

INTERIM REPORT - THE FIRST QUARTER

# Alm Brand BANK

# 2014

# CONTENTS

## COMPANY INFORMATION

2	Company information
2	Group structure

## MANAGEMENT'S REVIEW

3	Financial highlights and key ratios
4	Report

## SIGNATURES

9	Statement by the Board of Directors and the Management Board
---	--

## FINANCIAL STATEMENTS

10	Income statement and comprehensive income
12	Balance sheet
14	Statement of changes in equity
15	Cash flow statement
16	Segment information
18	Notes to the financial statements

## COMPANY INFORMATION

### MANAGEMENT BOARD

**Kim Bai Wadstrøm**, Chief Executive

### INTERNAL AUDITOR

**Poul-Erik Winther**, Group Chief Auditor

### BOARD OF DIRECTORS

**Jørgen H. Mikkelsen**, Chairman

**Boris N. Kjeldsen**, Deputy Chairman

**Arne Nielsen**

**Jan Skytte Pedersen**

**Ebbe Castella**

**Søren Boe Mortensen**

**Christian Bundgaard**, elected by the employees

**Torben Jensen**, elected by the employees

**Pia Støjfer**, elected by the employees

### REGISTRATION

Alm. Brand Bank A/S

Company registration (CVR) no. 81 75 35 12

### ADDRESS

Midtermolen 7

DK-2100 Copenhagen Ø

Phone: +45 35 47 48 49

Fax: +45 35 47 47 35

Internet: [www.almbrand.dk](http://www.almbrand.dk)

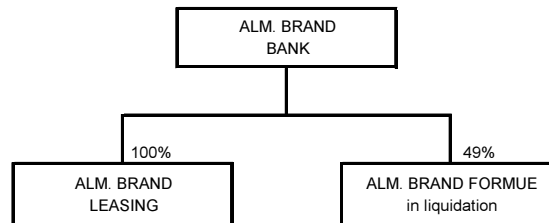
E-mail: [bank@almbrand.dk](mailto:bank@almbrand.dk)

### AUDITORS

Deloitte

Statsautoriseret Revisionspartnerselskab

## GROUP STRUCTURE



The bank has two subsidiaries:

Alm. Brand Leasing A/S

Alm. Brand Formue A/S in liquidation

### OWNERSHIP

The bank is wholly-owned by the listed company

Alm. Brand A/S.

The group also comprises five wholly-owned subsidiaries, which have been established or acquired in connection with properties taken over temporarily.

The consolidated financial statements of Alm. Brand Bank A/S are a component of the consolidated financial statements of Alm. Brand A/S and Alm. Brand af 1792 fmba.

In addition, the bank acts as depositary bank for:

Investeringsforeningen Alm. Brand Invest

# FINANCIAL HIGHLIGHTS AND KEY RATIOS

## CONSOLIDATED FIGURES

	DKKm	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Year 2013
<b>INCOME STATEMENT</b>	<b>FORWARD-LOOKING ACTIVITIES:</b>						
	Net interest and fee income, Private	43	44	44	43	48	179
	Trading income (excl. value adjustments)	54	78	59	66	37	240
	Other income	29	28	25	18	18	89
	<b>Total income</b>	<b>126</b>	<b>150</b>	<b>128</b>	<b>127</b>	<b>103</b>	<b>508</b>
	Expenses	-86	-103	-83	-93	-89	-368
	Depreciation and amortisation	-17	-17	-14	-11	-10	-52
	<b>Core earnings</b>	<b>23</b>	<b>30</b>	<b>31</b>	<b>23</b>	<b>4</b>	<b>88</b>
	Value adjustments	10	-2	-9	-14	-8	-33
	Profit/loss from investments	0	1	-1	0	-2	-2
	Alm. Brand Formue (the bank's ownership interest)	-4	-5	-7	-12	-1	-25
	<b>Profit/loss before impairment writedowns</b>	<b>29</b>	<b>24</b>	<b>14</b>	<b>-3</b>	<b>-7</b>	<b>28</b>
	Impairment writedowns	-7	-44	-18	-26	-30	-118
	<b>Profit/loss before tax, forward-looking activities</b>	<b>22</b>	<b>-20</b>	<b>-4</b>	<b>-29</b>	<b>-37</b>	<b>-90</b>
	<i>Off which discontinued activities (see note 6)</i>	<i>0</i>	<i>-1</i>	<i>-3</i>	<i>-6</i>	<i>4</i>	<i>-6</i>
	<b>WINDING-UP ACTIVITIES:</b>						
	Profit/loss before impairment writedowns	-22	-30	-24	-42	-27	-123
	Impairment writedowns	-63	-54	-75	-64	-63	-256
	<b>Profit/loss before tax, winding-up activities</b>	<b>-85</b>	<b>-84</b>	<b>-99</b>	<b>-106</b>	<b>-90</b>	<b>-379</b>
	<b>Total profit/loss before tax and minority interests</b>	<b>-63</b>	<b>-104</b>	<b>-103</b>	<b>-135</b>	<b>-127</b>	<b>-469</b>
	Tax	17	27	25	-6	31	77
	<b>Profit/loss for the year before minority interests</b>	<b>-46</b>	<b>-77</b>	<b>-78</b>	<b>-141</b>	<b>-96</b>	<b>-392</b>
	Minority interests	11	12	15	-17	16	26
	<b>Consolidated profit/loss for the year</b>	<b>-35</b>	<b>-65</b>	<b>-63</b>	<b>-158</b>	<b>-80</b>	<b>-366</b>
<b>BALANCE SHEET</b>	Loans and advances, continuing activities	2,510	2,568	2,465	2,583	2,660	2,568
	Loans and advances, winding-up activities	4,573	4,772	5,067	5,255	5,472	4,772
	Deposits	10,341	10,936	10,825	11,086	11,358	10,936
	Shareholders' equity	2,061	1,696	1,761	1,624	1,792	1,696
	Share attributable to minority interests	205	193	182	166	193	193
	<b>Total assets</b>	<b>15,303</b>	<b>16,296</b>	<b>16,418</b>	<b>18,261</b>	<b>17,722</b>	<b>16,296</b>
<b>KEY RATIOS ETC.</b>	Average no. of employees (full-time equivalents)	251	266	262	263	259	263
	Interest margin (%)	1.6	1.6	1.7	1.7	1.3	1.6
	Income/cost ratio	0.62	0.38	0.50	0.14	0.34	0.38
	Impairment ratio	0.5	2.1	0.6	0.4	0.4	2.1
	Solvency ratio	21.6	18.4	19.1	18.5	19.9	18.4

In the management's review, the income statement has been broken down by forward-looking activities and winding-up activities. In Q1 2014, a resolution was made to liquidate Alm. Brand Formue. In accordance with IFRS 5, Alm. Brand Formue and the related income statement items consequently have to be recognised in a separate line item on pages 10-11, whereas in the above highlights and in the forward-looking activities they are included in "Of which discontinued activities". See the accounting policies and note 6 for additional information.

Financial ratios are based on the definitions and guidelines of the Danish FSA and on "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts and comprise continuing, discontinued and winding-up activities.

# REPORT

## Financial results

The bank incurred a loss before tax and excluding minority interests of DKK 63 million in Q1 2014, against a loss of DKK 104 million in Q4 2013. The performance was better than expected, but was not satisfactory.

The Q1 loss was composed of a profit of DKK 22 million from forward-looking activities and a loss of DKK 85 million from winding-up activities.

The bank's total impairment writedowns amounted to DKK 70 million in Q1 2014, of which DKK 63 million was attributable to the winding-up portfolio.

The interest margin for the banking group was 1.6% in Q1 2014, compared with 1.3% in Q1 2013.

On 20 March 2014, the bank repaid the last of its state-funded additional tier 1 capital. The bank has now repaid all state-funded capital raised under the Bank Packages in 2009.

## Forward-looking activities

The bank's forward-looking activities produced a pre-tax profit of DKK 22 million in Q1 2014, marking an improvement of DKK 42 million relative to Q4 2013.

The performance was satisfactory and better than expected. The performance was affected by higher earnings on the bank's bond portfolio as well as by lower costs.

Core earnings amounted to DKK 23 million in Q1 2014, against DKK 30 million in Q4 2013. The decline was attributable to certain events that lifted the Q4 performance by close to DKK 10 million. Year on year, the bank's basic earnings improved by DKK 19 million.

## Income

Income from the bank's forward-looking activities amounted to DKK 126 million in Q1 2014.

