
Credit exposure, gross	10,310,047	11,795,457	10,335,568	11,831,838

Credit exposure broken down by creditworthiness

DKK '000	Group		Parent	
	2012	2011	2012	2011
Impaired loans and guarantees	787,120	855,717	787,120	855,717
Loans with material weaknesses	2,545,912	2,513,437	2,545,912	2,513,437
Loans with slightly impaired or normal creditworthiness	5,794,736	7,321,141	5,820,257	7,357,522
Total exposure after impairment	9,127,768	10,690,295	9,153,289	10,726,676

Danske Andelskassers Bank A/S has introduced credit scoring models in line with the Danish Financial Supervisory Authority's categorisation.

Loans and guarantees not impaired, but for which the loan conditions have been relaxed

Group		2012			2011	
DKK '000	Exposure	Value of security	Maxlimum credit risk	Exposure	Value of security	Maximum credit risk
Loans and guarantees with relaxed loan conditions	57,502	26,790	30,712	8,573	3,654	4,919
Total	57,502	26,790	30,712	8,573	3,654	4,919

Parent		2012			2011	
DKK '000	Exposure	Value of security	Maxlimum credit risk	Exposure	Value of security	Maximum credit risk
Loans and guarantees with relaxed loan conditions	57,502	26,790	30,712	8,573	3,654	4,919
Total	57,502	26,790	30,712	8,573	3,654	4,919

Individually impaired loans etc.

	Group		Parent	
DKK '000	2012	2011	2012	2011
Loans and receivables before impairment	1,940,372	1,929,121	1,940,372	1,929,121
Loans and receivables after impairment	787,120	855,717	787,120	855,717
Total impairment of loans and receivables, for which an objective indication of impairment exists	1,153,252	1,073,404	1,153,252	1,073,404

Breakdown by industry of individually impaired loans and guarantees

Group - 2012

DKK '000	Gross exposure	Value of collateral	Unsecured	Impairment	Maximum credit risk after collateral
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	642,204	223,278	418,926	367,097	51,829
Industry and raw material extraction	59,927	12,803	47,124	42,772	4,352
Energy supply	3,247	478	2,769	2,208	561
Building and construction industry	89,953	20,657	69,296	60,522	8,774
Trade	82,401	12,906	69,495	54,632	14,863
Transport, restaurant and hotel industry	66,709	10,448	56,261	46,064	10,197
Information and communication	8,512	1,272	7,240	6,290	950
Finance and insurance	198,099	69,551	128,548	70,535	58,013
Real property	375,647	172,043	203,604	198,811	4,793
Other business	176,046	48,557	127,489	118,681	8,808
Business, total	1,702,745	571,993	1,130,752	967,612	163,140
Private	237,627	24,080	213,547	185,641	27,906
Total	1,940,372	596,073	1,344,299	1,153,253	191,046

Group - 2011

DKK '000	Gross exposure	Value of collateral	Unsecured	Impairment	Maximum credit risk after collateral
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	537,813	227,436	310,377	272,436	37,941
Industry and raw material extraction	67,683	16,827	50,856	39,395	11,461
Energy supply	1,573	0	1,573	1,568	5
Building and construction industry	106,563	37,181	69,382	58,986	10,396
Trade	117,968	53,891	64,077	50,601	13,476
Transport, restaurant and hotel industry	56,400	12,013	44,387	32,358	12,029
Information and communication	8,018	1,242	6,776	5,511	1,265
Finance and insurance	321,147	69,592	251,555	202,929	48,626
Real property	331,887	172,608	159,279	142,841	16,438
Other business	180,603	53,053	127,550	112,786	14,764
Business, total	1,729,655	643,843	1,085,812	919,411	166,401
Private	199,466	35,009	164,457	153,993	10,464
Total	1,929,121	678,852	1,250,269	1,073,404	176,865

Notes

Parent - 2012

DKK '000	Gross exposure	Value of collateral	Unsecured	Impairment	Maximum credit risk after collateral
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	642,204	223,278	418,926	367,097	51,829
Industry and raw material extraction	59,927	12,803	47,124	42,772	4,352
Energy supply	3,247	478	2,769	2,208	561
Building and construction industry	89,953	20,657	69,296	60,522	8,774
Trade	82,401	12,906	69,495	54,632	14,863
Transport, restaurant and hotel industry	66,709	10,448	56,261	46,064	10,197
Information and communication	8,512	1,272	7,240	6,290	950
Finance and insurance	198,099	69,551	128,548	70,535	58,013
Real property	375,647	172,043	203,604	198,811	4,793
Other business	176,046	48,557	127,489	118,681	8,808
Business, total	1,702,745	571,993	1,130,752	967,612	163,140
Private	237,627	24,080	213,547	185,641	27,906
Total	1,940,372	596,073	1,344,299	1,153,253	191,046

Parent - 2011

DKK '000	Gross exposure	Value of collateral	Unsecured	Impairment	Maximum credit risk after collateral
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	537,813	227,436	310,377	272,436	37,941
Industry and raw material extraction	67,683	16,827	50,856	39,395	11,461
Energy supply	1,573	0	1,573	1,568	5
Building and construction industry	106,563	37,181	69,382	58,986	10,396
Trade	117,968	53,891	64,077	50,601	13,476
Transport, restaurant and hotel industry	56,400	12,013	44,387	32,358	12,029
Information and communication	8,018	1,242	6,776	5,511	1,265
Finance and insurance	321,147	69,592	251,555	202,929	48,626
Real property	331,887	172,608	159,279	142,841	16,438
Other business	180,603	53,053	127,550	112,786	14,764
Business, total	1,729,655	643,843	1,085,812	919,411	166,401
Private	199,466	35,009	164,457	153,993	10,464
Total	1,929,121	678,852	1,250,269	1,073,404	176,865

Impairment account for individual impairment broken down by reason for impairment

Group	2012		2011	
	Exposure before impairment	Impairment	Exposure before impairment	Impairment
DKK '000				
Insolvency	164,033	170,240	164,033	170,240
Debt collection and suspension of payments	46,583	38,032	15,720	10,899
Other financial difficulties	1,729,756	944,981	1,749,368	1,023,070
Total	1,940,372	1,153,253	1,929,121	1,204,209

Parent	2012		2011	
	Exposure before impairment	Impairment	Exposure before impairment	Impairment
DKK '000				
Insolvency	164,033	170,240	164,033	170,240
Debt collection and suspension of payments	46,583	38,032	15,720	10,899
Other financial difficulties	1,729,756	944,981	1,749,368	1,023,070
Total	1,940,372	1,153,253	1,929,121	1,204,209

Debts that are due, but not impaired

Group	2012		2011	
	Debt balance	Overdrawn by > DKK 1,000	Debt balance	Overdrawn by > DKK 1,000
DKK '000				
0-30 days	674,791	60,002	1,111,001	88,890
30-60 days	20,593	1,072	13,496	2,160
60-90 days	414	64	5,921	268
> 90 days	607	19	1,532	271
Total	696,405	61,157	1,131,950	91,589

Parent	2012		2011	
	Debt balance	Overdrawn by > DKK 1,000	Debt balance	Overdrawn by > DKK 1,000
DKK '000				
0-30 days	674,791	60,002	1,111,001	88,890
30-60 days	20,593	1,072	13,496	2,160
60-90 days	414	64	5,921	268
> 90 days	607	19	1,532	271
Total	696,405	61,157	1,131,950	91,589

Notes

Debts that are due, but not impaired, broken down by industry

Group - 2012

Overdrawn by > DKK 1,000

DKK '000	0-30 days	30-60 days	60-90 days	> 90 days	Total
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	18,405	42	34	0	18,481
Industry and raw material extraction	942	0	0	0	942
Energy supply	103	0	0	0	103
Building and construction industry	3,231	463	22	0	3,716
Trade	5,253	32	0	0	5,285
Transport, restaurant and hotel industry	2,670	0	0	0	2,670
Information and communication	456	22	0	0	478
Finance and insurance	573	0	0	0	573
Real property	2,618	0	0	0	2,618
Other business	9,063	146	0	4	9,213
Business, total	43,314	705	56	4	44,079
Private	16,688	367	8	15	17,078
Total	60,002	1,072	64	19	61,157

Group - 2011

Overdrawn by > DKK 1,000

DKK '000	0-30 days	30-60 days	60-90 days	> 90 days	Total
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	12,858	661	34	0	13,553
Industry and raw material extraction	1,206	74	0	0	1,280
Energy supply	597	0	0	0	597
Building and construction industry	2,785	89	0	113	2,987
Trade	6,025	271	0	22	6,318
Transport, restaurant and hotel industry	6,534	95	0	0	6,629
Information and communication	221	7	0	0	228
Finance and insurance	8,942	0	0	0	8,942
Real property	2,903	0	41	87	3,031
Other business	7,592	160	42	25	7,819
Business, total	49,663	1,357	117	247	51,384
Private	39,227	803	151	24	40,205
Total	88,890	2,160	268	271	91,589

Notes

Parent - 2012

Overdrawn by > DKK 1,000

DKK '000	0-30 days	30-60 days	60-90 days	> 90 days	Total
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	18,405	42	34	0	18,481
Industry and raw material extraction	942	0	0	0	942
Energy supply	103	0	0	0	103
Building and construction industry	3,231	463	22	0	3,716
Trade	5,253	32	0	0	5,285
Transport, restaurant and hotel industry	2,670	0	0	0	2,670
Information and communication	456	22	0	0	478
Finance and insurance	573	0	0	0	573
Real property	2,618	0	0	0	2,618
Other business	9,063	146	0	4	9,213
Business, total	43,314	705	56	4	44,079
Private	16,688	367	8	15	17,078
Total	60,002	1,072	64	19	61,157

Parent - 2011

Overdrawn by > DKK 1,000

DKK '000	0-30 days	30-60 days	60-90 days	> 90 days	Total
Public authorities	0	0	0	0	0
Business:					
Agriculture, hunting and forestry	12,858	661	34	0	13,553
Industry and raw material extraction	1,206	74	0	0	1,280
Energy supply	597	0	0	0	597
Building and construction industry	2,785	89	0	113	2,987
Trade	6,025	271	0	22	6,318
Transport, restaurant and hotel industry	6,534	95	0	0	6,629
Information and communication	221	7	0	0	228
Finance and insurance	8,942	0	0	0	8,942
Real property	2,903	0	41	87	3,031
Other business	7,592	160	42	25	7,819
Business, total	49,663	1,357	117	247	51,384
Private	39,227	803	151	24	40,205
Total	88,890	2,160	268	271	91,589

Description of security

Loans and security are assessed on a continuous basis, and the measures available for reducing the risk of the bank's lending activities are used to the widest possible extent. The most common types of security in relation to private customer commitments are mortgages on real property, securities and cars. The most common types of security in relation to business customer commitments are mortgages on real property, securities, operating equipment, inventories, debtors and guarantees.

