Annual Report

Alm Brand BANK

2014

Take good care of what *matters* most

Contents

Company information

MANAGEMENT BOARD
Chief Executive
Kim Bai Wadstrøm
Joined Alm. Brand in 2011
Chief Executive of Alm. Brand Bank A/S since 2011

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

AUDITORS
Deloitte
Statsautoriseret Revisionspartnerselskab

INTERNAL AUDIT
Poul-Erik Winther, Group Chief Auditor

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Group structure

Group structure

The banking group consists of Alm. Brand Bank A/S and Alm. Brand Leasing A/S. The banking group also comprises two property companies, which have been established or acquired in connection with properties taken over temporarily.

In addition, the bank acts as depositary bank for Investeringsforeningen Alm. Brand Invest.

Ownership

The bank is wholly-owned by the listed company Alm. Brand A/S.

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.

Light box poster for Alm. Brand Bank branches

Management's *review*

Financial highlights and key ratios

	DKKm	Group 2014	2013	2012	2011
Income statement	**FORWARD-LOOKING ACTIVITIES:**				
	Net interest and fee income, Private	182	179	177	172
	Trading income (excl. value adjustments)	212	240	172	224
	Other income	137	89	63	55
	Total income	**531**	**508**	**412**	**451**
	Expenses	–344	–368	–364	–368
	Depreciation and amortisation	–91	–52	–33	–18
	Core earnings	**96**	**88**	**15**	**65**
	Value adjustments	–31	–33	3	–96
	Profit/loss from investments	17	–2	–6	-
	Alm. Brand Formue (the bank's ownership interest)	–4	–25	–2	–28
	Profit/loss before impairment writedowns	**78**	**28**	**10**	**–59**
	Impairment writedowns	–17	–118	–57	–105
	Profit/loss before tax, forward-looking activities	**61**	**–90**	**–47**	**–164**
	Of which discontinued activities (see note 9)	*17*	*-6*	*13*	*-8*
	WINDING-UP ACTIVITIES:				
	Profit/loss before impairment writedowns	–76	–123	–49	–101
	Impairment writedowns	–260	–256	–423	–889
	Profit/loss before tax, winding-up activities	**–336**	**–379**	**–472**	**–990**
	Total profit/loss before tax and minority interests	**–275**	**–469**	**–519**	**–1,154**
	Tax	116	77	128	236
	Profit/loss for the year before minority interests	**–159**	**–392**	**–391**	**–918**
	Minority interests	11	26	39	–32
	Consolidated profit/loss for the year	**–148**	**–366**	**–352**	**–950**
Balance sheet	Loans and advances, forward-looking activities	2,585	2,568	2,754	3,158
	Loans and advances, winding-up activities	2,069	4,772	5,642	7,059
	Deposits	11,076	10,936	11,325	7,995
	Shareholders' equity	1,744	1,696	1,169	1,234
	Share attributable to minority interests	-	193	173	141
	Total assets	14,411	16,296	17,903	21,393
Key ratios	Average no, of employees (full-time equivalents)	258	263	275	286
	Interest margin	1.7%	1.6%	1.4%	1.6%
	Income / cost ratio	0.56	0.38	0.42	0.08
	Impairment ratio	2.1%	2.1%	2.8%	6.0%
	Total capital ratio	17.8%	18.4%	18.5%	16.8%

In the management's review, the items of the income statement and loans and advances have been broken down by forward-looking activities and winding-up activities. The line items of the income statement are described in "Accounting policies"on page 100.

In 2014, a resolution was made to liquidate Alm. Brand Formue. In accordance with IFRS 5, Alm. Brand Formue and the related income statement items are consequently recognised in a separate line item and in the notes, whereas in the above highlights and in the forward-looking activities they are included in "Of which discontinued activities". Reference is made to the section on accounting policies.

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.

Alm. Brand Bank

Alm. Brand Bank's activities are divided into forward-looking activities and winding-up activities.

The forward-looking bank is a nationwide bank with just over 50,000 private customers measured in terms of households. The bank offers products that meet private customer financial needs and also offers car leasing to private and commercial customers. The bank's forward-looking activities also include Financial Markets, which comprises bond, equity and currency trading and research (Markets) and asset management services (Asset Management).

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

Car leasing distribution takes place directly to private customers through the website almbrandleasing.dk and through partnerships with car importers and car dealers all over Denmark. Distribution to the commercial segment takes place through in-house consultants.

In addition, the bank has winding-up activities, which are composed of agricultural, commercial and mortgage deed exposures. The bank is strongly focused on minimising losses when winding up discontinued business areas.

The winding-up portfolio is handled by some 25 employees. The winding-up activities have been centralised at the head office.

Organisation and sales

The bank's 50,000 customers are served by close to 90 banking, investment and pension advisers distributed on 11 branches. In addition, just over 40 employees based at the bank's head office are involved with customer management and development of the private customer business. Financial Markets has some 45 employees, while Leasing has about 25.

The bank's branches offer customers a full-service concept, including advisory services and sales of a full range of banking products targeting the private customer segment. The bank also offers investment advice, and each branch has designated pension advisers. It is a key priority for the bank to offer competent, personalised advisory services to each individual customer.

Through Asset Management and Markets, the bank offers more complex investment solutions for customers requiring such services.

Banking customers are also served through a centralised customer service centre, which advises customers on all regular banking products and handles customer enquiries. If necessary, customers are referred to their personal advisers.

Market

Private

Private consumer confidence seemed to increase slightly in 2014 relative to 2013. Generally, private customers continue to focus strongly on reducing their bank debt and increasing their savings.

Conditions in the housing market were better in 2014 than they had been for a long time. The volatility previously characterising the housing market has diminished considerably. Particularly in the Greater Copenhagen area and in a few major towns and cities, the market seems to have regained a fair amount of robustness, in terms of both marketability and higher prices. However, there are still areas with virtually no marketability. The geographical differences in the housing market increased in 2014, and this trend is believed to continue. Housing market developments are obviously of key importance to private banking customers, who must take them into consideration when making decisions involving their personal finances. This is where the bank's customer advisers are well positioned to advise and guide customers and help ensure financial security for them.

The bank has generally experienced a growing appetite for investment among private customers, which in 2014 resulted in an increase in the volume of business with private customers in the investment area.

Improvements in the housing market and mounting activity among private consumers intensified competition for the attractive customers considerably in the second half of 2014. This has generally depressed lending rates, especially on property financing. There is nothing to indicate that the competitive situation will change significantly in 2015.

Financial Markets

2014 was a volatile year in the financial markets. Although equities ended the year in positive territory, investors had to endure three turbulent periods, each with market drops of almost 10%. Although Danish yields generally ended the year at a new record low, the mortgage credit market went through a couple of rough periods of surging yields. Expectations are not for a much calmer year in the financial markets in 2015.

Savings ratios have generally risen in the wake of the financial crisis, and combined with growing financial volatility this places the advisory and asset management services of Financial Markets in a very important position.

In 2014, Financial Markets reported growth in its Markets customer base and an increase in assets under management from external customers in Asset Management. However, growth is being achieved in an environment of ever-growing price competition.

Leasing

The private car leasing market experienced strong growth in 2014. The overall market increased and, at the same time, the number of active players grew in 2014. Small and mid-sized cars remain the most sought after private lease cars.

The commercial car leasing market was largely unchanged relative to 2013.

Strategy

The bank's strategy is to support the Alm. Brand Group's aim of offering selected customer segments comprehensive financial solutions across insurance, pension and banking.

The bank's strategy is focused on three segments:

- Private customers
- Financial Markets
- Leasing

Alm. Brand Bank wants to be the main banker of its customers. The bank targets customers who own their own homes or live in cooperative housing and customers with a major requirement for investment and pension advisory services. The goal is to help customers be in control of their day-to-day finances, and the solution is to provide uncomplicated and simple banking solutions. At Alm. Brand Bank, solutions have been structured with a view to ensuring a good balance between a customer's financial resources and risk appetite. The private customer area collaborates closely with Financial Markets on investment and asset management services.

Financial Markets serves financial and institutional customers and private customers who require investment advice or investment management services. The strategy is built around a focus on actual assets where the bank's advisory services can make a difference for the customers. Maintaining customer/adviser relationships built on mutual, personal respect and trust is a big priority.

In the leasing area, the bank is committed to becoming the preferred leasing company among Danish consumers. The strategy is to offer attractive lease solutions to the Danish business sector and private individuals. Focus is on flexibility and being receptive to customer requests, while providing exceptionally good service and professional advice.