Net interest and fee income from the bank's private customers was DKK 43 million in Q1 2014, which was unchanged from Q4 2013. In spite of the tough market competition and weak demand from private customers, the bank's income has remained stable for the past couple of quarters.

Trading income excluding value adjustments was DKK 54 million in Q1 2014, against DKK 78 million in Q4 2013.

This decline was due to the strong performance delivered by Asset Management in 2013, which lifted earnings considerably in the fourth quarter of 2013. Trading income was in line with expectations in Q1 2014 and increased by DKK 17 million relative to Q1 2013.

## Costs

Costs amounted to DKK 86 million in Q1 2014, which was below the expected level.

## Value adjustments

Value adjustments produced a gain of DKK 10 million in Q1 2014, against a loss of DKK 2 million in Q4 2013.

Interest-related value adjustments were DKK 0 million in Q1 2014, against a loss of DKK 3 million in Q4 2013. The bank's bond portfolio produced a return of 2.1% p.a. in Q1 2014, which was highly satisfactory in light of the general market performance.

Equity-related value adjustments produced a gain of DKK 6 million in Q1 2014, against a loss of DKK 2 million in Q4 2013. This improvement was due to a DKK 4 million gain on sector equities, among other things.

Currency-related value adjustments produced a gain of DKK 4 million in Q1 2014, against a gain of DKK 3 million in Q4 2013.

## Impairment writedowns

Impairment writedowns on the bank's forward-looking activities amounted to an expense of DKK 7 million in Q1 2014, against an expense of DKK 44 million in Q4 2013, which was affected by an extraordinary credit review, however. The level of impairment writedowns was in line with expectations.

## Business activities

### Private

The bank incurred a pre-tax loss of DKK 16 million in Q1 2014, compared with a loss of DKK 60 million in Q4 2013. The improved performance was composed of a decline in impairment writedowns of DKK 37 million and a decline in costs of DKK 7 million.

PRIVATE DKK m	Q1 2014	Q4 2013
Income	44	44
Expenses	-53	-60
<b>Profit/loss before impairment writedowns</b>	<b>-9</b>	<b>-16</b>
Impairment writedowns	-7	-44
<b>Profit/loss before tax</b>	<b>-16</b>	<b>-60</b>

# REPORT

Growth in the number of full-service customers kept the momentum from 2013 and continued to increase. This trend contributed to the increase of just over 3% in earnings per customer household in Q1 2014 alone.

The positive trend from 2013 also continued in the portfolio of Totalkredit loans for which the bank acted as intermediary. The portfolio increased by more than DKK 130 million in Q1 2014 to DKK 4,296 million.

The bank's lending to private customers increased by only DKK 2 million excluding impairment writedowns to DKK 2,288 million in Q1 2014. There was an inflow of new customers in the first quarter and a gross increase in lending of DKK 146 million, while lending to existing customers continued to decline.

Impairment writedowns amounted to DKK 7 million in Q1, equivalent to 0.3% of the average portfolio.

## Leasing

The bank posted a pre-tax profit of DKK 2 million in Q1 2014, which was in line with Q4 2013.

LEASING DKKm	Q1 2014	Q4 2013
Income	28	27
Expenses	-9	-8
Depreciation and amortisation	-17	-17
<b>Profit/loss before tax</b>	<b>2</b>	<b>2</b>

The leasing portfolio continued to develop favourably, with total assets amounting to DKK 337 million, against DKK 172 million in the same period of 2013.

## Financial Markets

Financial Markets generated pre-tax profit of DKK 17 million in Q1 2014, against DKK 33 million in Q4 2013. The decline of DKK 16 million was due to a DKK 25 million reduction in core earnings and a DKK 9 million improvement in value adjustments.

This decline in core earnings was due to the strong performance delivered by Asset Management in 2013, which lifted earnings considerably in the fourth quarter of 2013.

The pre-tax profit reported in Q1 2014 marked a DKK 5 million improvement relative to Q1 2013, which was in line with expectations.

FINANCIAL MARKETS DKKm	Q1 2014	Q4 2013
Income	37	67
Expenses	-23	-28
<b>Core earnings</b>	<b>14</b>	<b>39</b>
Value adjustments	3	-6
Profit/loss from investments	0	0
<b>Profit/loss before impairment writedowns</b>	<b>17</b>	<b>33</b>
Impairment writedowns	0	0
<b>Profit/loss before tax</b>	<b>17</b>	<b>33</b>

The Q1 period saw an inflow of new customers to the Financial Markets division as well as an inflow of funds to the Asset Management division.

## Other

Other activities generated a pre-tax profit of DKK 19 million in Q1 2014, compared with a profit of DKK 5 million in Q4 2013.

The increase in income and the favourable value adjustments of DKK 7 million were driven by a strong return on bonds and capital gains on sector equities.

OTHER DKKm	Q1 2014	Q4 2013
Income	17	12
Expenses	-1	-7
<b>Core earnings</b>	<b>16</b>	<b>5</b>
Value adjustments	7	4
Profit/loss from investments	0	1
Alm. Brand Formue (the bank's ownership interest)	-4	-5
<b>Profit/loss before tax</b>	<b>19</b>	<b>5</b>

Alm. Brand Formue has entered into liquidation and constitutes the bank's discontinued activities. See note 6 to the financial statements for more information.

## Winding-up activities

The bank's winding-up activities are primarily composed of agricultural, commercial and mortgage deed exposures.

The winding-up activities reported a loss of DKK 85 million in Q1 2014, against a loss of DKK 84 million in Q4 2013. The performance was lifted by value adjustments of DKK 9 million on assets taken over. Adjusted for this impact, the performance was in line with expectations. Impairment writedowns amounted to DKK 63 million in Q1 2014, compared with DKK 54 million in Q4 2013.

# REPORT

Total loans and advances in the winding-up portfolio declined by DKK 199 million to DKK 4,573 million in Q1 2014, representing 65% of the bank's overall lending portfolio. Adjusted for losses and writedowns, loans and advances were reduced by DKK 136 million, which was in line with the expected level.

## Agriculture

The agricultural portfolio amounted to DKK 800 million at 31 March 2014, corresponding to 11% of the bank's total assets. Excluding impairment writedowns, the portfolio declined by DKK 9 million relative to 31 December 2013.

The financial performance of dairy farmers is improving due to higher milk prices. Pig farmers, on the other hand, have been facing difficult conditions, which is putting pressure on their financial position.

Impairment writedowns amounted to DKK 11 million in Q1 2014, which was in line with Q4 2013 (DKK 10 million).

## Commercial

The portfolio consists mainly of lending to fund investment properties, lending to businesses and property development projects.

The overall portfolio totalled DKK 1,329 million at 31 March 2014, marking a decline of DKK 101 million excluding impairment writedowns since 31 December 2013. The portfolio represents 19% of the bank's total loans and advances.

Impairment writedowns on the commercial customer segment amounted to DKK 25 million in Q1 2014, against a total reversal of DKK 23 million in 2013. Impairment writedowns in the first quarter were affected by a few large exposures.

## Mortgage deeds

This segment comprises the bank's own portfolio of private and commercial mortgage deeds. The mortgage deed portfolio amounted to DKK 2,444 million at 31 March 2014, a decline of DKK 53 million relative to 31 December 2013.

Mortgage deeds inherently run off as a result of regular payments and redemptions. In Q1 2014, the natural run-off on the mortgage deed portfolio was approximately 8% p.a.

Credit-related writedowns amounted to DKK 27 million in Q1 2014, against DKK 43 million in Q4 2013.

### Private mortgage deeds

Private mortgage deeds amounted to DKK 1,810 million, comprising the bank's portfolio of mortgage deeds secured primarily against single-family homes, commonhold flats and holiday homes. The properties are located throughout Denmark.

Credit-related writedowns of private mortgage deeds amounted to DKK 18 million in Q1 2014.

### Commercial mortgage deeds

Commercial mortgage deeds amounted to DKK 634 million and comprise mortgage deeds secured against residential rental property, commercial property for office, trade and industrial use as well as land and mixed residential/commercial property.

Credit-related writedowns of commercial mortgage deeds amounted to DKK 9 million in Q1 2014.

DKKm	Loans			Total losses and writedowns		Loss ratio % <sup>a)</sup>
	31.12.2013	31.03.2014	Share of portfolio (%)	2013	Q1 2014	
Agriculture	820	800	11.3%	101	11	1.4%
Commercial	1,455	1,329	18.8%	-23	25	1.8%
Mortgage deeds	2,497	2,444	34.5%	177	27	1.1%
Shares <sup>b)</sup>	-	-	-	1	-	-
<b>Winding-up activities</b>	<b>4,772</b>	<b>4,573</b>	<b>64.6%</b>	<b>256</b>	<b>63</b>	<b>1.3%</b>

a) Losses and writedowns as a percentage of the average portfolio in Q1 2014. The percentage is not comparable with the impairment in the bank's financial highlights and key ratios.