Collateral received and type

DKK '000	Group		Parent	
	2012	2011	2012	2011
Credit exposure	9,127,766	10,690,295	9,153,287	10,726,676
Value of collateral	4,492,882	4,317,808	4,492,882	4,317,808
Unsecured	4,634,884	6,372,487	4,660,405	6,408,868
Unsecured as % of exposure	51%	60%	51%	60%

Notes

DKK '000	Group		Parent	
	2012	2011	2012	2011
Properties	2,564,653	2,701,666	2,564,653	2,701,666
Right of subrogation to mortgage on real property	862,907	553,875	862,907	553,875
Securities	170,738	202,297	170,738	202,297
Movables, equipment, vehicles etc.	507,546	552,650	507,546	552,650
Cash	164,834	106,860	164,834	106,860
Other collateral	222,204	200,460	222,204	200,460
Total collateral	4,492,882	4,317,808	4,492,882	4,317,808

Collateral received broken down by industry

Group - 2012							
DKK '000	Pro- perties	Right of subro- gation to mortgage on real property	Securities	Mo- vables, equip- ment, vehicles etc.	Cash	Other collateral	Total
Public authorities	0	0	0	0	0	0	0
Business:							
Agriculture, hunting and forestry	741,412	63,560	33,800	54,846	37,415	45,873	976,906
Industry and raw material extraction	44,161	24,229	460	18,772	1,657	5,263	94,542
Energy supply	40,343	8,122	28,577	24,231	10,915	14,678	126,866
Building and construction industry	111,694	37,213	8,616	19,161	8,581	13,307	198,572
Trade	118,160	72,342	4,866	30,920	5,030	17,852	249,170
Transport, restaurant and hotel industry	65,056	48,445	886	49,602	3,669	10,096	177,754
Information and communication	7,424	4,132	680	3,457	238	1,460	17,391
Finance and insurance	96,821	27,735	4,529	490	1,994	3,928	135,497
Real property	283,869	110,852	7,695	4,012	2,123	46,065	454,616
Other business	199,430	122,892	15,499	30,774	14,930	16,816	400,341
Business, total	1,708,370	519,522	105,608	236,265	86,552	175,338	2,831,655
Private	856,283	343,385	65,130	271,281	78,282	46,866	1,661,227
Total	2,564,653	862,907	170,738	507,546	164,834	222,204	4,492,882

Koncernen - 2011							
1.000 DKK.	Pro- perties	Right of subro- gation to mortgage on real property	Securities	Mo- vables, equip- ment, vehicles etc.	Cash	Other collateral	Total
Public authorities	0	0	0	0	0	0	0
Business:							
Agriculture, hunting and forestry	801,033	28,110	23,984	43,599	23,184	32,816	952,726
Industry and raw material extraction	49,032	27,906	898	26,698	1,426	2,050	108,010
Energy supply	16,046	6,891	1,800	2,247	2,143	15,641	44,768
Building and construction industry	124,815	28,467	7,165	23,397	6,035	14,010	203,889
Trade	160,073	65,395	33,033	67,226	1,850	9,179	336,756
Transport, restaurant and hotel industry	71,635	43,901	1,302	52,447	1,541	5,195	176,021
Information and communication	10,294	1,347	2,688	3,890	155	1,013	19,387
Finance and insurance	87,228	7,296	58,024	1,753	16,209	3,720	174,230
Real property	327,963	82,427	4,136	4,843	3,143	43,325	465,837
Other business	185,743	53,736	14,293	27,387	19,405	19,833	320,397
Business, total	1,833,862	345,476	147,323	253,487	75,091	146,782	2,802,021
Private	867,804	208,399	54,973	299,164	31,769	53,678	1,515,787
Total	2,701,666	553,875	202,296	552,651	106,860	200,460	4,317,808

Notes

Parent - 2012

DKK '000	Properties	Right of subrogation to mortgage on real property	Securities	Movables, equipment, vehicles etc.	Cash	Other collateral	Total
Public authorities	0	0	0	0	0	0	0
Business:							
Agriculture, hunting and forestry	741,412	63,560	33,800	54,846	37,415	45,873	976,906
Industry and raw material extraction	44,161	24,229	460	18,772	1,657	5,263	94,542
Energy supply	40,343	8,122	28,577	24,231	10,915	14,678	126,866
Building and construction industry	111,694	37,213	8,616	19,161	8,581	13,307	198,572
Trade	118,160	72,342	4,866	30,920	5,030	17,852	249,170
Transport, restaurant and hotel industry	65,056	48,445	886	49,602	3,669	10,096	177,754
Information and communication	7,424	4,132	680	3,457	238	1,460	17,391
Finance and insurance	96,821	27,735	4,529	490	1,994	3,928	135,497
Real property	283,869	110,852	7,695	4,012	2,123	46,065	454,616
Other business	199,430	122,892	15,499	30,774	14,930	16,816	400,341
Business, total	1,708,370	519,522	105,608	236,265	86,552	175,338	2,831,655
Private	856,283	343,385	65,130	271,281	78,282	46,866	1,661,227
Total	2,564,653	862,907	170,738	507,546	164,834	222,204	4,492,882

Parent - 2011

DKK '000	Properties	Right of subrogation to mortgage on real property	Securities	Movables, equipment, vehicles etc.	Cash	Other collateral	Total
Public authorities	0	0	0	0	0	0	0
Business:							
Agriculture, hunting and forestry	801,033	28,110	23,984	43,599	23,184	32,816	952,726
Industry and raw material extraction	49,032	27,906	898	26,698	1,426	2,050	108,010
Energy supply	16,046	6,891	1,800	2,247	2,143	15,641	44,768
Building and construction industry	124,815	28,467	7,165	23,397	6,035	14,010	203,889
Trade	160,073	65,395	33,033	67,226	1,850	9,179	336,756
Transport, restaurant and hotel industry	71,635	43,901	1,302	52,447	1,541	5,195	176,021
Information and communication	10,294	1,347	2,688	3,890	155	1,013	19,387
Finance and insurance	87,228	7,296	58,024	1,753	16,209	3,720	174,230
Real property	327,963	82,427	4,136	4,843	3,143	43,325	465,837
Other business	185,743	53,736	14,293	27,387	19,405	19,833	320,397
Business, total	1,833,862	345,476	147,323	253,487	75,091	146,782	2,802,021
Private	867,804	208,399	54,973	299,164	31,769	53,678	1,515,787
Total	2,701,666	553,875	202,296	552,651	106,860	200,460	4,317,808

Credit exposure broken down by unsecured part

Group - 2012 DKK '000	Maximum credit risk	Value of collateral	Unsecured	Unsecured %
Public authorities	0	0	0	0%
Business:				
Agriculture, hunting and forestry	1,657,770	976,906	680,864	41%
Industry and raw material extraction	209,325	94,542	114,783	55%
Energy supply	156,399	126,866	29,533	19%
Building and construction industry	377,456	198,572	178,884	47%
Trade	566,243	249,170	317,073	56%
Transport, restaurant and hotel industry	310,591	177,754	132,837	43%
Information and communication	41,341	17,391	23,950	58%
Finance and insurance	492,525	135,497	357,028	72%
Real property	602,423	454,616	147,807	25%
Other business	844,143	400,341	443,802	53%
Business, total	5,258,216	2,831,655	2,426,561	46%
Private	3,869,550	1,661,227	2,208,323	57%
Total	9,127,766	4,492,882	4,634,884	51%

Group - 2011 DKK '000	Maximum credit risk	Value of collateral	Unsecured	Unsecured %
Public authorities	0	0	0	0%
Business:				
Agriculture, hunting and forestry	1,937,304	952,726	984,578	51%
Industry and raw material extraction	241,510	108,010	133,500	55%
Energy supply	79,687	44,768	34,919	44%
Building and construction industry	488,538	203,889	284,649	58%
Trade	812,549	336,756	475,793	59%
Transport, restaurant and hotel industry	390,009	176,021	213,988	55%
Information and communication	61,742	19,387	42,355	69%
Finance and insurance	646,402	174,230	472,172	73%
Real property	735,797	465,837	269,960	37%
Other business	1,078,032	320,397	757,635	70%
Business, total	6,471,570	2,802,021	3,669,549	57%
Private	4,218,725	1,515,787	2,702,938	64%
Total	10,690,295	4,317,808	6,372,487	60%

Parent - 2012 DKK '000	Maximum credit risk	Value of collateral	Unsecured	Unsecured %
Public authorities	0	0	0	0%
Business:				
Agriculture, hunting and forestry	1,657,770	976,906	680,864	41%
Industry and raw material extraction	209,325	94,542	114,783	55%
Energy supply	156,399	126,866	29,533	19%
Building and construction industry	377,456	198,572	178,884	47%
Trade	566,243	249,170	317,073	56%
Transport, restaurant and hotel industry	310,591	177,754	132,837	43%
Information and communication	41,341	17,391	23,950	58%
Finance and insurance	492,525	135,497	357,028	72%
Real property	627,944	454,616	173,328	28%
Other business	844,143	400,341	443,802	53%
Business, total	5,283,737	2,831,655	2,452,082	46%
Private	3,869,550	1,661,227	2,208,323	57%
Total	9,153,287	4,492,882	4,660,405	51%

Notes

Parent - 2011 DKK '000	Maximum credit risk	Value of collateral	Unsecured	Unsecured %
Public authorities	0	0	0	0%
Business:				
Agriculture, hunting and forestry	1,937,304	952,726	984,578	51%
Industry and raw material extraction	241,510	108,010	133,500	55%
Energy supply	79,687	44,768	34,919	44%
Building and construction industry	488,538	203,889	284,649	58%
Trade	812,549	336,756	475,793	59%
Transport, restaurant and hotel industry	390,009	176,021	213,988	55%
Information and communication	61,742	19,387	42,355	69%
Finance and insurance	646,402	174,230	472,172	73%
Real property	772,178	465,837	306,341	40%
Other business	1,078,032	320,397	757,635	70%
Business, total	6,507,951	2,802,021	3,705,930	57%
Private	4,218,725	1,515,787	2,702,938	64%
Total	10,726,676	4,317,808	6,408,868	60%

Gross exposure (loans and guarantees) broken down by size

2012 DKK '000	Group		Parent	
	Exposure	No. of customers	Exposure	No. of customers
0 - 100	586,085	13,353	586,085	13,353
100 - 500	2,653,941	10,733	2,653,941	10,733
500 - 1.000	1,500,234	2,192	1,500,234	2,192
1.000 - 5.000	2,663,610	1,367	2,663,610	1,367
5.000 - 10.000	853,746	126	879,267	129
10.000 - 20.000	1,008,568	73	1,008,568	73
20.000 - 50.000	551,040	20	551,040	20
> 50.000	492,823	7	492,823	7
Total	10,310,047	27,871	10,335,568	27,874

Relative distribution

	Exposure	No. of customers	Exposure	No. of customers
0 - 100	6%	48%	6%	48%
100 - 500	26%	39%	26%	39%
500 - 1.000	15%	8%	15%	8%
1.000 - 5.000	26%	5%	26%	5%
5.000 - 10.000	8%	0%	9%	0%
10.000 - 20.000	10%	0%	10%	0%
20.000 - 50.000	5%	0%	5%	0%
> 50.000	5%	0%	5%	0%
Total	100%	100%	100%	100%