We want our customers to perceive Alm. Brand Bank as one of the best providers of service and advice and as offering the best prices in the industry. Customers should be offered financially attractive and value-creating solutions supporting long-term customer relationships. The aim is to have simple and uncomplicated procedures and offer high-quality advisory services as and when required.

Customer satisfaction is measured systematically by means of the Net Promoter Score method (NPS), and in 2014 alone, the customer satisfaction score improved from 30 to 40.

Strategic goals for 2013-2016

The bank has defined a number of goals for improving earnings so that it can deliver satisfactory results in future.

Target: Doubling the number of customers with preferred customer status (Pluskunder)

We aim to achieve this target by focusing on both existing and prospective customers, not least in relation to people who are customers elsewhere in the Alm. Brand Group. The target must be achievable within the existing cost structure and should hence not require any significant additional investment.

The number of Pluskunder was successfully increased by 10% in 2014. Pluskunder are customers who have chosen Alm. Brand Bank as their main banker, and who have a business volume of at least DKK 150,000. However, competition for the attractive banking customers is fierce, and as a result the inflow of new Pluskunder was achieved partly by way of added sales to existing part-service customers who were thereby converted into full-service customers.

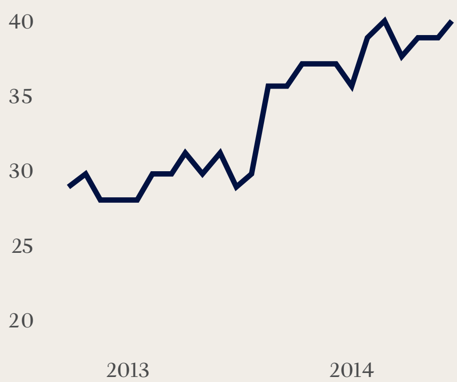
Target: Income/cost ratio of more than 1.1 by 2016

The income/cost ratio was 0.56 in 2014, against 0.38 in 2013, being affected by large impairment writedowns. The improvement to be achieved by 2016 will be driven by higher core earnings from forward-looking activities and by a reduction of impairment writedowns and funding costs.

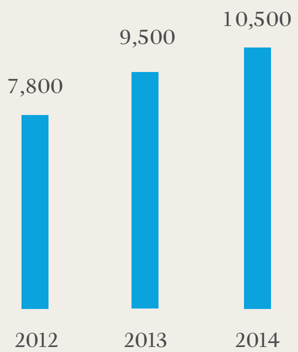
Target: Increasing the interest margin by more than 1 percentage point by 2016

The goal is for the group's interest margin to reach at least 2.4% by 2016. In 2014, the interest margin was 1.7%, which was 0.1 of a percentage point higher than in 2013. Improvements towards 2016 will be driven mainly by reducing funding costs and by winding up or raising interest rates on the loans and advances in the winding-up portfolio carrying the lowest rate of interest.

Net Promoter Score (NPS)



No. of Pluskunder



Target: Reducing the winding-up portfolio by 10% annually

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. In 2013, the portfolio was reduced by 11%. The reduction of the winding-up portfolio is generally progressing slightly better than expected.

Target: Profit in 2016

The bank aims to generate an overall profit in 2016 and a return on equity in the forward-looking activities of 10% plus the money market rate.

In 2014, the bank reported a loss of DKK 275 million, of which winding-up activities contributed a loss of DKK 336 million. Improvements towards 2016 will be derived mainly from the winding-up activities.

The return on equity in the bank's forward-looking activities came to 9% in 2014, which was close to the target defined for 2016.

Performance

The bank incurred a loss before tax and excluding minority interests of DKK 275 million, against a loss of DKK 469 million in 2013.

The forward-looking activities generated a profit of DKK 61 million, which was slightly below the expected level but still satisfactory.

Winding-up activities produced a loss of DKK 336 million, which was not satisfactory but within the expected range.

Before writedowns, the bank posted a profit of DKK 2 million, marking an improvement of DKK 97 million on 2013.

Total writedowns in the bank amounted to DKK 277 million, against DKK 374 million in 2013. DKK 260 million of the writedowns made in 2014 was attributable to winding-up activities.

The banking group's interest margin was 1.7% in 2014, up 0.1 of a percentage point on 2013.

The DKK 1.9 billion sale of non-delinquent mortgage deeds to Alm. Brand Forsikring A/S in December 2014 reduced the bank's funding requirements by approximately DKK 2.3 billion.

In addition, the bank repaid the remaining DKK 226 million of state-funded additional tier 1 capital and redeemed DKK 300 million of tier 2 capital.

Forward-looking activities

The pre-tax results improved by DKK 151 million relative to 2013 to a profit of DKK 61 million. The improvement was driven by an increase in profit before impairment writedowns and a decline in impairment writedowns.

Impairment writedowns amounted to DKK 17 million, against DKK 118 million in 2013. Impairment writedowns normalised in 2014, representing 0.7% of the average portfolio.

Before impairment writedowns, the bank posted a profit of DKK 78 million, marking an improvement of DKK 50 million on 2013. The improvement was driven by an increase in the effect on profit from the ownership of the former Alm. Brand Formue A/S as well as by higher core earnings.

Core earnings for 2014 were a profit of DKK 96 million, against a profit of DKK 88 million in 2013. The improvement was driven by higher income from the leasing portfolio and by lower costs. On the other hand, a decline in trading income adversely affected core earnings.

Income
The bank generated income of DKK 531 million in 2014, an increase of DKK 23 million or 5% relative to 2013. The increase was driven by other income, which primarily cover the bank's leasing activities.

Net fee and commission income from the bank's private customers was DKK 182 million, against DKK 179 million in 2013. Although only a slight improvement, the second half of 2014 saw an increase in demand for lending from private customers, which only got to have a limited effect on net interest and fee income in 2014.

Trading income excluding value adjustments fell by DKK 28 million to DKK 212 million from DKK 240 million in 2013. The decline was mainly due to fees in 2013 being lifted by a strong performance by the bank's asset management activities.

Other income, which primarily covers leasing activities, rose by 54% to DKK 137 million relative to 2013. The favourable trends seen in 2013 continued in 2014, generating fair portfolio growth supported by orders for close to 20% more cars than in 2013.

The growth in operating leases triggered a DKK 39 million increase in the bank's depreciation charges to DKK 91 million from DKK 52 million in 2013.

Costs
Costs amounted to DKK 344 million in 2014, which was 7% or DKK 24 million lower than in 2013. Costs were composed of staff costs and administrative expenses of DKK 334 million, against DKK 354 million in 2013, and other operating expenses, primarily to the Danish Guarantee Fund for Depositors and Investors, of DKK 10 million, against DKK 14 million in 2013.

Value adjustments
Value adjustments were negative at DKK 31 million in 2014, against DKK 33 million in 2013.

Interest-related value adjustments amounted to a loss of DKK 57 million, against a loss of DKK 40 million in 2013. The loss was related to the bank's bond portfolio, a part of which was placed in high-yield bonds, and to value adjustment losses resulting from the bond maturity effect. In addition, a significant part of this 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. The bank's bond portfolio generated a return of 1.2% in 2014, compared with 1.7% in 2013. The 2014 return was satisfactory in light of the general market performance.

Equity-related value adjustments produced a gain of DKK 14 million in 2014, against a gain of DKK 9 million in 2013.

Currency-related value adjustments produced a gain of DKK 12 million in 2014, against a loss of DKK 2 million in 2013.

Financial results for *Q4*

- Loss before tax and excluding minority interests: DKK 113 million (2013: DKK 104 million loss)
  - Forward-looking activities: DKK 14 million loss (2013: DKK 20 million loss)
  - Winding-up activities: DKK 99 million loss (2013: DKK 84 million loss)
- Loss before impairment writedowns: DKK 34 million (2013: DKK 6 million loss)
- Losses and writedowns: DKK 81 million (2013: DKK 98 million)
- Interest margin for the banking group: 1.7% (2013: 1.6%)

Forward-looking activities
The forward-looking activities posted a loss before impairment writedowns of DKK 14 million, against a profit of DKK 24 million in Q4 2013. The decline was mainly attributable to negative value adjustments.

Income
The bank's income from forward-looking activities fell by DKK 10 million to DKK 140 million, against DKK 150 million in 2013. The decline was due to lower trading income in Financial Markets, which was partly offset by higher income from leasing activities.

Core earnings
Core earnings were down by DKK 6 million to DKK 24 million from 30 million in Q4 2013.