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

# REPORT

## Balance sheet

### Loans and advances

The bank's loans and advances totalled DKK 7,082 million at 31 March 2014, against DKK 7,340 million at 31 December 2013, corresponding to a decline of DKK 258 million.

Excluding intra-group lending and writedowns, loans and advances in Q1 2014 increased by DKK 5 million for the forward-looking activities and declined by DKK 136 million for the winding-up activities.

### Deposits

The bank had deposits of DKK 10.3 billion at 31 March 2014, against DKK 10.9 billion at 31 December 2013. The decline in deposits was in line with the bank's targets and was a result of the bank's ongoing focus on reducing deposits in step with the reduction of loans and advances in the winding-up portfolio.

The reduction of deposits was mainly composed of fixed-rate deposits. This continued the trend from 2013 when the bank saw a positive shift in the relationship between high-interest, fixed-rate deposits and lower-interest, floating-rate deposits. Further reducing the volume of fixed-rate deposits is part of the bank's strategy.

### Liquidity

At 31 March 2014, the bank had cash funds of DKK 4.6 billion and excess liquidity of DKK 3.2 billion, equivalent to an excess cover of 225% relative to the statutory requirement.

The bank expects to reduce the excess liquidity coverage in 2014.

### Capitalisation

The bank's equity stood at DKK 1.9 billion at 31 March 2014. The total capital was DKK 1.8 billion, and the total risk exposure was DKK 8.9 billion at 31 March 2014.

Accordingly, the solvency ratio was 20.2, and the tier 1 capital ratio was 20.2. The bank's adequate total capital was calculated at 14.1%, which means that the solvency ratio exceeded the adequate total capital by 6.1 percentage points.

The banking group's equity stood at DKK 2.1 billion at 31 March 2014. The total capital was DKK 1.9 billion, and the total risk exposure was DKK 8.7 billion at 31 March 2014.

Accordingly, the banking group had a solvency ratio of 21.6, and a tier 1 capital ratio of 21.6. The banking group's adequate total capital was calculated at 14.2%, which means that the solvency ratio exceeded the adequate total capital by 7.4 percentage points.

### Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 3,112 million at 31 March 2014, against DKK 3,149 million at 31 December 2013.

The capital reservation equalled 34% of gross loans and advances and the residual debt on mortgage deeds at 31 March 2014, which was unchanged relative to 31 December 2013.

The capital reservation on the forward-looking portfolio accounted for 18% of gross loans and advances, and the capital reservation on the winding-up portfolio represented 41% of gross loans and advances and residual debt on mortgage deeds.

Of the banking group's total capital reservation at 31 March 2014, accumulated writedowns amounted to DKK 1,487 million, against DKK 1,454 million at 31 December 2013. Accumulated writedowns broke down as follows at 31 March 2014: DKK 272 million on the forward-looking portfolio and DKK 1,215 million on the winding-up portfolio. To this should be added DKK 655 million in fair value adjustment of the mortgage deeds.

CAPITAL RESERVATION FOR CREDIT RISK DKKm	31.03.2014							31.12.2013	
	Gross lending/ outstanding debt	Balance	Difference <sup>a)</sup>	Required capital	Total reservation	Reservation/ gross lending	Total reservation	Reservation/ gross lending	
Forward-looking portfolio	2,701	2,429	272	218	490	18%	500	18%	
Winding-up portfolio	6,443	4,573	1,870	741	2,611	41%	2,625	39%	
<b>Total - excl. reverse transactions</b>	<b>9,144</b>	<b>7,002</b>	<b>2,142</b>	<b>959</b>	<b>3,101</b>	<b>34%</b>	<b>3,125</b>	<b>33%</b>	
Reverse transactions including intercompany transactions	80	80	-	11	11	14%	24	18%	
<b>Total group</b>	<b>9,224</b>	<b>7,082</b>	<b>2,142</b>	<b>970</b>	<b>3,112</b>	<b>34%</b>	<b>3,149</b>	<b>33%</b>	

a) Accumulated writedowns and value adjustments of mortgage deeds



# REPORT

## *New capital adequacy rules (CRD IV)*

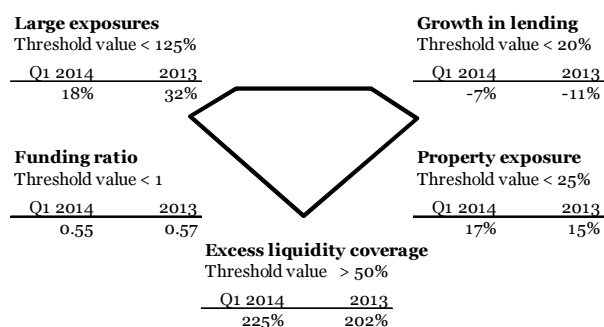
New capital adequacy rules were introduced by the EU with effect from 1 January 2014. Under the new rules, the value of the bank's tier 2 capital in the solvency calculation declined by DKK 160 million on 1 January 2014 and will be reduced by an additional DKK 40 million in 2014.

The bank's risk-weighted assets will not be affected to any significant extent by the changed rules.

## Supervisory diamond

At 31 March 2014, the bank was in compliance with all five threshold values of the Danish FSA's supervisory diamond as shown in the figure below.

The changes to the bank's supervisory diamond values are in line with expectations.



## Major events

### Capital injection and repayment of state-funded additional tier 1 capital

On 27 February 2014, Alm. Brand A/S injected DKK 400 million into Alm. Brand Bank A/S as equity. The capital injection was used to repay the remaining DKK 226 million of state-funded additional tier 1 capital on 20 March 2014. A part of the capital injection will also be used to offset the effect of the new capital adequacy rules, which entered into force on 1 January 2014.

## Alm. Brand Formue

At an extraordinary general meeting of the subsidiary Alm. Brand Formue A/S held on 18 March 2014, it was resolved that the company should enter into liquidation.

In the first quarter of 2014, the company sold its securities portfolio. After the expiry of the statutory claims filing period on 18 June 2014, liquidation financial statements will be prepared for approval at the company's final general meeting. The liquidation process is expected to be completed by the end of Q3 2014.

## Events after the balance sheet date

### Repayment of tier 2 capital

On 1 May 2014, the Danish FSA approved the bank's request to repay tier 2 capital in the amount of DKK 200 million. The repayment will take place on 3 June 2014 and will not have any impact on the bank's capitalisation.

## Outlook

The bank maintains the guidance for a full-year pre-tax profit from its forward-looking activities of around DKK 40 million after impairment write-downs, which are expected to amount to approximately DKK 35 million.

The bank maintains its guidance for a pre-tax loss of DKK 375-425 million from its winding-up activities.

The expectation of a reduction of the bank's winding-up portfolio excluding losses and write-downs is maintained at around DKK 500 million in 2014.

The guidance is subject to substantial uncertainty, and the actual performance will depend on economic developments, market conditions in general and other factors.

# STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The Board of Directors and the Management Board have today considered and adopted the interim report for the three months ended 31 March 2014 of Alm. Brand Bank A/S.

The consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and the interim financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. In addition, the consolidated and parent company interim financial statements have been presented in accordance with additional Danish disclosure requirements for the interim financial statements of listed financial companies.

In our opinion, the consolidated and parent company interim financial statements give a true and fair view of the group's and the parent company's assets and liabilities and financial position at 31 March 2014 and of the results of the group's and the parent company's operations and the cash flows of the group for the three months ended 31 March 2014.

Moreover, in our opinion, the management's review includes a fair review of developments in the activities and financial position of the group and the parent company and fairly describes significant risk and uncertainty factors that may affect the group and the bank.