Notes

2011	Group		Parent	
	Exposure	No. of customers	Exposure	No. of customers
DKK '000				
0 - 100	211,730	14,821	248,111	14,824
100 - 500	2,886,970	11,695	2,886,970	11,695
500 - 1.000	1,760,988	2,566	1,760,988	2,566
1.000 - 5.000	3,418,115	1,777	3,418,115	1,777
5.000 - 10.000	1,146,151	167	1,146,151	167
10.000 - 20.000	1,007,772	74	1,007,772	74
20.000 - 50.000	680,420	26	680,420	26
> 50.000	683,311	9	683,311	9
Total	11,795,457	31,135	11,831,838	31,138

Relative distribution	Group		Parent	
	Exposure	No. of customers	Exposure	No. of customers
0 - 100	2%	48%	2%	48%
100 - 500	24%	38%	24%	38%
500 - 1.000	15%	8%	15%	8%
1.000 - 5.000	29%	6%	29%	6%
5.000 - 10.000	10%	1%	10%	1%
10.000 - 20.000	9%	0%	9%	0%
20.000 - 50.000	6%	0%	6%	0%
> 50.000	6%	0%	6%	0%
Total	100%	100%	100%	100%

Credit risk – Net financials

DKK '000	Group		Parent	
	2012	2011	2012	2011
Receivables from credit institutions and central banks	379,314	946,641	379,314	946,641
Bonds at fair value	3,681,771	2,748,150	3,681,771	2,748,150
Total	4,061,085	3,694,791	4,061,085	3,694,791

Bond portfolio broken down by rating

DKK '000	Group		Parent	
	2012	2011	2012	2011
AAA	3,438,175	1,570,556	3,438,175	1,570,556
AA	15,230	24,810	15,230	24,810
A	834	752,595	834	752,595
BBB	113,380	286,793	113,380	286,793
BB		0		0
CCC		0		0
CC		0		0
Unrated	114,152	113,396	114,152	113,396
Total	3,681,771	2,748,150	3,681,771	2,681,640

Receivables from credit institutions broken down by product type

DKK '000	Group		Parent	
	2012	2011	2012	2011
Certificates of deposit	0	580,000	0	580,000
Periodic payment, Totalkredit	6,915	63,434	6,915	63,434
Deposits	0	0	0	0
Charged accounts (margin accounts)	57,220	70,950	57,220	70,950
Open accounts	315,179	232,257	315,179	232,257
Total	379,314	946,641	379,314	946,641

Receivables from credit institutions broken down by rating

DKK '000	Group		Parent	
	2012	2011	2012	2011
AAA	0	580,000	0	580,000
AA	7,326	6,160	7,326	6,160
A	138,400	352,038	138,400	352,038
BBB	0	0	0	0
BB	0	0	0	0
CCC	0	0	0	0
CC	0	0	0	0
Unrated	233,588	8,443	233,588	8,443
Total	379,314	946,641	379,314	946,641

Note 35 Market risk

Trading in shares, bonds, currency and related financial instruments is a major business area. Consequently, the bank assumes market risks on a continuous basis.

Market risk is the risk that the market value of the bank's assets and liabilities changes as a result of changes in the market conditions. The market risk occurs in the bank's open positions and can be divided into interest rate risk, currency risk and share risk.

In 2012, no significant changes were made to assumptions, objectives, policies and calculation models compared to last year.

The market risk limits are laid down by the Board of Directors. The Board of Executives has transferred parts of the risk limit to the department of investment and international transactions. All risk limits are controlled by a function which is independent of business responsibilities and position management. Any excesses are reported to the Board of Executives and the Board of Directors according to an established frequency.

At the end of 2012, the most important limits for the bank's portfolios were as follows:

- an interest rate risk of 9.4% when measured in relation to the bank's core capital, including deductions, in the event of an increase in the interest rate of 1%.
- a bond portfolio of DKK 6.8bn.
- a listed share portfolio of DKK 52.5m.

The interest rate risk is calculated in accordance with the rules of the Danish Financial Supervisory Authority as the total loss risk in the event of a general negative change in interest rates of 1 percentage point. The total interest rate risk at the end of 2012 was calculated at 2.5% against 1.6% in 2011.

Interest rate risk

1.000 DKK.	Group		Parent	
	2012	2011	2012	2011
DKK	36,766	24,947	36,766	24,947
EUR	66	37	66	37
CHF	-16	-54	-16	-54
NZD	1	0	1	0
NOK	358	319	358	319
GBP	-1	0	-1	0
Other	-1	4	-1	4
Total	37,173	25,253	37,173	25,253

Notes

Currency risk

DKK '000	Group		Parent	
	2012	2011	2012	2011
Assets in foreign currency	179,316	239,237	179,316	239,237
Liabilities in foreign currency	378,856	361,428	378,856	361,428
Exchange rate indicator 1	63,086	29,048	63,086	29,048
Exchange rate indicator in % of core capital, incl. hybrid core capital after deductions	4.2	2.1	4.2	2.1
Exchange rate indicator 2	210	939	210	939

Share price exposure

DKK '000	Group		Parent	
	2012	2011	2012	2011
Shares in trading portfolio:				
Listed shares in trading portfolio	27,477	27,717	27,477	27,717
Unlisted shares in trading portfolio	0	0	0	0
Total	27,477	27,717	27,477	27,717
Shares outside trading portfolio:				
Credit and financial institutions	359,400	337,805	359,400	337,805
Management companies and investment funds	104,117	74,395	104,117	74,395
Pension institutions	4,369	4,305	4,369	4,305
Data supplier	180,892	160,006	180,892	160,006
Payment services provider	4,333	4,333	4,333	4,333
Other shares	4,640	3,937	4,640	3,937
Total	657,751	584,781	657,751	584,781

Sensitivity analysis

The information shows the effect of isolated changes in interest rate plus share prices and exchange rates after tax.

	Change as % of equity		Operating effect	
	2012	2011	2012	2011
Interest rate rise of 1 percentage point	-2.0	-1.2	-27.9	-19.0
Interest rate fall of 1 percentage point	2.0	1.2	27.9	19.0
Share price fall of 10% (of trading portfolio)	-0.1	0.2	-2.0	-2.1
Change in exchange rate of 2% in unfavourable direction	-0.1	0.0	-0.9	-0.4

Note 36 Liquidity risk

Liquidity management is based on the provisions laid down in the Danish Financial Business Act with a view to ensuring adequate liquidity at all times in order for the group to meet its obligations. The liquidity management and the associated risks are based on the fact that the group's funding primarily takes place through customer deposits, the money market, loan facilities with Danmarks Nationalbank and by raising subordinated debt. Due to the general liquidity crisis, the continuous monitoring of the cash resources of the group has been intensified in order to ensure that future liquidity changes will not come close to the statutory minimum requirements.

Balance sheet items broken down by expected maturity

DKK '000	2012 < 1 year	2012 > 1 year	2011 < 1 year	2011 > 1 year
Assets				
Cash balance and demand deposits with central banks	1,090,849	0	304,052	0
Receivables from credit institutions and central banks	379,314	0	366,641	580,000
Loans and other receivables at amortised cost	3,425,849	4,111,434	4,500,124	4,413,893
Bonds at fair value	801,829	2,879,942	801,829	1,946,321
Shares etc.	27,477	657,751	27,477	584,781
Investments in associates	0	0	0	164,276
Land and buildings				
Owner-occupied properties	0	131,671	0	134,527
Investment properties	0	6,252	0	20,914
Properties available for sale	0	8,055	0	11,569
Other property, plant and equipment	0	13,129	0	21,232
Current tax assets	76	0	1,893	0
Deferred tax assets	0	186,251	0	241,156
Assets in temporary possession	25,525	0	27,847	0
Other assets	268,572	0	273,070	0
Prepayments	16,562	0	16,382	0
Total	6,036,053	7,994,485	6,319,315	8,118,669
Equity and liabilities				
Payables to credit institutions and central banks	659,321	494,654	702,060	0
Deposits and other payables	520,568	8,803,467	645,726	8,368,116
Bonds at amortised cost	1,002,511	14,409	0	2,016,294
Liabilities assumed on a temporary basis	5,599	0	6,288	0
Andre passiver	333,779	0	325,328	0
Deferred income	4	0	2,042	0
Provisions	9,535	32,598	17,923	31,745
Subordinated debt	0	749,499	0	705,246
Total	2,531,317	10,094,627	1,699,367	11,121,401

Deposits include demand deposits. Demand deposits have a short contractual term, but are regarded as a stable funding source with expected maturity of over 1 year.

Contractual term to maturity of financial liabilities

DKK '000	Carrying amount	Contractual cash flow	< 1 year	1-5 years	Over 5 years
2012					
Financial instruments					
Payables to credit institutions and central banks	1,153,975	1,158,073	659,321	498,752	0
Deposits and other payables	9,324,035	9,559,902	754,674	8,168,276	636,952
Bonds issued at amortised cost	1,016,920	1,066,320	26,000	1,040,320	0
Liabilities assumed on a temporary basis	5,599	6,134	196	1,213	4,725
Other liabilities, ex. derivative financial instruments	182,027	182,027	182,027	0	0
Subordinated debt	749,499	944,306	54,596	889,710	0
Irrevocable credit commitments	2,556,092	2,556,092	2,556,092	0	0
Total	14,988,147	15,472,853	4,232,906	10,598,270	641,677
Derivative financial instruments					
Financial instruments used as hedging instruments	151,752	151,752	151,752	0	0

Notes

1.000 DKK.	Carrying amount	Contractual cash flow	< 1 year	1-5 years	Over 5 years
2011					
Financial instruments					
Payables to credit institutions and central banks	702,060	709,081	709,081	0	0
Deposits and other payables	9,013,842	9,267,985	683,605	7,951,219	633,161
Bonds issued at amortised cost	2,016,920	2,105,594	47,000	2,058,594	0
Liabilities assumed on a temporary basis	6,288	6,889	252	1,362	5,275
Other liabilities, ex. derivative financial instruments	164,289	164,289	164,289	0	0
Subordinated debt	703,077	789,491	53,437	736,054	0
Irrevocable credit commitments	2,722,101	2,722,101	2,722,101	0	0
Total	15,328,577	15,765,430	4,379,765	10,747,229	638,436

Derivative financial instruments

Financial instruments used as hedging instruments	169,490	169,490	169,490	0	0
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Note 37 Operational risk

Measures have been introduced by way of the group's IT policy in order to minimise breakdowns and unauthorised access to the group's IT systems. The group's primary IT supplier is Bankernes EDB Central (BEC). BEC uses two-centre operations, enabling systems to be executed at one centre in case of the other centre not being operational.

The group's operations are largely based on written business procedures describing processes and routines. Back-up staff is used in areas which are deemed to be particularly critical.