Value adjustments
Value adjustments produced a loss of DKK 38 million, against a loss of DKK 2 million in Q4 2013. This development was mainly due to capital losses on the portfolio of mortgage bonds as a result of a higher risk premium relative to government bonds.

Impairment writedowns
Impairment writedowns amounted to DKK 0 million, against DKK 44 million in Q4 2013.

Winding-up activities
The bank's winding-up activities posted a pre-tax loss of DKK 99 million, against a loss of DKK 84 million in Q4 2013. Writedowns amounted to DKK 81 million, against DKK 54 million in Q4 2013.

DKK 113m loss

Loss before tax and minority interests (2013: DKK 104 million loss)

DKK 34m loss

Loss/profit before impairment writedowns (2013: DKK 6 million loss)

Impairment writedowns

Impairment writedowns on the bank's forward-looking activities amounted to an expense of DKK 17 million, against an expense of DKK 118 million in 2013. Impairment writedowns were impacted by an extraordinary credit review in 2013 and returned to a normal level in 2014.

Business activities

Private

Private customer activities reported a loss of DKK 40 million, against a loss of DKK 155 million in 2013. The DKK 115 million improvement was primarily driven by a significant decline in impairment writedowns as well as by lower costs.

Private

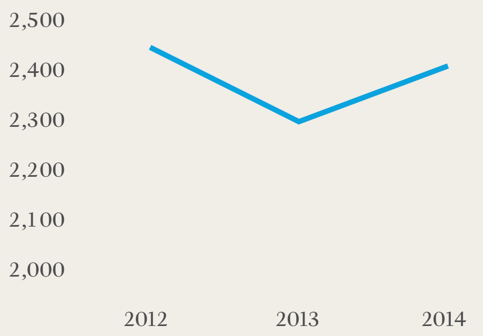
DKKm	2014	2013
Income	182	180
Expenses	– 204	– 215
Core earnings	**– 22**	**– 35**
Impairment writedowns	– 18	– 120
Profit/loss before tax	**– 40**	**– 155**

The number of Pluskunder, who use Alm. Brand Bank as their main banker, increased by 10% in 2014, continuing the strong trend from 2013. Moreover, average earnings from the bank's Pluskunder increased by 6% in 2014 relative to 2013.

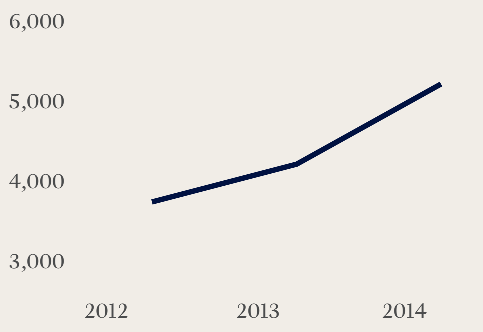
The bank reversed the downward trend in the private segment lending portfolio in 2014 after several years of decline. Total loans and advances to private customers increased by DKK 108 million to a total of DKK 2.4 billion at 31 December 2014. The increase was composed of a gross increase in lending and a decline in existing customers' loan repayments.

Moreover, the portfolio of Totalkredit loans for which the bank acted as intermediary grew significantly, gaining just over 24%, or more than DKK 1 billion, to stand at DKK 5.2 billion at 31 December 2014.

Portfolio Private (DKKm)



Portfolio Totalkredit (DKKm)



The pensions area developed satisfactorily in 2014 as the bank succeeded in growing its total pension assets by just over 5%. Assets in the bank's portfolio management product – Investment Scheme – grew by more than 17% alone.

Financial Markets
Financial Markets reported a pre-tax profit of DKK 47 million, against DKK 87 million in 2013. The performance was due to declining income from e.g. asset management activities, which performed strongly in 2013.

In addition, the financial market turmoil caused income to decline, among other things because of a lower level of trading activity.

A DKK 12 million decline in costs to DKK 93 million only to a minor degree offset the fall in income, causing core earnings to drop from DKK 99 million in 2013 to DKK 53 million in 2014.

Financial Markets

DKKm	**2014**	**2013**
Income	146	204
Expenses	–93	– 105
Core earnings	**53**	**99**
Value adjustments	– 7	– 15
Profit/loss from investments	0	1
Profit/loss before impairment writedowns	**46**	**85**
Impairment writedowns	1	2
Profit/loss before tax	**47**	**87**

Financial Markets is experiencing continued growth in its Markets customer base and an increase in assets under management from external funds in Asset Management. Asset Management has approximately DKK 30 billion under management, of which external funds represent more than DKK 8 billion. The external funds under management increased by more than DKK 1 billion in 2014, and the aim is to maintain this growth rate in the years ahead.

Leasing
Leasing activities generated pre-tax profit of DKK 4 million, which was a DKK 3 million improvement on 2013.

Leasing

DKKm	**2014**	**2013**
Income	136	86
Expenses	– 41	– 33
Depreciation and amortisation	– 91	– 52
Profit/loss before tax	**4**	**1**

The portfolio of leasing activities grew by DKK 189 million in 2014, and close to 20% more cars were ordered than in 2013. The favourable portfolio performance was driven by new leases to both private and commercial customers. Total leasing activities amounted to DKK 509 million at 31 December 2014, against DKK 320 million at 31 December 2013.

As a result of the portfolio growth, income increased by DKK 50 million to DKK 136 million compared with 2013. Income was lifted by non-recurring service income, which was partly offset by an increase in costs of DKK 8 million relative to 2013. The higher level of costs was primarily due to expenses for a new IT system.

Depreciation increased by DKK 39 million to DKK 91 million in 2014 due to the larger portfolio.

Other
Other activities comprise the bank's Treasury function and the ownership interest in the former Alm. Brand Formue A/S. Other activities reported a pre-tax profit of DKK 50 million, against a loss of DKK 23 million in 2013.

The improved performance was driven by a DKK 29 million increase in income, which was mainly attributable to the bank's funding structure. The 2014 performance was further lifted by a DKK 17 million adjustment for accounting purposes in connection with the solvent liquidation of Alm. Brand Formue.

Other

DKKm	2014	2013
Income	67	38
Expenses	–6	–15
Core earnings	**61**	**23**
Value adjustments	–24	–18
Profit/loss from investments	17	–3
Alm. Brand Formue (the bank's ownership interest)	– 4	–25
Profit/loss before tax	**50**	**–23**

Winding-up activities

The bank's winding-up activities are primarily composed of agricultural, commercial and mortgage deed exposures. Market developments in the individual segments varied greatly in 2014.

In the agricultural segment, dairy and pig farmers faced difficult conditions and declining earnings in 2014. The Russian import ban due to the crisis in Ukraine and the substantial decline in China's dairy product imports contributed to supply and demand imbalances, which resulted in lower pork and milk settlement prices.

In the commercial segment, a certain general pressure on rent levels remains, although positive trends are seen in the rents achievable on prime location property. Moreover, 2014 was characterised by rising selling prices on prime location property in major towns and cities.

Developments in the mortgage deed segment generally track developments in the housing market, which in 2014 was characterised by greater marketability and higher prices in the Greater Copenhagen area and a few major towns and cities. On the other hand, there are also areas in Denmark where listings hardly attract any buyers at all. The number of forced sales dropped in 2014, and a decline was also seen in delinquencies on both private and commercial mortgage deeds.

In 2014, the bank's winding-up activities incurred a loss of DKK 336 million, against a loss of DKK 379 million in 2013. Although within the most recently guided range for a loss of DKK 325-375 million, the performance was not satisfactory.

The winding-up activities are subject to substantial impairment writedowns, totalling DKK 260 million in 2014, against DKK 256 million in 2013. Before impairment writedowns, the winding-up activities reported a loss of DKK 76 million, which was an improvement of DKK 47 million relative to 2013.

Total loans and advances in the winding-up portfolio declined by DKK 2.7 billion to DKK 2.1 billion in 2014, representing 45% of the bank's overall lending portfolio. Adjusted for the sale of mortgage deeds to Alm. Brand Forsikring and losses and writedowns, the lending portfolio was reduced by close to DKK 0.6 billion, which was better than expected.

Agriculture

Agricultural exposures have been a part of the bank's winding-up portfolio since 2010. Over the past few years, the bank has made targeted efforts to reduce the credit exposure in this segment, which has had the natural effect of causing the credit quality of the remaining portfolio to gradually deteriorate.

