

Alm. Brand Bank A/S – Annual Report 2014

Highlights

- **The bank incurred a pre-tax loss of DKK 275 million in 2014, against a loss of DKK 469 million in 2013. In spite of the significant improvement, the performance was not satisfactory.**
- **The forward-looking activities generated profit of DKK 61 million, which was slightly below the expected level but still satisfactory. The performance marked a DKK 151 million improvement on 2013, mainly driven by higher income and a significant decline in impairment writedowns.**
- **Impairment writedowns on private customers were at a normal level in 2014, at an impairment ratio of 0.7, whereas 2013 was affected by an extraordinary credit review.**
- **The bank continues to experience an increase in the number of Pluskunder, which contributed to growth in lending to private customers of more than DKK 100 million in 2014 and to an increase of more than DKK 1 billion in the portfolio of Totalkredit loans for which the bank acted as intermediary.**
- **The bank's winding-up activities produced a loss of DKK 336 million, against a loss of DKK 379 million in 2013. The improvement was driven by a better performance before impairment writedowns. Impairment writedowns were on a par with 2013 and were adversely affected by the deteriorating conditions facing the bank's agricultural customers.**
- **The forward-looking activities are expected to generate pre-tax profit to the tune of DKK 40 million in 2015, of which impairment writedowns are expected to represent approximately DKK 20 million. The winding-up activities are expected to report a pre-tax loss of about DKK 300-350 million, and expectations of sustained adverse developments in agricultural settlement prices are having an adverse impact on the financial results.**

Other highlights

- **Income from the forward-looking activities increased by 5% to DKK 531 million, against DKK 508 million in 2013. The increase was attributable to the bank's leasing activities.**
- **Costs amounted to DKK 344 million in 2014, which was 7% or DKK 24 million lower than in 2013 when costs amounted to DKK 368 million.**
- **Value adjustments amounted to a loss of DKK 31 million in 2014, against loss of DKK 33 million in 2013. In 2014, value adjustments were affected by high-yield bonds. In addition, a significant part of the bank's bond portfolio was placed in mortgage bonds, for which the risk premium to government bonds grew in the fourth quarter of 2014, resulting in capital losses for the bank. On the other hand, the bank reported fair gains on equities and foreign exchange.**

- Excluding the sale of non-delinquent mortgage deeds in 2014, the bank succeeded in reducing the winding-up portfolio excluding writedowns by DKK 561 million, corresponding to 12% of the portfolio at 1 January 2014. The reduction of the winding-up portfolio is generally progressing slightly better than expected.
- At 31 December 2014, the bank had excess liquidity of DKK 4.9 billion, corresponding to an excess liquidity coverage of 323%. The excess liquidity coverage will be reduced significantly in 2015.
- At 31 December 2014, the bank's total capital amounted to DKK 1.6 billion, and the total capital ratio was 19.3. The bank's individual solvency need was calculated at 14.4%, and the bank thus had an excess coverage of 4.9 percentage points. The banking group had a total capital ratio of 17.8, and the individual solvency need was calculated at 14.0%. The banking group thus had an excess coverage of 3.8 percentage points.

Contact

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