Note 38 Derivative financial instruments

Broken down by term to maturity:

Up to 3 months

DKK '000	2012		2011	
	Nominal value	Net market value	Nominal value	Net market value
Currency contracts				
Forward contracts/futures, purchase	-483,138	6,017	-769,147	13,893
Forward contracts/futures, sale	262,930	2,004	786,310	-8,234
Currency swaps	0	0	0	0
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	-5,270	16	-105,687	316
Forward contracts/futures, sale	5,433	1	5,687	-28
Interest rate swaps	0	0	0	0
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	-220,045	8,038	-82,837	5,947

Notes

Between 3 months and 1 year

DKK '000	2012		2011	
	Nominal value	Net market value	Nominal value	Net market value
Currency contracts				
Forward contracts/futures, purchase	0	0	-5,855	861
Forward contracts/futures, sale	0	0	5,619	-65
Currency swaps	0	0	0	0
Options, acquired	-14,921	0	0	0
Options, issued	89,525	0	32,239	0
Interest rate contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Interest rate swaps	0	0	0	0
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	74,604	0	32,003	796

Between 1 and 5 years

DKK '000	2012		2011	
	Nominal value	Net market value	Nominal value	Net market value
Currency contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Currency swaps	0	0	0	0
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Interest rate swaps	0	0	0	0
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	0	0	0	0

Over 5 years

DKK '000	2012		2011	
	Nominal value	Net market value	Nominal value	Net market value
Currency contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Currency swaps	0	-484	0	-409
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Interest rate swaps	0	484	0	409
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	0	0	0	0

Notes

Total DKK '000	2012		2011	
	Nominal value	Net market value	Nominal value	Net market value
Currency contracts				
Forward contracts/futures, purchase	-483,138	6,017	-775,002	14,754
Forward contracts/futures, sale	262,930	2,004	791,929	-8,299
Currency swaps	0	-484	0	-409
Options, acquired	-14,921	0	0	0
Options, issued	89,525	0	32,239	0
Interest rate contracts				
Forward contracts/futures, purchase	-5,270	16	-105,687	316
Forward contracts/futures, sale	5,433	1	5,687	-28
Interest rate swaps	0	484	0	409
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	-145,441	8,038	-50,834	6,743

Market value DKK '000	2012		2011	
	Positive	Negative	Positive	Negative
Currency contracts				
Forward contracts/futures, purchase	6,575	558	16,448	1,694
Forward contracts/futures, sale	4,698	2,694	6,097	14,396
Currency swaps	32,323	32,808	42,796	43,205
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	19	4	317	2
Forward contracts/futures, sale	10	9	2	31
Interest rate swaps	116,211	115,679	118,263	117,854
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	159,836	151,752	183,923	177,182

Derivative financial instruments				
Average market value				
DKK '000	2012		2011	
	Positive	Negative	Positive	Negative
Currency contracts				
Forward contracts/futures, purchase	274	32	198	242
Forward contracts/futures, sale	181	168	210	182
Currency swaps	2,020	1,930	1,585	1,543
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	3	2	317	2
Forward contracts/futures, sale	3	2	3	31
Interest rate swaps	4,187	4,287	117,146	117,854
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	6,668	6,421	119,459	119,854

Notes

Market value of contracts without guarantee DKK '000	2012		2011	
	Positive	Negative	Positive	Negative
Currency contracts				
Forward contracts/futures, purchase	6,575	558	16,448	1,694
Forward contracts/futures, sale	4,698	2,694	6,097	14,396
Currency swaps	32,323	32,808	42,796	43,205
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	19	4	317	2
Forward contracts/futures, sale	10	9	2	31
Interest rate swaps	116,811	115,679	118,263	117,854
Share contracts				
Forward contracts/futures, purchase	0	0	0	0
Forward contracts/futures, sale	0	0	0	0
Total	159,836	151,752	183,923	177,182
Total after netting	159,836	151,752	183,923	177,182

Unsettled spot transactions

2012 DKK '000	Nominal value	Market value		Net
		Positive	Negative	
Currency transactions, purchase				
Currency transactions, sale	30,395	51	157	-106
Interest rate transactions, purchase	19,121	52	5	47
Interest rate transactions, sale	19,624	6	42	-36
Share transactions, purchase	15,848	38	103	-65
Share transactions, sale	17,975	118	33	85
Total	133,061	425	343	82
2011 DKK '000	Nominal value	Positive	Negative	Net
Currency transactions, purchase				
Currency transactions, sale	13,706	110	96	14
Interest rate transactions, purchase	8,000	9	4	5
Interest rate transactions, sale	7,900	10	5	5
Share transactions, purchase	8,273	89	15	74
Share transactions, sale	7,608	20	75	-55
Total	193,964	362	232	130

Note 39 Definitions of ratios

Solvency ratio

Capital base in per cent of risk-weighted assets.

Core capital ratio

Core capital less risk-weighted assets in per cent.

Return on equity before tax

Profit/loss before tax in per cent of average equity. Average equity is calculated as a simple average of equity at the beginning and end of the year.

Return on equity after tax

Profit/loss after tax in per cent of average equity. Average equity is calculated as a simple average of equity at the beginning and end of the year.

Earnings per DKK of cost (Danish Financial Supervisory Authority's definition)

Net interest and fee income, market value adjustments, other operating income and profit/loss from equity investments in associates and group enterprises in per cent of staff costs and administrative expenses, depreciation, amortisation and impairment of intangible assets and property, plant and equipment, other operating expenses and impairment of loans and receivables.

Interest rate risk

Interest rate risk in per cent of core capital less deductions.

Currency position

Currency indicator 1 in per cent of core capital less deductions.

Currency risk

Currency indicator 2 in per cent of core capital less deductions.

Loans plus impairment thereof relative to deposits

Loans + impairment in per cent of deposits.

Loans relative to deposits

Loans in per cent of deposits.

Surplus cover relative to statutory liquidity requirement

Cash, demand deposits with Danmarks Nationalbank, fully secure and liquid demand deposits with credit institutions, unpledged certificates of deposit issued by Danmarks Nationalbank and secure, easily realisable (listed) and unpledged securities in per cent of 10% of reduced liabilities and guarantee commitments.

Sum of large commitments

Sum of large commitments in per cent of capital base, adjusted for commitments with credit institutions and others below DKK 1bn less particularly secure elements and security, guarantees etc. received.

Impairment ratio for the year

Impairment for the year in per cent of loans + guarantees + impairment.

Growth in loans for the year

Growth in loans from the beginning of the year to the end of the year in per cent.

Loans relative to equity

Loans/equity.

Earnings per share

Net profit/loss for the year/average number of shares. Average number of shares is calculated as a simple average of shares at the beginning and end of the year.

Equity value per share

Equity/number of shares, excl. treasury shares.

Dividend per share

Proposed dividend/number of shares.

Market price relative to earnings per share

Market price/earnings per share.

Market price relative to book value

Market price/book value per share.

Company and shareholder information

Danske Andelskassers Bank A/S is a public limited company located at the address:

Baneskellet 1
8830 Tjele, Denmark
Telephone: +45 87 99 30 00
Fax: +45 87 99 31 97
Email: info@dabank.dk
Website: www.andelskassen.dk

According to the Articles of Association, the bank is domiciled in Viborg Kommune, Danmark.

Furthermore, the bank has the following identifying information:

CVR no.: 31 84 32 19
Reg. no.: 5999
Ticker symbol on NASDAQ OMX Copenhagen: DAB
ISIN code: DK0060299063

Danske Andelskassers Bank was founded in 1969 and admitted to trading on NASDAQ OMX Copenhagen in 2011.

Auditors

Danske Andelskassers Bank's auditors, as elected by the general meeting, are Beierholm Statsautoriseret Revisionspartnerselskab.

Share capital and shareholders

Danske Andelskassers Bank's total share capital is a nominal DKK 550.6m made up of 55.06m shares with a nominal value of DKK 10 each. The total share capital has been admitted to trading and listing on NASDAQ OMX Copenhagen, and the bank has signed a market-maker agreement with Danske Bank.

Danske Andelskassers Bank has only one share class. All shares are registered and negotiable.

Each share with a nominal value of DKK 10 carries one vote at Danske Andelskassers Bank's general meetings. However, the bank has adopted a restriction in voting rights, with the effect that no shareholder may cast votes in excess of 1% of total share capital. With regard to the restriction in voting rights, shares are regarded as belonging to one shareholder if a special connection

exists between shareholders that causes the exercise of the voting rights to the shares to be regarded as having been decided by the same group of shareholders.

As at 31 December 2012, the following shareholders held more than 5% of the total share capital in Danske Andelskassers Bank:

- Andelskassen MidtVest Fond (domiciled in the Municipality of Ikast-Brandø) owns 12.71% of total share capital.
- Andelskassen Fyn Fond (domiciled in the Municipality of Faaborg-Midtfyn) owns 10.42% of total share capital.
- Andelskassen Østjylland Fond (domiciled in the Municipality of Viborg) owns 7.05% of total share capital.
- Andelskassen Sydjylland Fond (domiciled in the Municipality of Esbjerg) owns 6.25% of total share capital.
- Andelskassen Himmerland Fond (domiciled in the Municipality of Vesthimmerland) owns 5.81% of total share capital.
- Andelskassen Varde Fond (domiciled in the Municipality of Varde) owns 5.78% of total share capital.

Danske Andelskassers Bank's overall shareholder structure is such that, as at 31 December, 68% of the share capital was held by 16 foundations (established on the basis of the 16 cooperative banks included in the conversion of the SDA group, the cooperative banks and Danske Andelskassers Bank in spring 2011), 25% was held by private individuals/businesses, 5% was held by institutional investors, particularly business partners, while 3% was held by the bank.

Danske Andelskassers Bank's Articles of Association stipulate no limits in ownership. If an offer is made to acquire the bank's shares, the Board of Directors will respond in accordance with legislation and corporate governance principles.

Investor relations

Danske Andelskassers Bank is fundamentally based on the bank's values of cooperation, trust, commitment and stability. This also applies to communication with the bank's shareholders where the values are supported and complemented by applicable regulations etc. issued by NASDAQ OMX Copenhagen and others.

In other words, Danske Andelskassers Bank values an open dialogue with its shareholders and other stakeholders and is of the opinion that this openness should extend to positive as well as negative news. Information about and from the bank should be easy to understand and transparent whenever possible.

The bank's primary medium for investor communication is the website

investor.andelskassen.dk (in Danish only - financial reports in English are found on <http://www.andelskassen.dk/da-DK/Om/In%20English/Financial%20reports>)

where company announcements and financial statements are published along with information about the Board of Directors, corporate governance, share price developments etc.

The website also contains investor presentations and the bank's shareholder magazine, *AktionÆR*, which is published electronically twice a year. The magazine is also available from the bank's branches. The magazine provides insight into the bank's financial and other affairs, often coupled with stories from customers and/or employees.

The bank's shareholders' committee is also instrumental in ensuring a constructive dialogue with shareholders. Described in further detail on page 119, the committee plays an active role in the regions, in particular, while also providing input and comments on a more general level. As a supplement to the general meeting, shareholder meetings are held to improve shareholder access to information about the bank.