The bank's agricultural customers generally have a high level of debt, and a number of exposures are characterised by strained liquidity. The current situation of low pork and milk settlement prices contributes to further deteriorating conditions.

At 31 December 2014, the bank had close to 80 agricultural customers, breaking down into roughly 45% pig farming, roughly 45% dairy farming and roughly 10% arable farming. The bank's gross lending to the agricultural segment totalled DKK 1,323 million at 31 December 2014. At 31 December 2014, the carrying amount of these loans and advances was DKK 668 million, and accumulated impairment writedowns hence totalled DKK 655 million.

The portfolio was reduced by DKK 152 million in 2014 to stand at DKK 668 million at 31 December 2014. Less losses and writedowns, the agricultural lending portfolio declined by DKK 37 million.

Impairment writedowns amounted to DKK 115 million in 2014, being affected by an increase in collective impairment charges of DKK 80 million made by the bank in the fourth quarter. The higher amount of collective impairment charges was attributable to declining pork and milk settlement prices. Total collective impairment charges related to the agricultural segment was DKK 114 million.

The bank had already factored in the deteriorated market conditions in its most recent guidance for 2014.

Commercial

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

The total portfolio declined by DKK 361 million in 2014 to stand at DKK 1,094 million at 31 December 2014. Losses and writedowns amounted to DKK 8 million, being favourably affected by reversed impairment writedowns on a number of exposures in the fourth quarter of 2014.

Mortgage deeds

The segment comprises the bank's own portfolio of private and commercial mortgage deeds and mortgage deed exposure through an option agreement with Alm. Brand Forsikring. After the sale of mortgage deeds, the own portfolio amounted to DKK 307 million at 31 December 2014, while the mortgage deed exposure through the option agreement totalled DKK 1.9 billion at 31 December 2014.

Credit-related writedowns on mortgage deeds amounted to DKK 137 million in 2014, of which DKK 95 million was related to private mortgage deeds and DKK 42 million to commercial mortgage deeds.

Compared with the banking sector in general, the bank has fairly high exposure to mortgage deeds relative to the overall credit exposure.

	Lending year-end			Total losses and writedowns				Total	
DKKm	**2013**	**2014**	**Share of portfolio %**	**Q1**	**Q2**	**Q3**	**Q4**	**2014**	**Loss ratio[a)]**
Agriculture	820	668	14	11	18	15	71	115	15.5
Commercial	1,455	1,094	24	25	0	10	–27	8	0.6
Mortage deeds [b)]	2,497	307	7	27	42	31	36	136	9.7
Loans	**4,772**	**2,069**	**45**	**63**	**60**	**56**	**80**	**259**	**7.6**
Credit exposure through option agreement on mortgage deeds [b)]	-	1,874	-	-	-	-	1	1	0.1
Winding-up activities	**4,772**	**3,943**	-	**63**	**60**	**56**	**81**	**260**	**6.0**

a) Losses and writedowns as a percentage of the average portfolio in 2014. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.
b) The impairment writedowns include credit-related value adjustments of mortgage deeds.

Balance sheet

Loans and advances

The bank's loans and advances totalled DKK 4.7 billion at 31 December 2014, against DKK 7.3 billion at 31 December 2013, corresponding to a decline of DKK 2.6 billion. The sale of the mortgage deed portfolio represented DKK 1.9 billion of this amount.

Excluding intra-group lending and writedowns, loans and advances increased by DKK 126 million for the forward-looking activities and declined by DKK 561 million for the winding-up activities, excluding the sale of the mortgage deed portfolio.

Deposits

The bank had deposits of DKK 11.1 billion at 31 December 2014, against DKK 10.9 billion at the year-earlier date.

The bank is still experiencing a shift in deposits from high-interest fixed-rate deposits to lower-interest floating-rate deposits. Floating-rate deposits increased by just over 10% in 2014.

It is part of the bank's strategy to significantly reduce the volume of fixed-rate deposits in 2015, which will have a positive effect on the bank's interest margin.

Liquidity

At 31 December 2014, the bank had cash funds of DKK 6.4 billion and excess liquidity of DKK 4.9 billion, equivalent to an excess coverage of 323% relative to the statutory requirement. Adjusted for the proceeds from the mortgage deed transaction, the bank's excess liquidity coverage remained unchanged in nominal terms compared with 31 December 2013.

Management monitors the bank's liquidity closely, and the excess liquidity coverage will be reduced significantly in 2015.

Capital reservation for credit risk

The banking group's total capital reservation for credit risk increased by DKK 90 million in 2014 to stand at DKK 3,239 million at 31 December 2014, against DKK 3,149 million at 31 December 2013.

The capital reservation equalled 37% of the credit exposure at 31 December 2014, which was an increase of 4 percentage points relative to 31 December 2013.

Capital reservation for credit risk

DKKm	31.12.2014 Credit exposure[a]	Total assets	Accumulated impairment writedowns[b]	Required capital	Total reservation	Reservation/ Credit exposure	31.12.2013 Total reservation	Reservation/ Credit exposure
Forward-looking portfolio	2,806	2,540	266	317	583	21%	500	18%
Winding-up portfolio	5,941	2,069	1,998	650	2,648	45%	2,625	39%
Total - excl. reverse transactions	**8,747**	**4,609**	**2,264**	**967**	**3,231**	**37%**	**3,125**	**33%**
Reverse transactions including intercompany transactions	45	45	–	8	8	18%	24	18%
Total group	**8,792**	**4,654**	**2,264**	**975**	**3,239**	**37%**	**3,149**	**33%**

[a] Gross lending, residual debt on mortgage deeds and credit exposure through the option agreement with Alm. Brand Forsikring.
[b] Including value adjustments of mortgage deeds.

The capital reservation on the forward-looking portfolio accounted for 21% of the credit exposure, and the capital reservation on the winding-up portfolio represented 45% of the credit exposure. The higher capital reservation was, among other things, attributable to an increase in the reservation on the mortgage deed exposure and the agricultural portfolio.

Of the banking group's total capital reservation at 31 December 2014, accumulated impairment writedowns amounted to DKK 1,458 million, compared with DKK 1,454 million at 31 December 2013. Accumulated impairment writedowns broke down as follows at 31 December 2014: DKK 266 million on the forward-looking portfolio and DKK 1,192 million on the winding-up portfolio. To this should be added DKK 806 million in fair value adjustments of mortgage deeds.

Supervisory Diamond

At 31 December 2014, the bank was in compliance with all five threshold values of the Danish FSA's Supervisory Diamond.

The changes to the bank's Supervisory Diamond values are in line with expectations.

Large exposures
Threshold value < 125%

2014	2013
31%	32%

Growth in lending
Threshold value < 20%

2014	2013
–35%	–11%

Funding ratio
Threshold value < 1

2014	2013
0.40	0.57

Property exposure
Threshold value < 25%

2014	2013
19%	15%

Excess liquidity coverage
Threshold value > 50%

2014	2013
323%	202%

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. A part of the capital injection was used to offset the effect of the new capital adequacy rules, which entered into force on 1 January 2014.

Repayment of tier 2 capital

On 9 May 2014 and 3 June 2014, the bank repaid DKK 100 million and DKK 200 million, respectively, of tier 2 capital. The repayments did not affect the bank's capitalisation, as the loans were no longer eligible for inclusion in the bank's total capital under CRD IV.

Alm. Brand Formue

At an extraordinary general meeting of the subsidiary Alm. Brand Formue A/S held on 18 March 2014, it was resolved to complete a solvent liquidation of the company. On 12 September 2014, the liquidation proceeds were distributed to the company's shareholders, and the liquidation process was finalised.

Sale of mortgage deeds to Alm. Brand Forsikring

On 11 December 2014, Alm. Brand Bank completed a transaction whereby it sold non-delinquent mortgage deeds to Alm. Brand Forsikring for an amount of DKK 1.9 billion. The transaction will significantly reduce the bank's funding requirements.

The transaction contains an option agreement to protect Alm. Brand Forsikring against future credit losses. This means that the bank retains the credit risk, whereas Non-life Insurance only assumes the market risk associated with investing in the mortgage deeds. The parties have concluded a management agreement according to which the bank will be responsible for handling the mortgage deeds.

Events after the balance sheet date

No events have occurred in the period from 1 January 2015 until the date of the financial statements which would significantly change an assessment of the annual report.

Recognition and measurement uncertainty

The most significant uncertainties in recognition and measurement relate to impairment writedowns on loans, valuation of the loss option agreed with Alm. Brand Forsikring with a view to hedging the credit risk on mortgage deeds, and deferred tax assets. Management believes that the level of uncertainty in the financial reporting for 2014 is acceptable.