## MANAGEMENT BOARD

Copenhagen, 21 May 2014

**Kim Bai Wadstrøm**  
Chief Executive

## BOARD OF DIRECTORS

Copenhagen, 21 May 2014

**Jørgen H. Mikkelsen**  
Chairman

**Boris N. Kjeldsen**  
Deputy Chairman

**Arne Nielsen**

**Jan Skytte Pedersen**

**Ebbe Castella**

**Søren Boe Mortensen**

**Christian Bundgaard**

**Torben Jensen**

**Pia Støjfer**

# INCOME STATEMENT AND COMPREHENSIVE INCOME

Parent company

DKK '000	Note	Q1 2014	Q1 2013	Year 2013
Interest receivable	1	119,075	144,247	534,487
Interest payable	2	61,119	97,148	312,994
<b>Net interest income</b>		<b>57,956</b>	<b>47,099</b>	<b>221,493</b>
Dividend on participating interests		24	-	886
Fees and commissions receivable		36,432	36,493	187,315
Fees and commissions payable		5,850	7,811	27,317
<b>Net interest and fee income</b>		<b>88,562</b>	<b>75,781</b>	<b>382,377</b>
Value adjustments	3	-21,076	-56,375	-225,022
Other operating income		2,251	1,655	5,097
<b>Profit before expenses</b>		<b>69,737</b>	<b>21,061</b>	<b>162,452</b>
Staff costs and administrative expenses	4	90,318	93,749	387,904
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		12	56	132
Other ordinary expenses		10,341	11,987	43,281
Impairment of loans, advances and receivables, etc.	5	42,405	42,041	196,419
Profit from participating interests in associated and group undertakings		9,232	-3,522	-16,778
<b>Profit/loss before tax, continuing activities</b>		<b>-64,107</b>	<b>-130,294</b>	<b>-482,062</b>
Tax on continuing activities		-17,701	-30,531	-96,794
<b>Profit/loss for the period, continuing activities</b>		<b>-46,406</b>	<b>-99,763</b>	<b>-385,268</b>
Profit/loss for the period, discontinued activities	6	14	3,842	-6,439
<b>Total profit/loss for the period</b>		<b>-46,392</b>	<b>-95,921</b>	<b>-391,707</b>
Items that may be recycled to profit or loss		-	-	-
Items that not may be recycled to profit or loss		-	-	-
<b>Total comprehensive income for the period</b>		<b>-46,392</b>	<b>-95,921</b>	<b>-391,707</b>
<b>PROFIT/LOSS ALLOCATION</b>				
Share attributable to Alm. Brand Bank		-46,392	-95,921	-391,707
<b>Transferred to Total shareholders' equity</b>		<b>-46,392</b>	<b>-95,921</b>	<b>-391,707</b>

# INCOME STATEMENT AND COMPREHENSIVE INCOME

				Group		
DKK '000	Note	Q1 2014	Q1 2013	Year 2013		
Interest receivable	1	119,017	145,896	539,332		
Interest payable	2	61,119	97,147	312,991		
<b>Net interest income</b>		<b>57,898</b>	<b>48,749</b>	<b>226,341</b>		
Dividend on participating interests		24	-	885		
Fees and commissions receivable		38,177	37,677	195,337		
Fees and commissions payable		5,850	7,811	27,321		
<b>Net interest and fee income</b>		<b>90,249</b>	<b>78,615</b>	<b>395,242</b>		
Value adjustments	3	-21,076	-56,375	-225,022		
Other operating income		33,997	15,833	78,070		
<b>Profit before expenses</b>		<b>103,170</b>	<b>38,073</b>	<b>248,290</b>		
Staff costs and administrative expenses	4	98,833	101,437	419,894		
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		17,433	10,398	52,356		
Other ordinary expenses		10,609	12,125	43,815		
Impairment of loans, advances and receivables, etc.	5	42,184	42,239	196,316		
Profit from participating interests in associated and group undertakings		2,402	-2,503	315		
<b>Profit/loss before tax, continuing activities</b>		<b>-63,487</b>	<b>-130,629</b>	<b>-463,776</b>		
Tax on continuing activities		-17,080	-30,867	-78,507		
<b>Profit/loss for the period, continuing activities</b>		<b>-46,407</b>	<b>-99,762</b>	<b>-385,269</b>		
Profit/loss for the period, discontinued activities	6	11,565	19,718	19,203		
<b>Total profit/loss for the period</b>		<b>-34,842</b>	<b>-80,044</b>	<b>-366,066</b>		
Items that may be recycled to profit or loss		-	-	-		
Items that not may be recycled to profit or loss		-	-	-		
<b>Total comprehensive income for the period</b>		<b>-34,842</b>	<b>-80,044</b>	<b>-366,066</b>		
<b>PROFIT/LOSS ALLOCATION</b>						
Share attributable to Alm. Brand Bank		-46,392	-95,921	-391,707		
Share attributable to minority interests		11,550	15,877	25,641		
<b>Transferred to Total shareholders' equity</b>		<b>-34,842</b>	<b>-80,044</b>	<b>-366,066</b>		

**BALANCE SHEET**

DKK '000	Note	Parent company				Group	
		31.03.2014	31.03.2013	31.12.2013	31.03.2014	31.03.2013	31.12.2013
<b>ASSETS</b>							
Cash in hand and receivables at call from central banks		138,917	521,844	323,267	138,917	521,844	323,267
Receivables from credit institutions and central banks		893,731	631,438	610,854	1,049,149	631,438	610,854
Loans, advances and other receivables at fair value		2,443,898	2,827,056	2,497,207	2,443,898	2,827,056	2,497,207
Loans, advances and other receivables at amortised cost	7	5,054,939	6,168,245	5,603,333	4,638,544	5,304,818	4,842,335
Bonds at fair value		5,272,262	5,393,766	5,232,616	5,272,262	6,381,385	5,955,401
Shares etc.		234,697	283,363	273,064	234,697	576,367	606,167
Participating interests in associated undertakings		44,864	43,668	42,467	44,864	43,668	42,467
Participating interests in group undertakings		71,551	226,112	214,573	-	-	-
Intangible assets		35,208	-	36,960	182,622	-	36,960
Other property, plant and equipment		264	922	442	336,831	173,259	301,088
Current tax assets		217,230	326,758	183,768	193,682	322,327	166,114
Deferred tax assets		187,123	289,823	202,884	325,277	414,799	335,765
Assets held temporarily		44,615	111,174	52,366	48,328	131,749	204,971
Other assets		143,032	352,578	334,730	161,698	366,417	367,043
Prepayments		27,576	26,966	6,335	27,576	26,977	6,346
Discontinued activities		160,926	-	-	204,585	-	-
<b>Total assets</b>		<b>14,970,833</b>	<b>17,203,713</b>	<b>15,614,866</b>	<b>15,302,930</b>	<b>17,722,104</b>	<b>16,295,985</b>

**BALANCE SHEET**

DKK '000	Note	Parent company			Group		
		31.03.2014	31.03.2013	31.12.2013	31.03.2014	31.03.2013	31.12.2013
<b>LIABILITIES AND EQUITY</b>							
<b>Payables</b>							
Payables to credit institutions and central banks		1,632,868	1,669,919	1,880,440	1,726,724	1,961,544	2,197,066
Deposits and other payables		10,349,223	11,361,163	10,937,376	10,340,840	11,358,025	10,936,444
Issued bonds		-	950,000	-	-	950,000	-
Liabilities temporarily acquired		16,048	18,241	16,116	28,762	35,923	165,878
Other liabilities		629,144	597,250	566,901	658,469	615,848	589,530
Deferred income		464	1,119	610	464	1,120	610
<b>Total payables</b>		<b>12,627,747</b>	<b>14,597,692</b>	<b>13,401,443</b>	<b>12,755,259</b>	<b>14,922,460</b>	<b>13,889,528</b>
<b>Provisions</b>							
Provisions for pensions and similar liabilities		1,534	1,361	1,412	1,534	1,361	1,412
Provisions for losses on guarantees		10,032	5,424	8,150	10,032	5,424	8,150
<b>Total provisions</b>		<b>11,566</b>	<b>6,785</b>	<b>9,562</b>	<b>11,566</b>	<b>6,785</b>	<b>9,562</b>
<b>Subordinated debt</b>							
Tier 2 capital	8	300,000	400,000	300,000	300,000	400,000	300,000
Additional tier 1 capital	8	175,000	600,606	400,949	175,000	600,606	400,949
<b>Total subordinated debt</b>		<b>475,000</b>	<b>1,000,606</b>	<b>700,949</b>	<b>475,000</b>	<b>1,000,606</b>	<b>700,949</b>
<b>Shareholders' equity</b>							
Share capital	9	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000
Other reserves		61,641	78,734	61,641	-	-	-
Retained earnings		773,879	498,896	420,271	835,520	577,630	481,912
Minority interests		-	-	-	204,585	193,623	193,034
<b>Total shareholders' equity</b>		<b>1,856,520</b>	<b>1,598,630</b>	<b>1,502,912</b>	<b>2,061,105</b>	<b>1,792,253</b>	<b>1,695,946</b>
<b>Total liabilities and equity</b>		<b>14,970,833</b>	<b>17,203,713</b>	<b>15,614,866</b>	<b>15,302,930</b>	<b>17,722,104</b>	<b>16,295,985</b>

See note 11 for a specification of off-balance sheet items.