Finally, it should be emphasised that all shareholders are welcome to contact the bank with any questions. Investor Relations contact:

Martin Rask Pedersen, Communications Director
Telephone: +45 87 99 30 33
Email: mrp@dabank.dk

General meeting

The general meeting is Danske Andelskassers Bank's ultimate authority.

Notice of a general meeting is published and sent out no more than five weeks and no less than three weeks before the general meeting is to be held. All shareholders are entitled to attend, vote at and/or appoint a proxy at the general meeting subject to the voting restriction described elsewhere.

All shareholders can also submit proposals for discussion. This must be done in writing to the Board of Directors at least six weeks before the general meeting. Shareholders can appoint the Board of Directors or other parties as proxy for every single point on the agenda.

Extraordinary general meetings are held as decided by the general meeting or at the request of two members of the Board of Directors, the auditor or shareholders representing at least 5% of the share capital.

Amendments to the Articles of Association

Danske Andelskassers Bank's Articles of Association can be amended by a resolution of the general meeting if the proposal is passed by at least two-thirds of both the votes cast and the voting capital represented at the general meeting.

The Board of Directors is authorised to make the amendments and additions to the Articles of Association that are demanded by public authorities pursuant to current legislation for limited liability companies and financial enterprises.

Authority granted to the Board of Directors regarding share capital, capital increases and trading in treasury shares

The general meeting has not granted the Board of Directors special authority to buy back and cancel existing shares or increase the share capital.

In 2012, Danske Andelskassers Bank purchased 900,139 treasury shares at a cost of DKK 12m. This is equivalent to an average acquisition price per share of DKK 13.47. 908,297 treasury shares were sold during 2012. At the end of 2012, the holding of treasury shares was 1,384,406, equivalent to 2.51% of the share capital.

Dividend policy

It is Danske Andelskassers Bank's dividend policy that,

over time, a reasonable return should be associated with being a shareholder of the bank.

Owing to the loss made in 2012, the current market situation and the market conditions expected in the next few years, the Board of Directors is making a recommendation to the general meeting to the effect that no dividend should be paid for the 2012 financial year.

It should be noted in this connection that, as a result of raising hybrid core capital in accordance with the Danish Act on Government Capital Injections in Credit Institutions (Lov om statsligt kapitalindskud i kreditinstitutter) (Bank Package II), the bank must not pay a dividend unless it can be accommodated within the net profit for the year.

It is the bank's assessment and expectation that based on the current market situation and the market conditions expected in the next few years, no dividend will be paid for the 2013 financial year.

Important agreements that will be amended or lapse if control of the group changes

Danske Andelskassers Bank has no agreements requiring renegotiation in the event of control of the group changing that is considered to have a material influence on the group's affairs.

Midsummers Run in Klejtrup



The Midsummers Run is a part of the town fair in Klejtrup near Hobro.

The town fair lasts a week and Andelskassen sponsors the run as well as prizes for the tombola.

Company announcements and financial calendar

Company announcements

Danske Andelskassers Bank issued the following company announcements in 2012:

10 January	Danske Andelskassers Bank concludes market-maker agreement
12 January	Negative market value adjustment of Danske Andelskassers Bank's shareholding in Sparinvest Holdings SE
21 February	Updated financial calendar 2012
29 February	Annual report 2011
9 March	Danske Andelskassers Bank sells 261,000 shares in GrønlandsBANKEN A/S
2 April	General meeting of Danske Andelskassers Bank A/S
3 April	Election of employee representatives to the Board of Directors of Danske Andelskassers Bank
25 April	Danske Andelskassers Bank's annual general meeting, Wednesday 25 April 2012
9 May	Quarterly report for Q1 2012
15 May	Report of transactions by senior employees and related parties in shares and associated securities in Danske Andelskassers Bank A/S
16 May	Early repayment of bond loan – ISIN code DK0030249701
14 June	Alternates to Danske Andelskassers Bank's Board of Directors resign
22 August	Interim report for H1 2012
28 September	Danske Andelskassers Bank borrows DKK 500m from Danmarks Nationalbank
30 October	Financial calendar for 2013
8 November	Quarterly report for Q1-Q3 2012
17 December	Danske Andelskassers Bank writes down deferred tax asset by DKK 75m – the write-down has no impact on solvency

Financial calendar for 2012

Danske Andelskassers Bank's financial calendar for 2013 is as follows:

27 February	Annual report for 2012
29 April	Annual general meeting
15 May	Interim report for the period 1 January – 31 March 2013
28 August	Interim report for the period 1 January – 30 June 2013
13 November	Interim report for the period 1 January – 30 September 2013

Shareholder meetings and general meeting

Shareholder meetings

Danske Andelskassers Bank wants a close and constructive dialogue with its shareholders. To this end, the bank has set up six shareholder districts corresponding to the bank's regions which are described in Annex 1 to the Articles of Association.

For each of these shareholder districts, a shareholders' committee has been established as described on page 119 which is supplemented by an annual shareholder meeting in each shareholder district. At the shareholder meeting, the shareholders of the individual shareholder district are updated on events in the bank during the year with special focus on their shareholder district.

As of 2014, members of the shareholders' committees will also be elected at the shareholder meetings, which is described in further detail on page 119.

The shareholder meetings for 2013 have been scheduled as follows:

6 March 2013 – Central Jutland Shareholder District
Ikast-Brande Arena, Stadion Allé 2B, DK-7430 Ikast.

7 March 2013 – East Jutland Shareholder District
Hobro Idrætscenter, Amerikavej 22, DK-9500 Hobro.

12 March 2013 – West Jutland Shareholder District
Helle Hallen, Vrenderupvej 40 C, DK-6818 Årre

13 March 2013 – Southern Jutland Shareholder District
Kultur- og Aktivitetscenter Egebæk-Hviding, Egebækvej 30, DK-6760 Ribe

14 March 2013 – South Jutland Shareholder District
Augustenborg Hallen, Kettingvej 19A, DK-6440 Augustenborg

19 March 2013 – Funen Shareholder District
Midtfyns Fritidscenter, Søvej 34, DK-5750 Ringe.

All shareholder meetings start at 6.30 pm, and further information is sent to those shareholders who have requested it.

General meeting

Danske Andelskassers Bank is holding a general meeting in accordance with the Articles of Association:

Monday, 29 April 2013 at 5 pm in the bank's Head Office, Baneskellet 1, DK-8830 Tjele, Denmark.

As required by the Articles of Association, a notice will be sent to those shareholders who have requested it no sooner than five weeks and no later than three weeks prior to the general meeting. The meeting will also be advertised in a national daily newspaper.

The agenda, the complete proposals and the audited annual report will be made available on the bank's website and the bank's head office in Hammershøj at least three weeks before the general meeting.

Proposals for the general meeting must be submitted to the Board of Directors in writing by 18 March 2013.

Board of Directors



Composition and function of the Board of Directors

The Board of Directors of Danske Andelskassers Bank consists of nine members elected by the general meeting and three members elected by the employees. Following the general meeting in 2012, the Board of Directors elected Jakob Fastrup as Chairman and Jens Jørgensen Hald as Deputy Chairman.

Candidates for the Board of Directors elected by the general meeting are recommended by the Board of Directors and any shareholder who is entitled to vote. However, only the Board of Directors can recommend statutory members for the Board of Directors with accounting/auditing expertise and – as of the general meeting in 2013 – members with management experience from other relevant financial undertakings. As regards the latter, the Board of Directors will thus recommend a candidate at the annual general meeting in Danske Andelskassers Bank on 29 April 2013.

Members are elected to the Board of Directors for two years at a time and are eligible for re-election. In connection with the conversion of the SDA group, its 16 cooperative banks and Danske Andelskassers Bank in spring 2011, a transitional scheme was put in place to ensure stability in the transitional period with the effect that the current Board of Directors serves until 2014. All board members elected by the general meeting are up for re-election at the general meeting in 2014. Half of the board members elected by the general meeting will be elected for a one-year term, while the other half will be elected for a two-year term. A rotation system will be introduced as of 2015 in which half of the board members are up for re-election each year.

The board members elected by the employees were all elected in 2012 when the employees expressed a wish to be represented on the Board following the above conversion. Two of these members are elected for a four-year term, while one member is elected for a two-year term. As of 2014, all board members elected by the employees are elected for a four-year term and are thus also comprised by the rotation system.

All board members elected by the general meeting are independent in accordance with the Committee on Cor-

porate Governance's definition of the term. The three members elected by the employees are not independent in accordance with the same definition.

The Board of Directors has an upper age limit of 70 years. No member who has reached this age can thus be elected or re-elected to the Board of Directors.

Work of the Board of Directors

The Board of Directors of Danske Andelskassers Bank is responsible for the overall strategic management of the bank. This includes defining the bank's primary business activities and risk profile and establishing policies for managing essential activities and the associated risks.

Moreover, the Board of Directors supervises the Board of Executives which is responsible for the day-to-day management of Danske Andelskassers Bank in accordance with current legislation, including the Danish Companies Act and the Danish Financial Business Act, the guidelines issued by the Board of Directors and any other verbal or written instructions given by the Board of Directors.

The Board of Directors of Danske Andelskassers Bank held 27 meetings in 2012, hereof 13 phone meeting. In addition to that, the Board of Directors arranges board seminars and training activities etc.

At the end of 2012, the Board of Directors appointed three standing committees and a temporary committee. These committees are discussed in more detail on page 115.

Members of the Board of Directors



Jakob Fastrup, lawyer

Chairman of the Board of Directors

Born: 1957

Elected to the Board of Directors: 2006 (Chairman since 2008)

Present term ends: 2014

Number of shares held in Danske Andelskassers Bank: 2,328 (of which 373 was acquired in 2012)

Current management posts:

Partner, CEO and director of Midtadvokaterne A/S, Director of Garanti Invest A/S.

Previous management posts held in the last five years:

Chairman of the Board of Directors of SDA, I,B & Co, A/S, I,B, Holding ApS, I,B Medier A/S, I,B Facilities A/S, I,B Gruppen Holding A/S and I,B & Co, A/S. Deputy Chairman of Andelskassen MidtVest. Director of Effect Denmark A/S, Capacity Ejendomme A/S, Advokatforum A/S and B,B,J, Holding ApS. CEO of Advokatforum A/S.,



Jens Jørgensen Hald, farmer and consultant

Deputy Chairman

Born: 1946

Elected to the Board of Directors: 2003 (Deputy Chairman since 2010)

Present term ends: 2014

Number of shares held in Danske Andelskassers Bank: 1,200

Current management posts:

CEO of JJHald Consulting. Chairman of Kap Water Ltd, and Waterteck Ltd., both of which operate out of Kampala, Uganda. Founder of Ulfix ApS. Director of Rural Savings and Credit Co-operative Union LTD, Bushenyi, Uganda.

Previous management posts held in the last five years:

Chairman of the Board of Directors of Andelskassen Østjylland. Deputy Chairman of SDA.



Preben Arndal, state-authorised public accountant

Member with audit expertise

Born: 1952

Elected to the Board of Directors: 2011

Present term ends: 2014

Number of shares held in Danske Andelskassers Bank: 1,200

Current management posts:

CEO and director of Centrumrevision ApS.