See note 48 for a further description of uncertainty in recognition and measurement.

Outlook

The forward-looking activities are expected to generate pre-tax profit of around DKK 40 million in 2015 after impairment writedowns, which are expected to amount to approximately DKK 20 million.

The winding-up activities are expected to report a pre-tax loss to the tune of DKK 300-350 million, and it is expected that sustained adverse developments in agricultural settlement prices will continue to have a negative effect on the results.

The bank's winding-up portfolio is expected to be reduced by about DKK 200 million in 2015 excluding writedowns.

The increased turmoil in financial markets in 2015 and the negative Danish interest rates significantly increase the uncertainty related to the expected results. The outlook is based on an assumption that the situation of negative interest rates in Denmark will be of limited duration. Moreover, the guidance for the winding-up activities in particular is subject to uncertainty, and the actual performance will depend on economic developments, market conditions in general and other factors.

Customers

Alm. Brand believes that the combination of providing supreme service and having the most satisfied customers is key to future success. The group therefore in 2012 launched the strategy CUSTOMERS FIRST, which is focused on ensuring that we have very satisfied and loyal customers by offering high quality, professional skills and accessibility, good products at the right price and superior customer service.

Alm. Brand has generally allocated distribution and customer service responsibilities to five regional organisations, each being responsible for sales and service targeting the local customer segment. This ensures that Alm. Brand's employees have detailed knowledge of customers and local matters as well as the support of specialists in centralised staff functions working across the regions, all to ensure that customers receive optimal service.

The sales organisation of each individual region is divided according to business area with focus on cross sales and referrals between the individual sales channels. Physical locations are also shared to a significant extent.

The strategy and the related targets apply until the end of 2016.

Strategic focus areas in 2014

In 2014, we focused our strategic efforts on three areas targeting an improved customer experience:

- Supreme customer service
- Digitalisation
- Marketing and branding

Supreme customer service

Our ambition is to provide supreme customer service in all contexts. All employees are required to complete and be certified to a service training programme. By the end of 2015 and early 2016, all employees will have completed the training programme and received their certification.

Service targets have been defined for all employees, both in sales and service channels and internal functions. Experience from the first couple of years has been good, and we have achieved a number of documented and significant improvements in the service provided to the customers.

Customer perception of Alm. Brand and the service received is measured by way of NPS (Net Promoter Score), and the measurement is made when a customer has had a specific experience with Alm. Brand. The target for the entire strategy period (from 2013 until the end of 2016) is to improve the score by 10 points.

In 2014 alone, the bank improved the score by 10 points, and the bank now has an NPS of 40. The commitment and dedication of our employees to implementing the strategy for the benefit of our customers has exceeded both our expectations and our targets.

Digitalisation

One of the means to providing supreme customer service is efficient system-supporting processing.

Most of the customers' digital contact takes place through the group's website, where customers can find a variety of information about Alm. Brand Bank in general and the bank's products in particular.

Through the website, private customers can log onto their own, personalised page – Mit KundeOverblik – using their NemID. This page provides the customer with an overview of all arrangements he or she has with Alm. Brand, including insurance agreements with policies, pension agreements or banking products.

In terms of self-service, a new and even more user-friendly online banking solution for the bank's customers was launched in 2014, which also makes it possible to sign documents digitally. Using the smartphone app Mobilbank, the bank's customers can track securities prices and trade securities directly. Moreover, customers can access their accounts, make transfers, etc. Together with the mobile banking solution, the online banking solution provides easy and efficient access to information, payments, investments, etc.

In 2014, the bank recorded a net inflow of more than 4,000 active Mobilbank users. The bank thus had close to 13,000 active users at 31 December 2014.

In addition to information, service and sales through electronic media, we interact with our customers and other stakeholders through social media such as Facebook, Trust Pilot and LinkedIn.

Marketing and branding

In addition to launching the CUSTOMERS FIRST strategy, the group has redefined its identity, called "Alm. Brand for the customers – since 1792", which expresses in words the qualities that set Alm. Brand apart from the competition and makes it clear what customers can expect from Alm. Brand.

In order to communicate these positive changes in Alm. Brand, the group has introduced a new logo, typeface as well as colour and image style. The new visual look, which we call "Klædt på til kunden", is intended to showcase Alm. Brand as a modern, open and service-minded company, while emphasising proper financial conduct and honouring our legacy dating back to 1792.

Lastly, the group launched a new marketing campaign at the beginning of 2014 under the slogan "Take good care of what matters most". The campaign was divided into two parts. The first part is an advertising campaign with images of everyday life situations that encourage customers to enjoy life and what matters most to them, while Alm. Brand helps them take care of what matters most to them. In the second part, Alm. Brand engages in the public debate by, for instance through TV commercials, social media and the press, encouraging the people of Denmark to participate in a debate about what values we want our society to build on.

Human resources

HR strategy and objectives

Alm. Brand Bank wants its employees to be committed and to seek influence and assume responsibility for the planning and performance of their own job. Moreover, the bank wants resourceful and dynamic managers who are focused on continuous business, employee and personal development. The bank aims to stand out from the competition in the eyes of the customers by helping each individual employee to develop professionally and to focus on providing supreme customer service.

Greater job satisfaction

High job satisfaction is key in being able to provide optimal customer service. High job satisfaction is reflected in how much energy the employees invest in the company and the extent to which their motivation translates into efficient, business-oriented action and is used to provide optimal customer service.

One of the aims of the group's strategy, CUSTOMERS FIRST, is therefore to consolidate and expand the solid foundation developed for the job satisfaction of each individual employee.

Over a number of years, a scoring tool has been used, which, based on a wide variety of parameters, expresses job satisfaction as an index figure on a scale of 0 to 100. For the bank, the January 2015 survey showed that job satisfaction has declined by 1 point to 76, which is still at the upper end of the category "high job satisfaction". For the current strategy period, running until end-2016, we have defined a job satisfaction target of 78.

Compared with most other major companies in the financial sector, the bank scores high. The aim is to maintain the high job satisfaction rate among the bank's employees, while seeking to increase job satisfaction in areas scoring in the bottom quartile of the index.

Job satisfaction is measured twice annually. One of the surveys is more comprehensive, comprising a number of questions related to management, corporate culture, image, development and commitment. The other survey is a smaller-scale, follow-up survey.

Executing leadership

Competent management is crucial for employee welfare and job satisfaction and, not least, the company's financial results.

In 2014, training and certification of all managers in the customer service aspects of the bank's strategy was completed, equipping the managers to help their employees provide supreme customer service.

The group's management development programme is based on a management competency model with 12 management skills to ensure that all managers work from the same solid management platform, supporting the group's strategy and the requirements of each individual manager for specific management skills. The structure is based on a number of mandatory initiatives as well as a number of more specific elements tailored specifically to the individual manager's requirements. A separate programme has been developed to prepare new managers to take on their management role. This programme was run for the first time in 2014.

Corporate values tailored to our customers

For years, our corporate values have provided a solid platform for the views and conduct applied by our employees internally and externally, and they have now come to truly permeate Alm. Brand.

The Alm. Brand Academy

The Alm. Brand Academy is the anchor point of the group's development of employee and management skills. The range and complexity of financial products has grown significantly in recent years and the legislative framework is constantly changing. This puts pressure on the bank's employees to continuously develop their skills to be able to provide customers with the best possible service and advice.

Alm. Brand Bank invests considerable resources in in-house training of new and existing employees. The Alm. Brand Academy is intended to consolidate the opportunities for training in the group in order to build a visible platform for the group's training initiatives and to act as a showcase for the opportunities for development and training available to each individual employee.

In 2014, we launched a training programme for all bank employees in the customer service aspects of the new strategy. This training programme will continue until mid-2016.

Ordinary common sense

We identify with the customer
We keep our promises
We manage rules using common sense

Mutual respect

We listen to our customers
We respect our customers' experiences
We draw on each other's knowledge and experience

Holism and proximity

We care for our customers
We take a holistic approach to the customer's situation
We are accessible

Will to succeed

We set ambitious and realistic goals
We develop professionally and personally
We create results together

Remuneration policy

Board of Directors

Members of the Board of Directors receive a fixed annual remuneration reflecting the scope of the board work and the responsibility related to serving on the board. Each board member receives DKK 160,000. The total remuneration to the Board of Directors was DKK 1.3 million in 2014.