# STATEMENT OF CHANGES IN EQUITY

DKK '000	Parent company				Group	
	Share capital	Other reserves	Retained earnings	Total	Minority interests	Total
<b>Shareholders' equity at 1 January 2013</b>	1,021,000	78,734	-104,294	995,440	173,196	1,168,636
<b>Equity movements in Q1 2013</b>						
Other change in respect of subsidiaries				-	4,550	4,550
Profit/loss for the period			-95,921	-95,921	15,877	-80,044
<b>Comprehensive income in Q1 2013</b>	-	-	-95,921	-95,921	20,427	-75,494
Capital increases			700,000	700,000		700,000
Other change in respect of subsidiaries			-889	-889		-889
<b>Total equity movements in Q1 2013</b>	-	-	603,190	603,190	20,427	623,617
<b>Shareholders' equity at 31 March 2013</b>	1,021,000	78,734	498,896	1,598,630	193,623	1,792,253
<b>Shareholders' equity at 1 January 2013</b>	1,021,000	78,734	-104,294	995,440	173,196	1,168,636
<b>Equity movements in 2013</b>						
Profit/loss for the year		-17,093	-374,614	-391,707	25,641	-366,066
<b>Comprehensive income 2013</b>	-	-17,093	-374,614	-391,707	25,641	-366,066
Capital increases			900,000	900,000		900,000
Other change in respect of subsidiaries		-	-821	-821	-5,803	-6,624
<b>Total changes in equity in 2013</b>	-	-17,093	524,565	507,472	19,838	527,310
<b>Shareholders' equity at 31 December 2013</b>	1,021,000	61,641	420,271	1,502,912	193,034	1,695,946
<b>Shareholders' equity at 1 January 2014</b>	1,021,000	61,641	420,271	1,502,912	193,034	1,695,946
<b>Equity movements in Q1 2014</b>						
Other change in respect of subsidiaries				-	1	1
Profit for the period			-46,392	-46,392	11,550	-34,842
<b>Comprehensive income in Q1 2014</b>	-	-	-46,392	-46,392	11,551	-34,841
Capital increases			400,000	400,000		400,000
Other change in respect of subsidiaries		-	-	-		-
Tax of equity entries			-	-		-
Dividend paid			-	-		-
<b>Total equity movements in Q1 2014</b>	-	-	353,608	353,608	11,551	365,159
<b>Shareholders' equity at 31 March 2014</b>	1,021,000	61,641	773,879	1,856,520	204,585	2,061,105

# CASH FLOW STATEMENT

	<b>Group</b>		
<b>DKK '000</b>	<b>Q1 2014</b>	<b>Q1 2013</b>	<b>Year 2013</b>
<b>Operating activities</b>			
Profit for the period before tax	-51,922	-110,683	-443,709
Tax paid during the period	-	-228	282,023
Adjustment for amounts with no cash flow impact:			
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	17,433	10,398	52,356
Impairment of loans, advances and receivables, etc.	40,880	38,457	181,053
Other adjustments to cash flows from operating activities	-18,176	-10,580	53,116
<b>Total, operating activities</b>	<b>-11,785</b>	<b>-72,636</b>	<b>124,839</b>
<b>Working capital</b>			
Loans and advances	228,344	196,384	766,216
Deposits	-595,603	33,093	-388,488
Bonds	606,387	385,157	798,206
Shares	376,494	-6,457	-1,795
<b>Total, working capital</b>	<b>615,622</b>	<b>608,177</b>	<b>1,174,139</b>
<b>Investing activities</b>			
Investments in associates	-	-	-
Investments in group enterprises	9	3	9
Property, plant and equipment	-53,186	-25,582	-194,729
<b>Total, investing activities</b>	<b>-53,177</b>	<b>-25,579</b>	<b>-194,720</b>
<b>Financing activities</b>			
Net proceeds from capital increase	400,000	700,000	900,000
Distribution of dividends	-226,447	-430,000	-729,159
Payables to credit institutions	-470,268	564,611	800,313
Bonds issued	-	-1,050,000	-2,000,000
<b>Total, financing activities</b>	<b>-296,715</b>	<b>-215,389</b>	<b>-1,028,846</b>
<b>Change in cash and cash equivalents</b>	<b>253,945</b>	<b>294,573</b>	<b>75,412</b>
Cash and cash equivalents, beginning of year	934,121	858,709	858,709
Change in cash and cash equivalents	253,945	294,573	75,412
<b>Cash and cash equivalents, end of period</b>	<b>1,188,066</b>	<b>1,153,282</b>	<b>934,121</b>
<b>Cash and cash equivalents, end of period</b>			
Cash in hand and balances at call with central banks	138,917	521,844	323,267
Balances due from credit institutions less than 3 months	1,049,149	631,438	610,854
<b>Cash and cash equivalents, end of period</b>	<b>1,188,066</b>	<b>1,153,282</b>	<b>934,121</b>

See note 6 for influence on discontinued activities.



# SEGMENT INFORMATION

									Group
DKK '000									Q1 2014
	Private	Leasing	Financial Markets	Other	Total continuing activities before winding up	Winding-up activities	Total continuing activities	Dis-continued activities	Total
Net interest and fee income	42,962	-	-	-	42,962	-4,673	38,289	-	38,289
Trading income (excl. value adjustments)	-	-	34,698	15,574	50,272	-	50,272	-501	49,771
Other income	4	28,497	252	95	28,848	6,838	35,686	-	35,686
<b>Total income</b>	<b>42,966</b>	<b>28,497</b>	<b>34,950</b>	<b>15,669</b>	<b>122,082</b>	<b>2,165</b>	<b>124,247</b>	<b>-501</b>	<b>123,746</b>
Expenses	52,606	8,784	23,671	986	86,047	23,395	109,442	940	110,382
Depreciation	12	17,421	-	0	17,433	-	17,433	-	17,433
<b>Core earnings</b>	<b>-9,652</b>	<b>2,292</b>	<b>11,279</b>	<b>14,683</b>	<b>18,602</b>	<b>-21,230</b>	<b>-2,628</b>	<b>-1,441</b>	<b>-4,069</b>
Value adjustments	116	-	3,562	6,224	9,902	-3,451	6,451	13,014	19,465
Profit/loss from investments	-	-	427	-421	6	2,396	2,402	-	2,402
Profit/loss before impairment writedowns	-9,536	2,292	15,268	20,486	28,510	-22,285	6,225	11,573	17,798
Writedowns and credit-related value adjustments	6,759	-221	-24	-	6,514	63,198	69,712	-	69,712
Profit/loss before tax	-16,295	2,513	15,292	20,486	21,996	-85,483	-63,487	11,573	-51,914
Tax							17,080	-8	17,072
Profit/loss for the period							-46,407	11,565	-34,842
Of which share attributable to minority interests									11,550
Loans and advances	2,287,930	-	141,436	80,283	2,509,649	4,572,793	7,082,442	-	7,082,442
Bonds	-	-	2,495,404	2,776,858	5,272,262	-	5,272,262	-	5,272,262
Lease assets	-	336,567	-	-	336,567	-	336,567	-	336,567
Other assets	4,523	161,908	65,745	1,957,928	2,190,104	216,970	2,407,074	204,585	2,611,659
<b>Total assets</b>	<b>2,292,453</b>	<b>498,475</b>	<b>2,702,585</b>	<b>4,815,069</b>	<b>10,308,582</b>	<b>4,789,763</b>	<b>15,098,345</b>	<b>204,585</b>	<b>15,302,930</b>

## GENERAL

The segment financial statements are segmented according to the group's primary business areas. All activities are located in Denmark. Assets are placed in the business areas to which they are related in terms of operations. All funding is channelled to the bank's treasury function, which is included in the segment other, and which is responsible for the bank's funding and liquidity. Transactions between the segments are settled on market terms. The segment financial statements are in accordance with the bank's internal reporting.

The recognition and measurement criteria are consistent with the group's accounting policies. The line items used are consistent with the financial highlights presented at the beginning of the interim report.

## BUSINESS AREAS

The segment financial statements are segmented according to the group's business areas and have generally been divided into continuing activities

and winding-up activities. Continuing activities comprise areas in which the bank wishes to expand its business volume. Winding-up activities and discontinued activities comprise exposures which the bank wishes to reduce in a responsible and financially appropriate manner.

The individual business areas are described below.