Previous management posts held in the last five years:

Chairman of the Board of Directors of Oure-Vejstrup Andelskasse. Director of SDA.



Kenneth Hyldig Clausen, farmer

Born: 1966

Elected to the Board of Directors: 2010

Present term ends: 2014

Number of shares held in Danske Andelskassers Bank: 1,200

Current management posts:

Manager of own farm.

Previous management posts held in the last five years:

Chairman of the Board of Directors of Andelskassen Sønderjylland. Director of SDA and Bonusgrisen A,M,B,A.



Jens Holt Ladefoged, retired CEO

Born: 1950

Elected to the Board of Directors: 2009

Present term ends: 2014

Number of shares held in Danske Andelskassers Bank: 1,785 (of which 585 was acquired in 2012)

Current management posts:

CEO of Holt Holding af 7, April 2003 ApS.

Previous management posts held in the last five years:

Chairman of the Board of Directors of Næsbjerg Andelskasse. Director of SDA, CEO and director of Holtec Automatic A/S.



Jens Nørvang Madsen, retired deputy assistant commissioner of police

Born: 1949

Elected to the Board of Directors: 2011

Present term ends: 2014

Number of shares held in Danske Andelskassers Bank: 1,200

Current management posts:

Director of Flemming Sølvsteen Holding A/S and Flemming Sølvsteen Ejendomme ApS.

Previous management posts held in the last five years:

Chairman of the Board of Directors of Løgstrup Andelskasse. Deputy Chairman of Andelskassen MidtVest. Director of SDA and A/S Kaj Romby Larsen, Murer- og entreprenørfirma. Deputy assistant commissioner with Central and Western Jutland Police.

	Hans Jørn Madsen, CEO
	<p>Born: 1957</p> <p>Elected to the Board of Directors: 2006</p> <p>Present term ends: 2014</p> <p>Number of shares held in Danske Andelskassers Bank: 1,200</p>

Current management posts:

Director of Vejrup Maskincenter A/S, LAG-Esbjerg, Vejrup Holding A/S and Hans-Jørn Madsen Holding ApS. CEO of Vejrup Maskincenter A/S, Hans-Jørn Madsen Holding ApS and Vejrup Holding A/S.

Previous management posts held in the last five years:

Deputy Chairman of Andelskassen Sydvestjylland. Director of SDA, Andelskassen Sydjylland and Vejrup Holding II ApS.

	Asger Pedersen, farmer
	<p>Born: 1955</p> <p>Elected to the Board of Directors: 2002</p> <p>Present term ends: 2014</p> <p>Number of shares held in Danske Andelskassers Bank: 1,200 (all acquired in 2011)</p>

Current management posts:

None.

Tidligere ledelsesposter inden for de seneste fem år:

Chairman of the Board of Directors of Outrup Andelskasse. Director of SDA, Agro & Ferm A/S and Outrup Erhvervs Invest ApS, Dansk Landbrugs Grovareselskab A,M,B,A, (DLG), Danespo Holding A/S, VK Kartoffler A/S, Lammefjordens Kartoffelcentral A/S and Dangrønt Products A/S.

	Poul Erik Weber, former County mayor and fruit grower
	<p>Born: 1949</p> <p>Elected to the Board of Directors: 2009</p> <p>Present term ends: 2014</p> <p>Number of shares held in Danske Andelskassers Bank: 1,200</p>

Current management posts:

Chairman of the Vingsted Hotel og Konferencenter, DGI-Huset Herning A/S, Svendborg Museum and the Council for Socially Disadvantaged Citizens in the Municipality of Svendborg. Director of Film Fyn A/S.

Previous management posts held in the last five years:

Chairman of Funen County Council. Member of Regional Council for Southern Jutland Region. Chairman of Den erhvervsdrivende fond Cogita and Andelskassen Fyn. Director of SDA, Fyns Erhvervscenter, Erhvervsdrivende fond, Fonden Syddanske Forskerparker, DGI Huse og Haller and Værkstedets Skole i Kværndrup.



Group Manager Anette Holstein Nielsen

Employee representative

Born: 1960

Elected to the Board of Directors: 2012

Present term ends: 2016

Number of shares held in Danske Andelskassers Bank: 1,200

Current management posts:

None.

Previous management posts held in the last five years:

None.



Customer Adviser Palle Iversen

Employee representative

Born: 1959

Elected to the Board of Directors: 2012

Present term ends: 2016

Number of shares held in Danske Andelskassers Bank: 1,200

Current management posts:

None.

Previous management posts held in the last five years:

None.



Branch Manager Lona Linding

Employee representative

Born: 1959

Elected to the Board of Directors: 2012

Present term ends: 2014

Number of shares held in Danske Andelskassers Bank: 1,200

Current management posts:

City councillor in the municipality of Billund

Previous management posts held in the last five years:

None.

Committees appointed by the Board of Directors

The Board of Directors of Danske Andelskassers Bank has appointed three permanent committees: the audit committee, the remuneration committee and the nomination committee. A temporary local strategy committee was also appointed in 2012.

The full terms of reference of the three permanent committees are available at Danske Andelskassers Bank's website

<http://investor.andelskassen.dk/committees.cfm>

Audit committee

The audit committee is appointed in accordance with Executive Order no. 1393 of 19 December 2011 on audit committees in companies and groups which are subject to the supervision of the Danish Financial Supervisory Authority (Bekendtgørelse nr. 1393 af 19. december 2011 om revisionsudvalg i virksomheder samt koncerner, der er underlagt tilsyn af Finanstilsynet).

The purpose of the audit committee is to prepare for decisions by the Board of Directors regarding accounting and audit-related matters, including:

- Monitoring the financial reporting process
- Monitoring whether the bank's internal control systems, internal auditing and risk management systems are working effectively
- Monitoring the statutory audit of the financial statements etc.
- Monitoring and checking auditor independence in accordance with Section 24 of the Danish Act on Approved Auditors and Audit Firms (Lov om godkendte revisorer og revisionsvirksomheder), including in particular the performance of additional services for the bank.

The committee may not have executive or decisive powers, but should rather assist in creating a basis for the Board of Directors' decision-making. The committee's work is thus of a preparatory nature, and the committee's discussions cannot replace the Board of Directors' consideration of any issue.

The members of the audit committee are Jens Jørgensen Hald (Chairman), Jakob Fastrup, Anette Holstein and Preben Arndal.

The audit committee held 14 meetings in 2012.

Nomination committee

The nomination committee is appointed in accordance with the recommendations on corporate governance as most recently updated on 16 August 2011.

The purpose of the nomination committee is to prepare for decisions by the Board of Directors regarding the structure of management bodies, the competencies of the management team etc., including

- Describing the qualifications required for the two management bodies
- Assessing the size of the management bodies
- Assessing the competencies of the management team (individually and as a whole)
- Considering and recommending candidates for the management bodies
- Drawing up written job descriptions
- Preparing proposals for relevant supplementary training for the Board of Directors and Board of Executives.

The committee also determines the required competences for Internal Audit and assesses candidates in cooperation with the audit committee.

The committee's work is thus of a preparatory and evaluative nature, and the committee's discussions cannot replace the Board of Directors' consideration of any issue.

The committee conducts its work in line with the corporate governance principles applicable at any time as well as principles and legislation regarding gender distribution.

The members of the nomination committee are Jakob Fastrup (Chairman), Jens Jørgensen Hald, Asger Pedersen, Poul Weber, Kenneth Clausen and Lona Linding.

The nomination committee held six meetings in 2012.

Remuneration committee

The remuneration committee is established in accor-

dance with Executive Order no. 122 of 7 February 2012 on remuneration policy and public disclosure of salaries in financial institutions and financial holding companies (Bekendtgørelse nr. 122 af 7 February 2012 om lønpolitik samt oplysningsforpligtelser om aflønning i finansielle virksomheder og finansielle holdingvirksomheder).

The purpose of the remuneration committee is to prepare for decisions by the Board of Directors regarding remuneration and pay-related matters, including:

- Preparing and recommending remuneration/pay policy and other decisions that could have an influence on the bank's risk management for approval by the Board of Directors prior to approval by the general meeting
- Proposing remuneration for the Board of Directors, Board of Executives and shareholders' committees
- Ensuring that remuneration is in accordance with the bank's remuneration policy
- Proposing policies etc. in the area of remuneration
- Making sure that information in the annual report concerning remuneration of the Board of Directors and Board of Executives is correct, accurate and complete.

The committee's work is thus only of a preparatory nature, and the committee's discussions cannot replace the Board of Directors' consideration of any issue. The committee has no independent decision-making power and can therefore only make decisions regarding recommendations to the Board of Directors.

The members of the remuneration committee are Jakob Fastrup (Chairman), Jens Jørgensen Hald, Poul Weber and Palle Iversen.

The remuneration committee held four meetings in 2012.

Local strategy committee

The local strategy committee was appointed in May 2012 at the request of the Board of Directors with the aim of defining what it means for Danske Andelskassers Bank to be local and maintaining and spreading the advantages of this as well as sharing past experience.

The purpose of the committee is to draft a proposal for the Board of Directors concerning the bank's local strategy, including:

- organising workshops in the bank where the notion of being local is discussed and defined
- drafting a proposal for the Board of Directors for a clear, defined and strategically aligned definition of the notion of being local/a local bank
- preparing a recommendation for the Board of Directors with proposals for the bank's future strategy process, brand and image.

The committee's work is only of a preparatory and evaluative nature, and the committee's discussions cannot replace the Board of Directors' consideration of any issue.

Members of the local strategy committee are Lona Linding (Chairman), Poul Weber, Jens Nørvang Madsen, Hans Jørn Madsen and Jens Holt Ladefoged.

The local strategy committee held four meetings in 2012.

See also the section Local commitment on page 126.

Open Air Concert in Nordenskov



The Open Air Concert (Oven Luft Kånsert) in Nordenskov was short of both cash dispensers and nice people to staff the dispensers. Luckily, Andelskassen was able to supply both cash dispensers and staff thereby giving all the happy concert-goers the chance to withdraw cash while the music keeps rocking on.

Board of Executives

Danske Andelskassers Bank has appointed a Board of Executives consisting of CEO Jan Pedersen and Deputy CEO Tomas Michael Jensen. Tomas Michael Jensen also heads the bank's Business Support department.

The Board of Executives is responsible for the day-to-day management of the bank in accordance with applicable legislation, the policies adopted and rights granted by the Board of Directors as well as any other verbal or written instructions given by the Board of Directors.

Members of the Board of Executives



Jan Pedersen, CEO

Born: 1964

Joined Danske Andelskassers Bank: 2010

Member to the Board of Executives: 2010

Number of shares held in Danske Andelskassers Bank: 1.200

Current management posts:

Director of Bankernes EDB Central (BEC), DLR Kredit A/S og Sparinvest Holdings SE. Member of Representatives of the Danish Employers' Association for the Financial Sector. Chairmann of the Board of directors and CEO of Komplementaranpartsselskabet Villa Prisme – Bargemon.