In accordance with the company's remuneration policy, board members are not remunerated by way of incentive plans.

Management Board

The members of the Management Board of Alm. Brand Bank are remunerated by way of a salary which is intended to be competitive with the remuneration of other, comparable positions in the financial sector. In addition to this salary, the company provides a pension contribution, and the remuneration also includes a company car, paid telephone subscription and other customary salary substitutes. With effect from 1 April 2014, the Management Board has been comprised by the share option scheme which is applicable to the Alm. Brand Group's other executive officers and senior employees and which constitutes a fixed part of the fixed salary. The remuneration of the Management Board is adjusted every two years.

The members of the Management Board received remuneration in the amount of DKK 3.3 million in 2014.

Information on the remuneration policy is available at almbrand.dk/english/corporategovernance.

Other executives and specialists

With effect from 1 April 2014, some members of the bank's senior management were comprised by the share option scheme which is applicable to the Alm. Brand Group's other executive officers and senior employees and which constitutes a fixed part of the fixed salary.

The Markets department has set up bonus schemes for the 2014 financial year based on performance.

In 2013, the company complied with the remuneration policy described in the Annual Report 2013, and in 2014 it complied with the remuneration policy described above.

Corporate governance

In accordance with a request from the Danish Bankers Association of 24 June 2013, the Board of Directors of Alm. Brand Bank has considered the corporate governance recommendations prepared by the Committee on Corporate Governance applying the "comply or explain" principle. The recommendations are publicly available at corporategovernance.dk.

The Board of Directors of Alm. Brand Bank believes that corporate governance should be based on a holistic approach that considers relations and the interaction with all stakeholders. Alm. Brand Bank agrees with the basic principles of the corporate governance recommendations. This is reflected in the company's management approach, which generally complies with the recommendations on corporate governance, however, with the exceptions following from the fact that Alm. Brand Bank only has one shareholder. A detailed review of Alm. Brand Bank's position on each recommendation and a description of the remuneration policy applicable to members of the Management Board and the Board of Directors are provided on the Alm. Brand Group's website (almbrand.dk/english/corporategovernance).

The few areas in which Alm. Brand Bank has opted not to comply with the recommendations are discussed below. The main elements of the company's internal control and risk management systems in relation to the financial reporting process, the composition of the company's governing bodies and its position on corporate social responsibility are also described below.

Explanation of non-compliance with corporate governance recommendations

Takeover bids

The committee recommends that the company set up contingency procedures in the event of takeover bids. The bank has not set up contingency procedures, as it believes that takeover bids are not realistic given the current ownership structure.

Composition and organisation of the Board of Directors

The committee recommends that the company's articles of association stipulate a retirement age for members of the Board of Directors. For a number of years, the rules of procedure of the Board of Directors have stipulated a retirement age of 70 years for individual board members. As a result, it has been deemed unnecessary to also fix a retirement age in the articles of association.

As regards recruitment and election of board members, the committee recommends that at least half of the board members elected by the shareholders at the annual general meeting should be independent. Alm. Brand Bank does not comply with this recommendation, as the composition of the Board of Directors reflects the fact that Alm. Brand Bank is a wholly-owned subsidiary of Alm. Brand A/S.

The committee recommends that the selection and nomination of candidates for the Board of Directors be carried out through a thoroughly transparent process approved by all members of the Board of Directors. However, the composition of the members of the Board of Directors elected by the shareholders in general meeting reflects that the bank is a wholly-owned subsidiary, for which reason candidates are selected and nominated by the parent company's management.

The company does not provide information about the recommended candidates' background, qualifications and the criteria for recruitment ahead of the annual general meeting, as the sole shareholder is thoroughly familiar with the skills etc. of the nominated candidates. Information about the board members' other executive positions and directorships as well as their special qualifications is included in the annual report. As regards new candidates, information on other executive positions and directorships, etc. is also provided in the complete proposals sent out prior to the annual general meeting.

Board committees

The Board of Directors of Alm. Brand Bank has set up an audit committee. The Chairman and the Deputy Chairman of the Board of Directors, who cannot be deemed to be independent, are members of the committee. The majority of the committee members are thus not independent. The Board of Directors has deliberately chosen this structure and finds that it ensures a strong focus on the work of the committee.

It is recommended that the Board of Directors should set up a nomination committee and a remuneration committee. Considering the bank's ownership, the Board of Directors believes that there is currently no need to set up such committees. The bank's parent company has set up a remuneration committee, which undertakes the tasks described at group level.

Remuneration of the Board of Directors and the Management Board

The committee recommends that the remuneration of the Board of Directors for the current financial year is approved by the shareholders in general meeting. The Board of Directors believes that it is sufficient that the shareholders approve the remuneration paid to the Board of Directors in respect of the past financial year when approving the annual report and that the Chairman of the Board of Directors explains the expected remuneration payable to the Board of Directors for the current financial year.

Overall, the Board of Directors believes that Alm. Brand Bank complies with the corporate governance criteria and that these few exceptions do not constitute a disadvantage or are contrary to the interests of the shareholders or other stakeholders.

Corporate governance code of the danish bankers association

The Danish Bankers Association has recommended that the board of directors of a bank, in addition to considering the above-mentioned recommendations, should also consider a code on corporate governance prepared by the Danish Bankers Association and published on 22 November 2013 – the first time in connection with the preparation of the annual report for 2014. The recommendations are intended to prompt the banks to actively address a number of key corporate governance topics and to create greater openness about the governance frameworks of the individual banks in order to increase confidence in the banking sector.

The corporate governance code of the Danish Bankers Association consists of 12 recommendations. The bank has addressed the recommendations in detail in a table available on the Alm. Brand Group's website (almbrand.dk/english/corporategovernance). The bank has decided not to comply with two of the recommendations: Recommendation 3 on the use a well-described, structured process when recruiting candidates for the board of directors as the parent company composes the bank's board of directors and Recommendation 6 on continuous skills development of existing members of the board of directors. However, each individual board member has access to completing any further training deemed by that board member to be relevant.

Financial reporting process

The primary responsibility for Alm. Brand Bank's risk management and control organisation in relation to the financial reporting process rests with the Board of Directors and the Management Board, including compliance with applicable legislation and other financial reporting regulations.

Control environment
The Board of Directors has defined a working plan ensuring that the Board of Directors assesses, at least once a year, the bank's:

- Organisation
- Plans and budgets
- Risk of fraud
- In-house rules and guidelines

The Board of Directors and the Management Board are responsible for establishing and approving general policies, procedures and controls in key areas in relation to the financial reporting process. The audit committee supports the Board of Directors in this work.

The group's internal audit department reports directly to the Board of Directors and in compliance with the audit plan presented by the internal audit department and adopted by the Board of Directors. The internal audit department performs sample audits of business procedures and internal controls in critical audit areas, including the annual report and the financial reporting.

The Board of Directors and the Management Board have adopted policies, manuals, procedures, etc. in key areas in relation to financial reporting. On an ongoing basis, the Management Board monitors compliance with relevant legislation and other financial reporting regulations and provisions and reports its findings to the Board of Directors.

Risk assessment
The working plan of the Board of Directors ensures that the Board of Directors and the Management Board at least once a year perform an overall assessment of risks in relation to the financial reporting process. In this connection, the Board of Directors specifically assesses Alm. Brand Bank's organisation with respect to:

- Risk measurement and risk management
- Financial reporting and budget organisation
- Internal controls
- Rules on powers of procuration
- Segregation of functions or compensatory measures
- IT organisation and IT security

As part of the risk assessment, the Board of Directors considers the risk of fraud on an annual basis. This work includes:

- A discussion of management's potential incentive/motive for committing fraudulent financial reporting or other types of fraud
- A discussion of management reporting with a view to preventing/identifying and responding to fraudulent financial reporting

The audit committee set up supports the Board of Directors in these assessments.

Risk management and the financial reporting process
Day-to-day risk management is handled at segment level on the basis of risk limits defined by the Management Board and approved by the Board of Directors.

Risk management is coordinated by a cross-organisational risk committee consisting of the group's Management Board and the bank's Management Board as well as the persons in charge of the Credit Secretariat, the Sales Organisation, the Finance department and the Risk Management department.

The Finance department is responsible for preparing interim and full-year financial reports. The Risk Management department is responsible for calculating risks on the bank's financial assets and liabilities, while the credit secretariat is a key contributor in relation to the bank's impairment writedowns on loans and advances.

The report is prepared by the Investor Relations department on the basis of information from a number of departments, including the Finance department, the Risk Management department and the individual business areas.