**Private:** Provides advisory services and sells financial products to the bank's private customers, both through branch offices in 11 major Danish towns and cities and online. Drawing on the full range of the group's capabilities, Private offers optimum solutions, including in connection with wealth management and investment.

**Leasing:** Offers operating leases of passenger and commercial vehicles with related car fleet management for businesses. The segment also offers operating leases of passenger cars to private individuals. The business area is anchored in Alm. Brand Leasing A/S, which is a subsidiary of the bank.

# SEGMENT INFORMATION

	Group								
DKK '000	Q1 2013								
	Private	Leasing	Financial Markets	Other	Total continuing activities before winding up	Winding-up activities	Total continuing activities	Dis-continued activities	Total
Net interest and fee income	48,116	-	-	-	48,116	-4,192	43,924	-	43,924
Trading income (excl. value adjustments)	-	-	40,131	-8,274	31,857	-	31,857	8,967	40,824
Other income	715	17,010	238	156	18,119	547	18,666	-	18,666
<b>Total income</b>	<b>48,831</b>	<b>17,010</b>	<b>40,369</b>	<b>-8,118</b>	<b>98,092</b>	<b>-3,645</b>	<b>94,447</b>	<b>8,967</b>	<b>103,414</b>
Expenses	52,022	7,826	26,097	3,499	89,444	24,118	113,562	834	114,396
Depreciation	43	10,342	-	13	10,398	-	10,398	-	10,398
Core earnings	-3,234	-1,158	14,272	-11,630	-1,750	-27,763	-29,513	8,133	-21,380
Value adjustments	135	-	-3,762	-3,457	-7,084	740	-6,344	11,813	5,469
Profit/loss from investments	-	-	555	-2,978	-2,423	-80	-2,503	-	-2,503
Profit/loss before impairment writedowns	-3,099	-1,158	11,065	-18,065	-11,257	-27,103	-38,360	19,946	-18,414
Writedowns and credit-related value adjustments	28,664	196	761	-	29,621	62,648	92,269	-	92,269
Profit/loss before tax	-31,763	-1,354	10,304	-18,065	-40,878	-89,751	-130,629	19,946	-110,683
Tax							-30,867	228	-30,639
Profit/loss for the period							-99,762	19,718	-80,044
Of which share attributable to minority interests									15,877
Loans and advances	2,378,551	-	198,307	83,016	2,659,874	5,472,000	8,131,874	-	8,131,874
Bonds	-	-	2,539,265	2,854,501	5,393,766	-	5,393,766	987,619	6,381,385
Lease assets	-	172,338	-	-	172,338	-	172,338	-	172,338
Other assets	4,915	144,083	67,894	2,063,354	2,280,246	453,175	2,733,421	303,086	3,036,507
<b>Total assets</b>	<b>2,383,466</b>	<b>316,421</b>	<b>2,805,466</b>	<b>5,000,871</b>	<b>10,506,224</b>	<b>5,925,175</b>	<b>16,431,399</b>	<b>1,290,705</b>	<b>17,722,104</b>

**Financial Markets:** Comprises Markets and Asset Management. The Markets department handles all of the bank's financial market activities, providing advisory services on and performs securities and currency transactions. In addition, Markets prepares research reports on developments in fixed income, equity and foreign exchange markets. Asset Management has assets under management for both institutional and private investors.

**Other:** Comprises the bank's treasury function, which is responsible for the bank's composition of funding and liquidity management, including the bank's own portfolio. All funding procured by the bank's other business areas is channelled to Treasury, which is responsible for allocation and settlement to the individual business areas. Funding is allocated at a price equivalent to the actual cost of procuring the funding plus a spread to cover administrative expenses and any risks.

**Winding-up:** This is the only business area included under winding-up activities and comprises exposures to small and medium-sized commercial customers, agricultural customers, property development projects, mortgage deeds and a portfolio of car finance contracts. Efforts are made to gradually reduce these exposures, a process which is expected to extend over a number of years.

**Alm. Brand Formue (discontinued activities):** Comprises the listed company Alm. Brand Formue A/S, which entered into liquidation in March 2014. The company had investments in shares and bonds, all of which have now been sold. At 31 March, Alm. Brand Formue's assets consisted exclusively of cash funds and accruals. The bank's hedging of the indirect equity risk has also been closed down. The realised result from the equity hedging is recognised under the business area. See note 6 for additional information.

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2014	Q1 2013	Year 2013	Q1 2014	Q1 2013	Year 2013
<b>NOTE 1 Interest receivable</b>						
Balances due from credit institutions and central banks	173	145	719	173	145	719
Loans, advances and other receivables	100,463	112,236	435,999	100,405	113,885	440,844
Bonds	26,330	41,541	135,488	26,330	41,541	135,488
Total derivatives	-8,178	-9,675	-37,727	-8,178	-9,675	-37,727
Of which:						
Foreign exchange contracts	-378	122	-1,603	-378	123	-1,603
Interest rate contracts	-7,800	-9,797	-36,124	-7,800	-9,798	-36,124
Other interest income	287	-	8	287	-	8
<b>Total interest receivable</b>	<b>119,075</b>	<b>144,247</b>	<b>534,487</b>	<b>119,017</b>	<b>145,896</b>	<b>539,332</b>
Interest receivable from genuine purchase and resale transactions:						
Balances due from credit institutions and central banks	-69	-4	-117	-69	-4	-117
Loans, advances and other receivables	-	-8	-20	-	-8	-20
<b>NOTE 2 Interest payable</b>						
Credit institutions and central banks	704	879	3,228	704	878	3,229
Deposits and other payables	50,139	61,321	227,484	50,139	61,321	227,480
Bonds issued	-	7,392	10,662	-	7,392	10,662
Total subordinated debt	10,072	27,356	70,897	10,072	27,356	70,897
Other interest expenses	204	200	723	204	200	723
<b>Total interest payable</b>	<b>61,119</b>	<b>97,148</b>	<b>312,994</b>	<b>61,119</b>	<b>97,147</b>	<b>312,991</b>
Interest payable on genuine sale and repurchase transactions:						
Payables to credit institutions and central banks	72	15	226	72	15	226
Deposits and other payables	-	-	5	-	-	5
<b>NOTE 3 Value adjustments</b>						
Loans, advances and other receivables at fair value	-10,099	-66,747	-245,828	-10,099	-66,747	-245,828
Bonds	2,078	-9,919	-45,388	2,078	-9,920	-45,388
Shares, etc.	5,124	8,828	20,043	5,124	8,829	20,043
Shares, etc.	-969	-	-3,958	-969	-	-3,957
Foreign currency	3,714	-5,068	-7,590	3,714	-5,068	-7,591
Total derivatives	-20,802	16,531	57,750	-20,802	16,531	57,750
Other liabilities	-122	-	-51	-122	-	-51
<b>Total value adjustments</b>	<b>-21,076</b>	<b>-56,375</b>	<b>-225,022</b>	<b>-21,076</b>	<b>-56,375</b>	<b>-225,022</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2014	Q1 2013	Year 2013	Q1 2014	Q1 2013	Year 2013
<b>NOTE 4 Staff costs and administrative expenses</b>						
Remuneration to the Management Board and Board of Directors:						
Remuneration to the Management Board:						
Salaries and wages	680	683	2,799	680	683	2,799
Pensions	83	83	333	83	83	333
<b>Total remuneration to the Management Board</b>	<b>763</b>	<b>766</b>	<b>3,132</b>	<b>763</b>	<b>766</b>	<b>3,132</b>
Remuneration to the Board of Directors:						
Fees	300	262	1,112	300	262	1,112
<b>Total remuneration to the Management Board and Board of Directors</b>	<b>1,063</b>	<b>1,028</b>	<b>4,244</b>	<b>1,063</b>	<b>1,028</b>	<b>4,244</b>
Staff costs:						
Salaries and wages	37,790	37,758	161,610	37,790	37,758	161,610
Pensions	4,246	4,297	17,508	4,246	4,297	17,508
Social security costs	4,487	4,353	17,107	4,487	4,353	17,108
<b>Total staff costs</b>	<b>46,523</b>	<b>46,408</b>	<b>196,225</b>	<b>46,523</b>	<b>46,408</b>	<b>196,226</b>
Other administrative expenses	42,732	46,313	187,435	51,247	54,001	219,424
<b>Total staff costs and administrative expenses</b>	<b>90,318</b>	<b>93,749</b>	<b>387,904</b>	<b>98,833</b>	<b>101,437</b>	<b>419,894</b>
<b>Number of employees</b>						
Average number of employees during the financial year, full-time equivalents						
	251	259	263	251	259	263
<b>NOTE 5 Impairment of loans, advances and receivables, etc.</b>						
Individual assessment:						
Impairment and value adjustments, respectively, during the year	78,485	126,677	331,977	78,558	127,693	333,074
Reversal of impairment in previous years	31,276	68,124	120,265	31,640	68,789	121,293
<b>Total individual assessment</b>	<b>47,209</b>	<b>58,553</b>	<b>211,712</b>	<b>46,918</b>	<b>58,904</b>	<b>211,781</b>
Group assessment:						
Impairment and value adjustments, respectively, during the year	7,125	26,115	50,824	7,276	26,294	50,986
Reversal of impairment in previous years	5,237	38,853	61,406	5,457	39,312	62,896
<b>Total group assessment</b>	<b>1,888</b>	<b>-12,738</b>	<b>-10,582</b>	<b>1,819</b>	<b>-13,018</b>	<b>-11,910</b>
Losses not previously provided for	4,071	4,109	34,952	4,568	4,515	37,239
Bad debts recovered	10,763	7,883	39,663	11,121	8,162	40,794
<b>Total impairment of loans, advances and receivables, etc., end of period</b>	<b>42,405</b>	<b>42,041</b>	<b>196,419</b>	<b>42,184</b>	<b>42,239</b>	<b>196,316</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2014	Q1 2013	Year 2013	Q1 2014	Q1 2013	Year 2013
<b>NOTE 6 Discontinued activities</b>						
Discontinued activities comprise the subsidiary Alm. Brand Formue A/S, which entered into liquidation in March 2014. The income statement comprises the results of Alm. Brand Formue, the results of equity risk hedging in the company, the bank's trading income relating to Alm. Brand Formue A/S and interest on loans provided to Alm. Brand Formue A/S. No funding costs have been allocated to the discontinued activities.						
<b>Income statement</b>						
Net interest and fee income	3,567	5,406	19,770	3,567	5,405	19,770
Value adjustment	-14,547	-13,508	-47,660	-14,547	-13,508	-47,660
Profit/loss of Alm. Brand Formue	10,994	11,944	21,451	22,545	27,821	47,093
Profit/loss on discontinued activities	14	3,842	-6,439	11,565	19,718	19,203
<b>Cash flows</b>						
Cash flows from operating activities				22,694	593	-2,211
Cash flows from investing activities				1,062,753	-108,226	139,046
Cash flows from financing activities				-321,627	-1,604	17,578
Total cash flows				763,820	-109,237	154,413