Previous management posts held in the last five years:

CEO BNP Paribas Cardif. Deputy CEO of SDA and Danske Andelskassers Bank. Underdirektør i SEB A/S.



Tomas Michael Jensen, Deputy CEO

Born: 1970

Joined Danske Andelskassers Bank: 2011

Member to the Board of Executives: 2012

Number of shares held in Danske Andelskassers Bank: 1.200

Current management posts:

None.

Previous management posts held in the last five years:

Head of the department of domestic customers and agriculture (Credit) in Jyske Bank. Credit Director of SDA and Danske Andelskassers Bank.

Shareholders' committees

In order to promote local contact and access to the bank, Danske Andelskassers Bank's shareholders are divided into six shareholder districts equivalent to the bank's regions which are described in more detail in Annex 1 to the bank's Articles of Association.

Each spring, a shareholder meeting is held in each of these shareholder districts as described on page 109, and a shareholders' committee is assigned to each shareholder district.

As stipulated in the Articles of Association, the purpose of the shareholders' committees is to promote the bank's involvement in the shareholder district, among other things.

This is ensured through an ongoing cooperation between the members of the shareholders' committee and the individual region's regional management where the committee members provide Danske Andelskassers Bank with knowledge and insight about local areas, while the bank provides insight into the bank's considerations and business activities in the local areas. This means that the shareholders' committees are an important and valuable partner locally and that the knowledge and insight gained by them can be used across the bank's regions and in the bank as a whole.

Members of the shareholders' committees are elected for a two-year term at the annual shareholder meetings according to the principle of 'one person, one vote'. In this context, a rotation system is introduced so that half of the members are up for election each year, thereby ensuring continuity and development.

In connection with the conversion of the SDA group, its 16 cooperative banks and Danske Andelskassers Bank in spring 2011, a transitional scheme was put in place to ensure stability in the transitional period. As a result, up until the shareholder meetings in 2014 the shareholders' committees will consist of the board members and alternates of the 16 cooperative banks incumbent on the date of conversion. The above election principle comes into force as of the shareholders' committee meetings in 2014.

As at 31 December 2012, the shareholders' committees of Danske Andelskassers Bank comprise the following members:

East Jutland

Søren Hedegaard, Chairman
Poul Ejnar Røvsing, Deputy Chairman
Birgitte Jørgensen
Birgitte Rørbæk Nielsen
Carlo Bach Greve
Connie Skaarup Kloster
Gunnar Jensen
Hans Bugge
Hans Toft Jensen
Heinrich Møller Thrane
Henrik Sloth
Herluf Lund
Inge Greve
Jens J. Hald
Jens Kruse Høgh
John Frøslev
Karen Tolborg Thyssen
Kresten Hansen
Kurt Bisgaard Kjeldsen
Ole Baadsgaard
Ove Jensen
Svend Arvesen

South Jutland

Jeanette Obling, Chairman
Chresten Haugaard, Deputy Chairman
Hans Jørn Madsen
Henning Jørgensen
Peder Søndergaard Christensen
Tommy Skov Kristensen
Jens R. Jessen
Niels Krogh
Arne Chr. Schmidt
Kurt Bjerrum
Henrik Elbæk Sørensen
Henning Kristensen
Per Jacobsen

West Jutland

Holger Thomsen, Chairman
Frede Baldersbæk Nielsen, Deputy Chairman
Knud Kristiansen

Bent Østergaard Sørensen
Gunnar Christensen
Jes Jessen
Asger Pedersen
Ejnar Gammelgaard Jepsen
Steen Steiner Petersen
Bo Kjær Thomsen
Tonning Sanddal Nielsen
Jens Holt Ladefoged
Jørn Pedersen
Erling Sørensen
Per Vestbo
Peder Pallesen
Arne Hermansen
Per Jespersgaard
Anders Jensen
Erik Thomsen
Erik Buhl Nielsen
Henning Holst
Knud Erik Madsen
Kresten Vad Sørensen
Bent Ole Gelmer
Kurt Bondesen
Birgitte Nielsen

Central Jutland

Visti B. Pedersen, Chairman
Allan Kirk Jensen
Ove Bach Sørensen
Søren Søndergaard
Kaare Kristensen
Eddy Mortensen
Søren Chr. Madsen
Carsten Vennevold
Jens Nørvang Madsen
Perry S. Dürr
Niels Viggo Nygaard
Preben Kloster
Knud Hjuler Kristensen
Poul Pedersen
Mads Skræm
Anette Lykke Vangsgaard Marx
Jørgen Sølvkjær

South Jutland

Kenneth H. Clausen, Chairman
Tim Andersen
Peter Prag
Martin Johanning
Steen Iwang
Peter Thomsen
Karin Autzen
Jørgen Bundgaard
Hans Chr. Lei
Holger Lei
Georg Hansen
Hans Asmus Paulsen
Carl Erik Maae
Kurt P. Lorenzen
Brian Petersen
Palle Niss
Keld Lamberts

Funen

Poul Erik Weber, Chairman
Annette Rasmussen
Helle Bæklund Eriksen
John Lykkedal Pedersen
Kresten Wrang Rasmussen
Pia Vissing Hansen
Søren E. Larsen
Preben Arndal
Per Helleskov
Torben Sæderup
Poul Møller
Lau Christiansen

IF Dannebrog



Andelskassen is the main sponsor of the sports club Sports Club Dannebrog (IF Dannebrog) residing in the town of Astrup near Hadsund.

The economic support from Andelskassen gives the members of the sports club the chance to enjoy a wide range of activities, e.g. badminton, fitness, gymnastics, swimming and of course soccer.

The Friends of IF Dannebrog are responsible for the annual summer fair in Astrup, and Andelskassen supports the fair as well.

Organisation



Danske Andelskassers Bank's primary organisation consists of its head office in Hammershøj, Denmark, and, as at the date of publication of this annual report, 36 branches in Jutland and on Funen.

The branches are divided into six regions. Each region is generally headed by a regional director and a business director, with the regions Funen and South Jutland, Southern and West Jutland sharing regional managements.

By dividing the branches into regions and having strong regional managements, the bank has ensured strong local roots, insight and decision-making power – also via its cooperation with the local shareholders' committees – coupled with solid central specialist knowledge.

In January 2013, there was a small organisational change at the head office in Hammershøj prompted by a desire to make the head office simpler, more uniform and organised around the bank's business.

As of January 2013, the head office consists of three primary departments:

- Business Development, which comprises highly branch and sales-oriented activities within the private and business areas and support
- Business Support, which combines the bank's most significant risk positions and less branch and sales-oriented activities, while still supporting and focusing on the branches and the business, e.g. credit and investment.
- Business Management, which comprises a number of back-office functions that are vital to the bank's operations, but rarely seen by the customers, e.g. accounts and IT.

The three departments are managed by Associate Director Jim Poulsen, who has been Sales Director and head of the bank's business activities since June 2012, Deputy CEO Tomas Michael Jensen and Associate Director Knud Flarup, respectively.

In addition to the three overall departments, the head office has three staff functions: the Executive Secretariat, HR and Communications. The Executive Secretariat comprises the former Executive Secretariat and Legal

Secretariat and is headed by Legal Director Camilla Nowak, while HR reports directly to Deputy CEO Tomas Michael Jensen and Communications is managed by Communications Director Martin Rask Pedersen.

In continuation of the organisational changes, a thorough assessment of the organisation of the head office was carried out, which included the prioritisation of future tasks. As a result of this assessment, 10 employees evenly distributed across head office functions were terminated at the end of January 2013, and other adjustments were also made.

Ongoing adjustments

Since the restructuring of the organisation in spring 2011, Danske Andelskassers Bank has been engaged in an ongoing adjustment of the organisation. The adjustment was made in line with the conditions existing in society and the sector and the bank's future strategic objective of being an important player in the financial sector with a strong financial foundation and a customer approach based on accessibility, mutual respect, high professional standards and commitment to the customer and the local area.

Among other things, the ongoing adjustments were made by combining a number of administrative tasks in three support centres, which has freed up more time for customer contact, combining business advisers and business customers in business centres, which has increased flexibility and the advisers' opportunities for development, and changing the bank's credit structure and culture, including upgrading the central credit function in terms of resources and competencies.

However, many of the ongoing adjustments were also made in the branch network. At the beginning of 2012, the bank had a total of 44 branches compared to 41 at the end of 2012, and 36 branches on the date of publication of this annual report.

The overriding motivation for the branch mergers was a strong decline in branch visits and a desire to give employees flexibility and opportunities for development in order to give customers the best possible advice. In other words, to ensure the right combination of income, expenses and not least quality. At individual branch level, there were additional motivations for merging with other

nearby branches. These motivations include challenges in attracting the desired employee competencies, employees wanting to work in a larger unit and excessive refurbishment costs in relation to bringing branches up to the desired standard.

Danske Andelskassers Banks believes that ongoing adjustments will also be necessary in 2013 and the next couple of years in order to optimise the bank's organisation to the economy and enable it to deliver the product it wants to deliver.

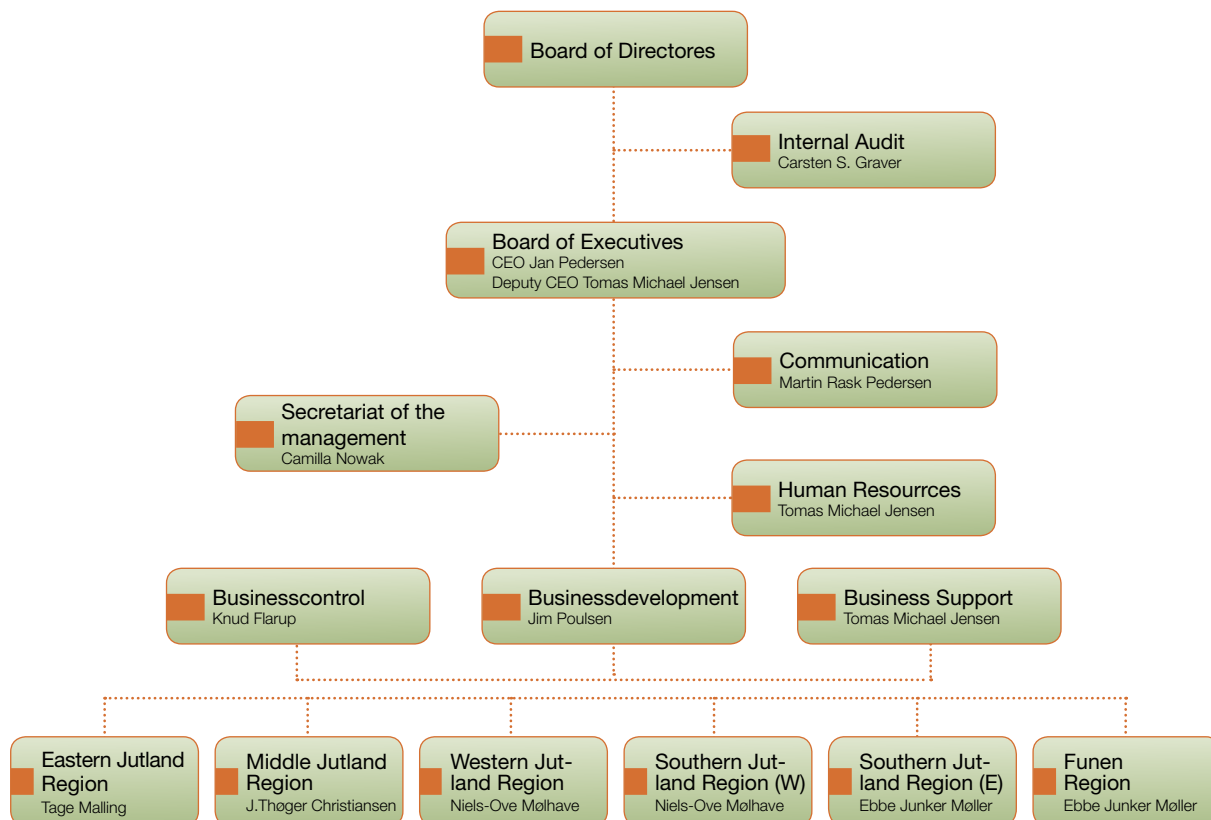
Ongoing development

In addition to ongoing adjustments, Danske Andelskassers Bank also ensures ongoing development of staff competencies.