For a more detailed review of the risks facing the bank, see note 47 Risk management and note 48 Significant accounting estimates, assumptions and uncertainties.

Governing bodies

In compliance with Danish legislation, Alm. Brand Bank and the banking group's subsidiaries (except from a few single-purpose property companies) have a two-tier management system with a board of directors and a management board. A detailed presentation of the members of the Board of Directors and the Management Board of Alm. Brand Bank is provided in "Directorships and special qualifications" below. The responsibilities and tasks of the Board of Directors and the Management Board are defined, for example, in the rules of procedure for the Board of Directors.

The Board of Directors consists of six members elected by the shareholders in general meeting who are nominated by the bank's principal shareholder, Alm. Brand A/S. Five of the six board members elected by the shareholders in general meeting are also members of the Board of Directors of Alm. Brand, while the sixth board member elected by the shareholders in general meeting is the Chief Executive Officer of Alm. Brand A/S. In addition, the Board of Directors comprises three board members elected by the employees. The age, seniority, other directorships and special qualifications of the board members are set forth in the list of "Directorships and special qualifications" at the end of the annual report.

At Alm. Brand Bank A/S's annual general meeting to be held on 16 April 2015, Arne Nielsen will resign from the Board of Directors. The Board of Directors nominates Anette Eberhard, Director, as a new independent member.

In connection with the nomination of new board members, the Board of Directors, with due consideration being had to the partial duality of membership existing between the board of the company's principal shareholder, Alm. Brand, and the Board of Directors of Alm. Brand Bank, emphasises representation of the following qualifications on the Board of Directors as a whole: general management experience, experience from the Alm. Brand Group's customer segments, experience in audit and accounting matters, particularly in relation to membership of the audit committee, and insight into financial, legal and economic matters. Moreover, a number of more bank-specific skills have been identified in connection with the Board of Directors' self-evaluation in accordance with the Danish FSA's guidelines for financial businesses.

The Board of Directors assesses its overall qualifications and work procedures once a year. The Chairman of the Board of Directors is responsible for the review. The results of the review will form part of the work of the Board of Directors going forward.

The Board of Directors held 18 meetings in 2014.

Audit committee

The Board of Directors of Alm. Brand Bank has set up an audit committee.

The audit committee consists of three board members:

- Arne Nielsen (Chairman)
- Jørgen H. Mikkelsen
- Boris N. Kjeldsen

The Board of Directors deems that Arne Nielsen meets the requirements for independence and qualifications within accounting and auditing as defined in section 31 of the Danish Auditors' Act. Arne Nielsen has many years of experience as a state-authorised public accountant of financial and other businesses.

The audit committee supports the Board of Directors in its work with and supervision of:

- The financial reporting process, including checking the accuracy of financial information disclosed in annual reports and interim reports, and ensuring that accounting policies are relevant and have been consistently applied
- Internal control and risk management, including reviewing and assessing management's guidelines at least once a year with a view to identifying, monitoring and managing the most important risks. The committee also assesses and reviews internal control and risk management systems.
- Internal and external audit, including reviewing and discussing the results of the work of the internal and external auditors and the auditors' observations and conclusions and verifying the independence of the external auditors, including in particular the provision of additional services. The committee supervises management's follow-up on the recommendations to management reported by the internal and external auditors

The audit committee held four meetings in 2014. The audit committee reports to the Board of Directors on an ongoing basis. Audit committee meetings are attended by the audit committee members as well as by the Group Chief Auditor and the independent auditors. In addition, the audit committee may convene others to participate in the consideration of specific agenda items.

Corporate social responsibility

Alm. Brand Bank forms part of the Alm. Brand Group and the corporate social responsibility approach is shared with the parent company Alm. Brand A/S. For further information on corporate social responsibility, see Alm. Brand A/S's Annual Report 2014.

Capitalisation

Having adequate and satisfactory capital resources is a fundamental prerequisite for Alm. Brand Bank's ability to assume risks on behalf of its customers. Various types of calculated risk are taken in support of the bank's long-term business objectives. The bank's risks are described in detail in note 47 Risk management and note 48 Significant accounting estimates, assumptions and uncertainties.

The Board of Directors of Alm. Brand Bank is responsible for identifying and quantifying the principal risks which the bank currently faces or may face in future. In terms of solvency, the statutory requirement prescribes that the bank must be sufficiently capitalised to absorb adverse events over the next 12 months without compromising outstanding customer accounts. It is the Board of Directors that approves the method of calculation applied in the calculation of the capital requirement.

Moreover, a capital target is determined to provide an additional buffer relative to the solvency capital requirement.

The Management Board is responsible for ensuring that instructions from the Board of Directors are actually implemented and for ensuring that the Board of Directors is informed about significant changes in the assumptions underlying the capital requirement or the amount thereof.

The capital and risk management is described in detail in the group's Risk and Capital Management Report for 2014 available at almbrand.dk/risk.

Total capital

The bank's total capital is comprised primarily of shareholders' equity and tier 2 capital. At 31 December 2014, the tier 2 capital was composed exclusively of additional tier 1 capital.

The total capital has been supplemented by additional tier 1 capital and subordinated capital in recent years. In 2010, the bank exercised the option of obtaining state-funded additional tier 1 capital, borrowing a total of DKK 856 million. In 2014, the bank repaid the remaining part of this facility.

The proportion of tier 2 capital in the bank's total capital was further reduced in 2014. This was done in response to new capital adequacy rules.

Individual solvency need

On 1 January 2013, Alm. Brand Bank transitioned to using the Danish FSA's 8+ method for calculating the adequate total capital. The calculation according to the 8+ method is based on 8% of the total risk exposure amount plus a Pillar 2 margin for risks not assessed to be covered by the Pillar 1 requirement.

In the credit area, the guidelines specify methods for calculating Pillar 2 margins for exposures representing more than 2% of the total capital and for credit risk concentration on industries and individual exposures, respectively. Moreover, there is a requirement that a Pillar 2 margin is calculated according to a non-specified method on weak exposures representing less than 2% of total capital.

In addition to the specified margins in the credit area, the bank reserves a Pillar 2 margin on agricultural and corporate exposures, on mortgage deeds as well as on the private customer portfolio.

The calculation of adequate total capital in the market risk area is in line with the Danish FSA's 8+ method as described in the guidelines. Risks related to properties are calculated in the bank under the credit risk area.

In addition, the bank reserves capital for operational risks and earnings risks. The calculation of operational risk is based on the basic indicator method, which calculates the operational risk as 15% of the average net interest income and non-interest-related net income for the past three years. The earnings risk is calculated according to the 8+ method, which requires that capital is reserved if core earnings represent less than 1% of loans and advances.

At 31 December 2014, the bank's total capital amounted to DKK 1.6 billion, of which shareholders' equity represented DKK 1.7 billion. The total risk exposure amount was DKK 8.5 billion, and accordingly the total capital ratio was 19.3, and the tier 1 capital ratio was 19.3. The bank's individual solvency need was calculated at 14.4%, which means that the total capital ratio exceeded the individual solvency need by 4.9 percentage points.

At 31 December 2014, the banking group's total capital amounted to DKK 1.5 billion, of which shareholders' equity represented DKK 1.7 billion. The total risk exposure amount was DKK 8.7 billion, and accordingly the total capital ratio was 17.8, and the tier 1 capital ratio was 17.8. The banking group's individual solvency need was calculated at 14.0%, which means that the total capital ratio exceeded the individual solvency need by 3.8 percentage points.

Capital target

The capital target of Alm. Brand Bank is calculated on the basis of management's wish to consistently maintain excess capital adequacy relative to the individual solvency need or relative to the statutory minimum requirement if the statutory minimum requirement proves higher than the individual solvency need defined. In addition, the capital target has been determined so as to take into account the Basel III rules under CRD IV / CRR. The capital target can be met through a combination of several capital components such as shareholders' equity, additional tier 1 capital and subordinated capital.

CRD IV / CRR entails a requirement for a minimum capital of 8% of the total risk exposure amount, a capital conservation buffer of 2.5% and a counter-cyclical buffer of up to 2.5% to protect against future cyclical downturns. CRD IV / CRR will be implemented gradually in the period until 2019 when the rules must be fully implemented, and the statutory minimum requirement may hence total up to 13% in 2019.