Alm. Brand Formue A/S had no debt as at the balance sheet date on 31 March 2014, and the assets consist of cash funds, which are recognised in the consolidated financial statements under discontinued activities with respect to the part expected to be attributable to minority shareholders. The bank's ownership interest in Alm. Brand Formue A/S is included in the parent company balance sheet.

## NOTE 7 Loans, advances and other receivables at amortised cost

Loans and advances	6,529,772	7,692,683	7,046,173	6,071,136	6,762,619	6,235,881
Leases	-	-	-	44,389	71,322	52,185
Total before impairment, etc.	6,529,772	7,692,683	7,046,173	6,115,525	6,833,941	6,288,066
Impairment, etc.	1,474,833	1,524,438	1,442,840	1,476,981	1,529,123	1,445,731
<b>Loans, advances and other receivables at amortised cost, end of period</b>	<b>5,054,939</b>	<b>6,168,245</b>	<b>5,603,333</b>	<b>4,638,544</b>	<b>5,304,818</b>	<b>4,842,335</b>

## NOTE 8 Subordinated debts

Tier 2 capital:

Floating rate bullet loans in DKK maturing 9 May 2013	-	100,000	-	-	100,000	-
Floating rate bullet loans in DKK maturing 9 May 2014	100,000	100,000	100,000	100,000	100,000	100,000
Floating rate bullet loans in DKK maturing 3 December 2015	200,000	200,000	200,000	200,000	200,000	200,000
Tier 2 capital, end of period	300,000	400,000	300,000	300,000	400,000	300,000

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2014	Q1 2013	Year 2013	Q1 2014	Q1 2013	Year 2013
<b>NOTE 8 Subordinated debts - continued</b>						
Additional tier 1 capital:						
Fixed rate bullet loans in DKK with indefinite terms	175,000	175,000	175,000	175,000	175,000	175,000
State-funded capital injection, bullet loan in DKK with an indefinite term	-	425,606	225,949	-	425,606	225,949
<b>Additional tier 1 capital, end of period</b>	<b>175,000</b>	<b>600,606</b>	<b>400,949</b>	<b>175,000</b>	<b>600,606</b>	<b>400,949</b>
<b>Subordinated debt, end of period</b>	<b>475,000</b>	<b>1,000,606</b>	<b>700,949</b>	<b>475,000</b>	<b>1,000,606</b>	<b>700,949</b>
Interest on subordinated debt	10,072	27,356	70,897	10,072	27,356	70,897
Of this, amortisation of costs incurred on raising the debt	51	498	841	51	498	841
Extraordinary instalments	226,000	430,000	630,000	226,000	430,000	630,000
<b>NOTE 9 Share capital</b>						
Unlisted share capital:						
Nominal value at 1 January 2008	351,000	351,000	351,000	351,000	351,000	351,000
Capital increase April 2009	300,000	300,000	300,000	300,000	300,000	300,000
Capital increase September 2009	90,000	90,000	90,000	90,000	90,000	90,000
Capital increase November 2009	280,000	280,000	280,000	280,000	280,000	280,000
<b>Nominal value, end of period</b>	<b>1,021,000</b>	<b>1,021,000</b>	<b>1,021,000</b>	<b>1,021,000</b>	<b>1,021,000</b>	<b>1,021,000</b>
The share capital consists of 1,021,000 shares of DKK 1,000 nominal value and is paid up in full.						
<b>NOTE 10 Total capital</b>						
Shareholders' equity	1,856,520	1,598,630	1,502,912	2,061,105	1,792,253	1,695,946
Deferred tax assets	-187,123	-289,823	-202,884	-325,277	-414,799	-335,765
<b>Common tier 1 capital</b>	<b>1,669,397</b>	<b>1,308,807</b>	<b>1,300,028</b>	<b>1,735,828</b>	<b>1,377,454</b>	<b>1,360,181</b>
Additional tier 1 capital	175,000	600,606	400,949	175,000	600,606	400,949
Reduction additional tier 1 capital	-39,375	-	-	-39,375	-	-
Deduction of ownership interest in financial institution	-	-18,727	-26,840	-	-18,727	-64,492
<b>Tier 1 capital</b>	<b>1,805,022</b>	<b>1,890,686</b>	<b>1,674,137</b>	<b>1,871,453</b>	<b>1,959,333</b>	<b>1,696,638</b>
Tier 2 capital	300,000	400,000	300,000	300,000	400,000	300,000
Deduction of ownership interest in financial institution	-	-18,727	-26,840	-	-18,727	-64,492
Reduction of 25% per year in the three final years of the term to maturity	-300,000	-175,000	-175,000	-300,000	-175,000	-175,000
<b>Capital base</b>	<b>1,805,022</b>	<b>2,096,959</b>	<b>1,772,297</b>	<b>1,871,453</b>	<b>2,165,606</b>	<b>1,757,146</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2014	Q1 2013	Year 2013	Q1 2014	Q1 2013	Year 2013
<b>NOTE 10 Total capital - continued</b>						
Risk-weighted items:						
Weighted items involving credit risk	7,017,387	8,218,471	7,104,338	6,867,329	8,009,581	6,959,494
Weighted items involving market risk	1,624,708	1,269,533	1,352,504	1,357,477	2,356,183	2,153,735
Weighted items involving operational risk	283,088	424,893	283,088	451,291	520,436	451,291
Risk-weighted items, end of period	8,925,183	9,912,897	8,739,930	8,676,097	10,886,200	9,564,520
The solvency requirement represents 8% of the risk-weighted items						
	714,015	793,032	699,194	694,088	870,896	765,162
Tier 1 capital and Total capital is calculated in accordance with CRD IV / CRR.						
<b>NOTE 11 Off-balance sheet items</b>						
Contingent liabilities:						
Financial guarantees	73,328	359,816	143,863	73,328	359,816	143,863
Loss guarantees for mortgage loans	216,976	364,186	181,258	216,976	364,186	181,258
Registration and conversion guarantees	17,494	22,182	11,685	17,494	22,182	11,685
Other contingent liabilities	327,317	212,114	316,590	327,317	212,114	316,590
Contingent liabilities, end of period	635,115	958,298	653,396	635,115	958,298	653,396
Other commitments:						
Irrevocable loan commitments	-	-	-	-	-	-
Other miscellaneous commitments	-	-	-	-	-	-
Other commitments, end of period	-	-	-	-	-	-
Off-balance sheet items, end of period	635,115	958,298	653,396	635,115	958,298	653,396

## Other contingent liabilities

Alm. Brand Bank A/S is taxed jointly with Alm. Brand A/S as administration company. As from 1 July 2012, the bank is therefore jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends on behalf of the jointly taxed companies.