In 2012, an extensive project to identify competencies was completed in cooperation with the Danish Financial Sector's Training Centre, which, compared with the bank's strategy, will form the basis for a targeted development of the individual employees in 2013.

The bank's employees are its most important resource, and, as mentioned earlier, the bank aims to provide advisory services characterised by high professional standards, mutual respect and commitment.

Organisational chart



Danske Andelskassers Bank's branches

On the date of publication of this annual report, Danske Andelskassers Bank had a total of 36 branches and six business centres linked to one branch per region.

Branches/addresses with business centres are marked with an [B] in the following overview.

Eastern Jutland Region

- 1** Aars · Kimbrergården, Søndergade 22
9600 Aars · Phone 87 99 39 85
- 2** Hadsund · Storegade 44
9560 Hadsund · Phone 87 99 36 25
- 3** Hammershøj · Randersvej 10-12, Hammershøj
8830 Tjele · Phone 87 99 39 00
- 4** Hvilsum · Hannerupvej 267, Hvilsum
9500 Hobro · Phone 87 99 39 60
- 5** Hobro · Store Torv · Adelgade 30B
9500 Hobro · Phone 87 99 53 35
- 6** Randers [B] · Vestergade 10
8900 Randers C · Phone 87 99 38 55
- 7** Voldby · Dolmervej 4, Voldby
8500 Grenaa · Phone 87 99 35 10
- 8** Århus · Havnegade 6
8000 Århus C · Phone 87 99 38 80

Middle Jutland Region

- 9** Frederiks · Jernbanegade 2 · Frederiks
7470 Karup J. · Phone 87 99 38 00
- 10** Holstebro · Hostrupsvej 6
7500 Holstebro · Phone 87 99 53 00
- 11** Ikast [B] · Strøget 36
7430 Ikast · Phone 87 99 37 00
- 12** Koldby · Svinget 1, Koldby
7752 Snedsted · Phone 87 99 54 80
- 13** Skjern · Bredgade 65
6900 Skjern · Phone 87 99 37 85
- 14** Tarm · Storegade 41
6880 Tarm · Phone 87 99 39 30
- 15** Viborg · Gravene 1
8800 Viborg · Phone 87 99 57 25

Western Jutland Region

- 16** Ansager · Torvet 1
6823 Ansager · Phone 87 99 56 70
- 17** Kærup-Janderup · Vesterled 28
6851 Janderup Vestj · Phone 87 99 52 90
- 18** Næsbybjerg · Hovedgaden 15, Næsbybjerg
6800 Varde · Phone 87 99 53 10
- 19** Oksbøl · Vestergade 17
6840 Oksbøl · Phone 87 99 56 70
- 20** Outtrup · Storegade 32
6855 Outtrup · Phone 87 99 54 10
- 21** Varde [B] · Otto Frellos Plads 4
6800 Varde · Phone 87 99 56 70
- 22** Ølgod · Torvegade 7 - 9
6870 Ølgod · Phone 87 99 56 70
- R** Regional Office
Nordenskov · Kærgårdsvej 12, Nordenskov
6800 Varde · Phone 87 99 56 70

Southern Jutland Region (West)

- 23** Agerbæk · Storegade 6
6753 Agerbæk · Phone 87 99 35 90
- 24** Bramming · Nørregade 18
6740 Bramming · Phone 87 99 39 95
- 25** Egebæk-Hviding · Ribevej 66
6760 Ribe · Phone 87 99 52 10
- 26** Esbjerg [B] · Torvegade 65
6700 Esbjerg · Phone 87 99 59 20
- 27** Gredstedbro · Andelsgade 2
6771 Gredstedbro · Phone 87 99 52 25
- 28** Rømø · Havnebyvej 81, Kongsmark
6792 Rømø · Phone 87 99 54 40

Funen Region

- 29** Odense · Vestre Stationsvej 21
5000 Odense C · Phone 87 99 59 30
- 30** Kværndrup · Svendborgvej 8
5772 Kværndrup · Phone 87 99 52 60
- 31** Ringe · Østergade 1
5750 Ringe · Phone 87 99 55 40
- 32** Svendborg [B] · Det Gule Pakhus, Havnepladsen 3b
5700 Svendborg · Phone 87 99 53 80

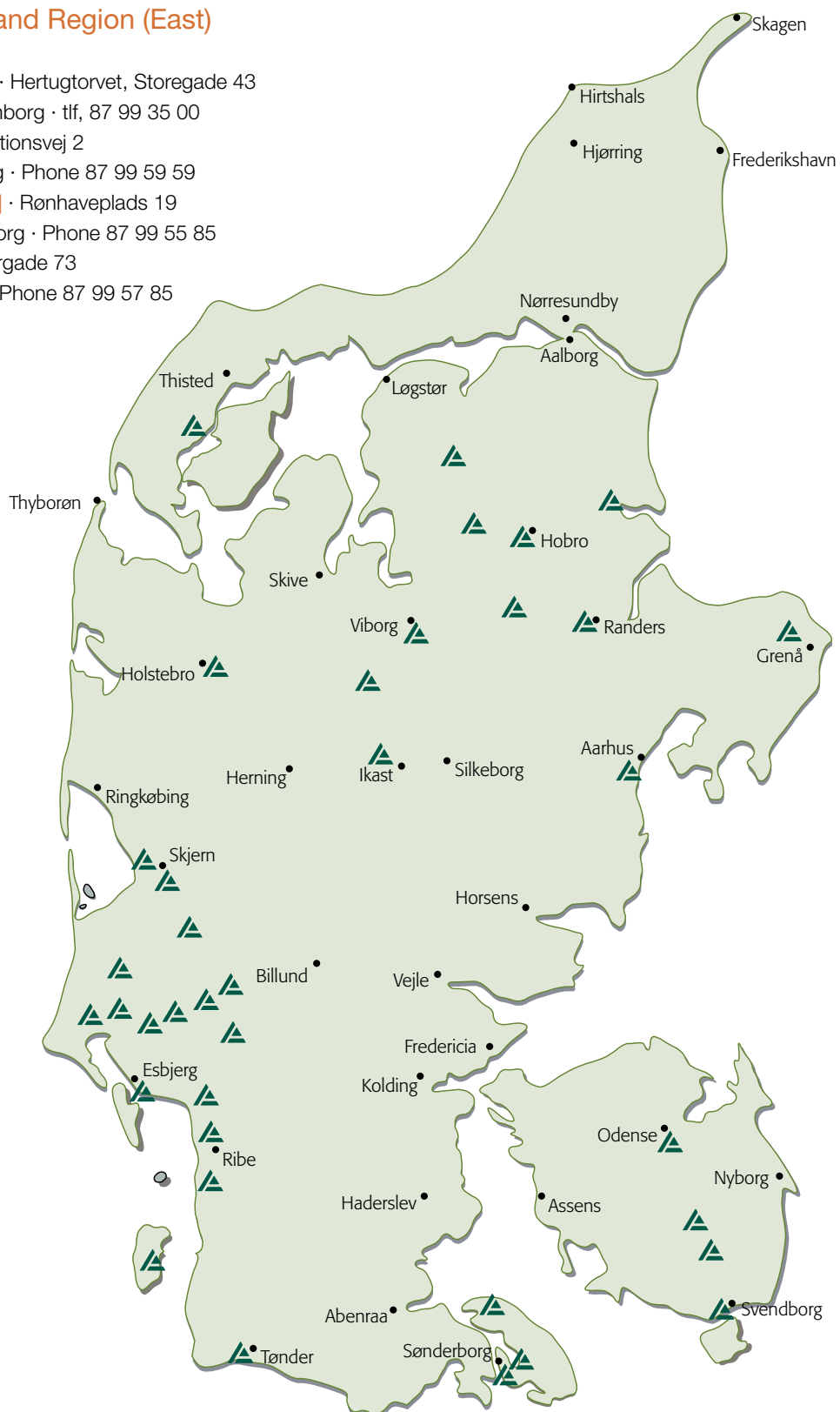
Southern Jutland Region (East)

33 Augustenborg · Hertugtorvet, Storegade 43
6440 Augustenborg · tlf, 87 99 35 00

34 Nordborg · Stationsvej 2
6430 Nordborg · Phone 87 99 59 59

35 Sønderborg [B] · Rønhaveplads 19
6400 Sønderborg · Phone 87 99 55 85

36 Tønder · Vestergade 73
6270 Tønder · Phone 87 99 57 85



Local commitment



Thanks to the cooperative banks' long history, Danske Andelskassers Bank's roots extend to many parts of the country – from north to south, and from west to east.

The bank's history and roots continue to form the basis for the bank's operations, and it supports many local activities and initiatives in and around its market areas. The stories in this annual report are living proof of that.

But it is also important to the bank to use its history as a stepping stone for further history-making and not dwell on the past, and that its roots are used to drive growth and not to represent stagnation.

Simply put, the bank wants to change to preserve its roots.

The development seen in 2011 and 2012 has truly been a testament to that, and the development continues at both the operational, strategic and cultural levels.

The latter is exemplified in the appointment of the bank's local strategy committee as described on page 116. Based on workshops and similar activities for the bank's employees and other stakeholders, the committee has tried to define what it means for Danske Andelskassers Bank to be local and maintaining and spreading the advantages of this as well as sharing past experience.

An important element in this is to focus on the bank's primary product: professional and value-adding advice. Helping customers to grow helps the local areas to grow and vice versa.

Based on a strong financial foundation, Danske Andelskassers Bank therefore employs a customer approach that is based on accessibility, mutual respect, high professional standards and commitment to the customer and the local area.

The local strategy committee is temporary. However, the organisation is expected to see constant development in this area in step with changes in the conditions in society and changes in customer expectations, although the bank is convinced that values such as accessibility, mutual respect, professionalism and commitment will never go out of fashion.



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