Alm. Brand Bank A/S has entered into operating leases with Alm. Brand Leasing A/S. The residual value of future lease payments under these operating leases totalled DKK 6 million at 31 March 2014 (31 March 2013: DKK 6 million).

Alm. Brand Bank A/S is a member of Bankdata, which operates the bank's key banking systems. Termination of this membership would cause the bank to incur a significant liability which would have to be calculated in accordance with Bankdata's by-laws.

Being an active financial services group, the group is a party to a number of lawsuits. The cases are reviewed on an ongoing basis, and the necessary provisions are made. Management believes that these cases will not inflict further losses on the group.

## Collateral security

Monetary-policy counterparties with Danmarks Nationalbank can obtain credit only against security through the pledging of approved securities.

As part of its current operations, the bank provided collateral security to Danmarks Nationalbank at 31 March 2014 in the form of bonds representing a nominal value of DKK 1,304 million (Q1 2013: DKK 1,453 million) and loans representing a loan value of DKK 464 million (Q1 2013: DKK 542 million).

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 2 million was received and cash in the amount of DKK 147 million was paid at Q1 2014 (Q1 2013: DKK 8 million and DKK 413 million).

# NOTES TO THE FINANCIAL STATEMENTS

**Group**

DKK '000	Q1 2014	Q1 2013	Q1 2012	Q1 2011	Q1 2010
<b>NOTE 12 Financial highlights and key ratios</b>					
Net interest and fee income	90,249	78,615	99,910	138,252	167,826
Value adjustments	-21,076	-56,375	-15,032	-33,439	-28,411
Staff costs and administrative expenses	98,833	101,437	114,425	117,744	124,109
Impairment of loans, advances and receivables, etc.	42,184	42,239	64,506	113,133	69,897
Profit/loss from investments in associates group enterprises	2,402	-2,503	292	-2,512	10,022
Profit for the year	-46,407	-99,762	-76,214	-107,265	-49,140
Profit/loss for the period, discontinued activities	11,565	19,718	32,756	-9,401	24,182
Total profit/loss for the period	-34,842	-80,044	-43,458	-116,666	-24,958
Loans and advances	7,082,442	8,131,874	10,029,374	11,799,260	14,271,112
Shareholders' equity	2,061,105	1,792,253	1,486,831	1,637,193	1,539,458
Total assets	15,302,930	17,722,104	22,155,315	25,239,222	25,142,521
Solvency ratio	21.6	19.9	18.6	18.0	15.3
Tier 1 ratio	21.6	18.0	15.2	15.3	12.1
Return on equity before tax (%)	-3.0	-10.7	-4.8	-9.1	-13.8
Return on equity after tax (%)	-2.0	-7.7	-3.2	-6.9	-10.6
Income/cost ratio	0.62	0.34	0.66	0.41	0.83
Interest rate risk (%)	3.7	2.6	-4.4	2.6	7.2
Foreign exchange position (%)	10.1	8.5	28.5	4.9	4.6
Foreign exchange risk (%)	0.2	0.1	0.3	0.2	0.1
Loans and advances as a percentage of deposits (%)	82.8	85.1	115.8	162.4	138.4
Gearing of loans and advances	3.4	4.5	6.7	7.2	9.3
Annual growth in lending (%)	-3.5	-3.1	-1.8	-5.5	-17.5
Excess cover relative to statutory liquidity requirement (%)	235.2	220.7	347.2	257.1	115.5
Total amount of large exposures (%)	31.8	44.3	40.9	68.8	97.7
Impairment ratio for the year	0.5	0.4	0.5	0.8	0.4

Financial ratios are calculated on the basis of the total profit/loss, which includes both continuing and discontinued activities.

Financial highlights and key ratios are based on the definitions and guidelines of the Danish FSA and on "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.



# NOTES TO THE FINANCIAL STATEMENTS

Parent company

DKK '000	Q1 2014	Q1 2013	Q1 2012	Q1 2011	Q1 2010
<b>NOTE 12 Financial highlights and key ratios - continued</b>					
Net interest and fee income	88,562	75,781	95,251	132,077	152,199
Value adjustments	-21,076	-56,375	-15,032	-33,439	-7,124
Staff costs and administrative expenses	90,318	93,749	106,007	108,222	111,904
Impairment of loans, advances and receivables, etc.	42,405	42,041	65,625	111,370	63,008
Profit/loss from investments in associates group enterprises	9,232	-3,522	1,729	-1,122	-2,497
Profit for the year	-46,406	-99,763	-76,215	-107,222	-40,113
Profit/loss for the period, discontinued activities	14	3,842	8,619	-4,307	4,430
Total profit/loss for the period	-46,392	-95,921	-67,596	-111,529	-35,683
Loans and advances	7,498,837	8,995,301	10,331,118	12,299,812	14,516,846
Shareholders' equity	1,856,520	1,598,630	1,323,775	1,451,249	1,326,520
Total assets	14,970,833	17,203,713	21,597,359	24,633,399	24,667,204
Solvency ratio	20.2	21.2	18.5	17.3	14.6
Tier 1 ratio	20.2	19.1	14.8	14.5	11.0
Return on equity before tax (%)	-4.1	-14.8	-9.7	-9.9	-13.8
Return on equity after tax (%)	-3.0	-11.2	-7.3	-7.4	-10.6
Income/cost ratio	0.55	0.14	0.50	0.39	0.76
Interest rate risk (%)	4.0	-0.5	-5.8	-0.2	3.7
Foreign exchange position (%)	10.5	11.9	34.5	3.7	5.3
Foreign exchange risk (%)	0.2	0.2	0.2	0.1	0.0
Loans and advances as a percentage of deposits (%)	86.7	92.6	118.7	168.2	139.6
Gearing of loans and advances	4.0	5.6	7.8	8.5	10.9
Annual growth in lending (%)	-7.4	-1.6	-1.8	-4.3	-3.7
Excess cover relative to statutory liquidity requirement (%)	224.9	227.3	350.7	263.6	99.8
Total amount of large exposures (%)	33.0	45.7	40.9	77.0	100.2
Impairment ratio for the year	0.4	0.4	0.5	0.8	0.3

Financial ratios are calculated on the basis of the total profit/loss, which includes both continuing and discontinued activities.

Financial highlights and key ratios are based on the definitions and guidelines of the Danish FSA and on "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 13 Accounting policies group

The consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The parent company interim financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the Executive Order on financial reports presented by credit institutions and investment companies.

In addition, the consolidated interim financial statements have been prepared in accordance with additional Danish disclosure requirements for interim financial statements of listed financial companies.

The subsidiary Alm. Brand Formue A/S entered into liquidation in March 2014 and is expected to be closed by the end of the year. The IFRS 5 rules on the presentation of discontinued operations are thus satisfied. As a result, the income statement and the balance sheet are presented differently from previous presentations. The income statement and the balance sheet now include a separate line item called discontinued activities. The item discontinued activities in the income statement comprises the results of Alm. Brand Formue, the results of equity risk hedging in the company, the bank's trading income relating to Alm. Brand Formue and interest on loans provided to Alm. Brand Formue. Alm. Brand Formue had no debt as at the balance sheet date, and most of the assets are cash funds, which are recognised in the consolidated financial statements under discontinued activities with respect to the part which is expected to be attributable to minority shareholders. The bank's ownership interest in Alm. Brand Formue is included in the parent company balance sheet. See note 6 to the financial statements for additional information. Comparative figures in the income statement have been restated to reflect the above. Comparative figures in the balance sheet have not been restated. The accounting policies are otherwise consistent with the policies applied in the financial statements for 2013.

### **Disclaimer**

The forecast is based on the interest rate and price levels that prevailed at mid-May 2014. All other forward-looking statements are based exclusively on the information available when this interim report was released.

The actual performance may be affected by major changes in a number of factors. Such impacts include changes in conditions in the financial market, legislative changes, changes in the competitive environment, loans and advances, etc. and guarantees, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

This interim report has been translated from Danish into English. In the event of any discrepancy between the Danish text and the English-language translation, the Danish text shall prevail.