As a result, Alm. Brand Bank has adjusted the capital target to the effect that it is now calculated on the basis of the greater of the individual solvency need and the statutory minimum requirement of 13%. To this will be added an excess coverage of 3 percentage points to the effect that the capital target will always constitute at least 16% of the total risk exposure amount.

Investor information

Activities

Alm. Brand Bank A/S is wholly owned by the listed company Alm. Brand A/S. The nominal value of the company's share capital is DKK 1,021 million. As a result, the primary investor activities take place within the framework of Alm. Brand. For further information, see the 2014 annual report of Alm. Brand A/S and almbrand.dk.

Listed bonds

Alm. Brand Bank has issued the following listed bonds:

- Additional tier 1 capital with a nominal value of DKK 175 million, NASDAQ OMX Copenhagen A/S

Annual general meeting

The annual general meeting will be held at 9.00 a.m. on Thursday, 16 April 2015 at Alm. Brand Huset, Midtermolen 7, 2100 Copenhagen Ø.

Shareholdings of the board of directors and management board in Alm. Brand A/S

In 2014, the Board of Directors' and the Management Board's shareholdings in Alm. Brand totalled:

	No. of shares held 1 Jan 2014		No. of shares held 31 Dec 2014	
	Personally	Related parties	Personally	Related parties
Board of Directors				
Jørgen H. Mikkelsen	125,369	116,439	130,369	131,439
Boris N. Kjeldsen	5,480	-	8,651	-
Arne Nielsen	5,900	14,100	10,400	14,100
Jan Skytte Pedersen	12,000	75,000	12,000	75,000
Ebbe Castella	1,000	0	2,000	0
Søren Boe Mortensen	34,697	1,173	34,697	1,173
Christian Bundgaard	6,767	20	6,767	20
Torben Jensen	4,797	196	5,935	196
Pia Støjfer	1,916	96	1,916	96
Management Board				
Kim Bai Wadstrøm	-	-	-	-

The members of the Board of Directors and the Management Board hold no shares in other companies of the Alm. Brand Group.

Company announcements published in 2014

27.02.14	Annual Report 2013
20.03.14	Repayment of state-funded additional tier 1 capital
04.04.14	Notice of annual general meeting
23.04.14	Result of annual general meeting 2014
01.05.14	Permission to repay subordinated loan granted
21.05.14	Interim report Q1 2014
21.08.14	Interim report H1 2014
15.10.14	Financial calendar 2015
20.11.14	Interim report Q3 2014
05.12.14	Sale of mortgage deeds to Alm. Brand Forsikring A/S

Financial calendar 2015

25.02.15	Release of Annual Report 2014
16.04.15	Annual general meeting
12.05.15	Release of interim report Q1 2015
20.08.15	Release of interim report H1 2015
11.11.15	Release of interim report Q3 2015

Statement by the Management Board and the Board of Directors

The Board of Directors and the Management Board have today considered and approved the annual report of Alm. Brand Bank A/S for the financial year 1 January to 31 December 2014.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The parent bank financial statements have been prepared in accordance with the Danish Financial Business Act. The management commentary has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent bank financial statements give a true and fair view of the Group's and the Parent Bank's financial position at 31 December 2014 as well as of the results of their operations and the Group's cash flows for the financial year 1 January to 31 December 2014.

In our opinion, the management commentary contains a fair review of the development in the Group's and the Parent Bank's activities and financial position together with a description of the principal risks and uncertainties that may affect the Group and the Parent Bank.

We recommend the annual report for adoption at the Annual General Meeting.

Management Board
Copenhagen, 25 February 2015

Kim Bai Wadstrøm
Chief Executive

Board of Directors
Copenhagen, 25 February 2015

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

Auditors' report

Internal auditor's report

Report on the financial statements

We have audited the consolidated financial statements and the parent company financial statements of Alm. Brand Bank A/S for the financial year ended 31 December 2014, comprising an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, segment information and notes to the financial statements, including accounting policies, for the group as well as for the parent company, and a consolidated cash flow statement. The con-solidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises. The parent company financial statements have been prepared in accordance with the Danish Financial Business Act.

Management is responsible for the consolidated financial statements and the parent company financial statements. Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements.

Basis of opinion

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with international auditing standards. This requires that we plan and perform our audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

We participated in auditing the critical audit areas.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose of this is to design procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's assets, liabilities and financial position at 31 December 2014 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2014 in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises.

Furthermore, in our opinion the parent company financial statements give a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2014 and of the results of the parent company's operations for the financial year 1 January to 31 December 2014 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 performed no other work in addition to the con-ducted audit of the consolidated financial statements and the parent company financial statements.

On this basis, we believe that the information in the management's review is in accordance with the consolidated financial statements and the parent company financial statements.

Copenhagen, 25 February 2015

Poul-Erik Winther
Group Chief Auditor

Independent auditors' report
To the shareholders of Alm. Brand Bank A/S

Report on the consolidated financial statements and parent bank financial statements
We have audited the consolidated financial statements and Parent Bank financial statements of Alm. Brand Bank A/S for the financial year 1 January to 31 December 2014, which comprise the income and comprehensive income statement, balance sheet, statement of changes in equity, segment information and notes, including the accounting policies, for the Group and the Parent Bank and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The Parent Bank financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and parent bank financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies, and for the preparation of parent bank financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and Parent Bank financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements and parent bank financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent bank financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent bank financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements and parent bank financial statements, whether due to fraud or error. In making such risk assessment, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent bank financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent bank financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2014 and of the results of its operations and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies.

In our opinion, the Parent Bank financial statements give a true and fair view of the Parent Bank's financial position at 31 December 2014 and of the results of its operations for the financial year 1 January to 31 December 2014 in accordance with the Danish Financial Business Act.

Statement on the management commentary
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent bank financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent bank financial statements.

Copenhagen, 25 February 2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Henrik Wellejus	**Kasper Bruhn Udam**
State-Authorised	State-Authorised
Public Accountant	Public Accountant

Financial statements

Income statement and comprehensive income

		Parent company		Group	
DKK '000	**Note**	**2014**	**2013**	**2014**	**2013**
Interest receivable	1	452,386	534,487	450,453	539,332
Interest payable	2	217,520	312,994	216,063	312,991
Net interest income		**234,866**	**221,493**	**234,390**	**226,341**
Dividend on shares, etc.		1,117	886	1,117	885
Fees and commissions receivable	3	168,758	187,315	174,224	195,337
Fees and commissions payable		25,601	27,317	23,579	27,321
Net interest and fee income		**379,140**	**382,377**	**386,152**	**395,242**
Value adjustments	4	-165,133	-225,022	-162,333	-225,022
Other operating income		6,003	5,097	143,865	78,070
Profit before expenses		**220,010**	**162,452**	**367,684**	**248,290**
Staff costs and administrative expenses	5	355,962	387,904	395,720	419,894
Depreciation, amortisation and impairment of property, plant and equipment		36	132	91,342	52,356
Other operating expenses		35,142	43,281	36,168	43,815
Impairment of loans, advances and receivables, etc.	6	141,432	196,419	140,742	196,316
Profit/loss from investments in associates and group enterprises	7	24,265	-16,778	4,017	315
Profit/loss before tax, continuing activities		**-288,297**	**-482,062**	**-292,271**	**-463,776**
Tax on continuing activities	8	-112,208	-96,794	-116,182	-78,507
Profit/loss on continuing activities		**-176,089**	**-385,268**	**-176,089**	**-385,269**
Profit/loss on discontinued activities	9	16,917	-6,439	28,028	19,203
Profit/loss for the year		**-159,172**	**-391,707**	**-148,061**	**-366,066**
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	-	-
Total comprehensive income for the year		**-159,172**	**-391,707**	**-148,061**	**-366,066**
PROFIT/LOSS ALLOCATION AND COMPREHENSIVE INCOME					
Share attributable to Alm. Brand Bank		-159,172	-391,707	-159,172	-391,707
Share attributable to minority interests		-	-	11,111	25,641
Transferred to Total shareholders' equity		**-159,172**	**-391,707**	**-148,061**	**-366,066**

Balance sheet

DKK '000	Note	Parent company 2014	Parent company 2013	Group 2014	Group 2013
ASSETS					
Cash in hand and balances at call with central banks		198,496	323,267	198,496	323,267
Balances due from credit institutions and central banks	10	756,639	610,854	756,639	610,854
Loans, advances and other receivables at fair value	11	306,640	2,497,207	306,640	2,497,207
Loans, advances and other receivables at amortised cost	12	4,938,918	5,603,333	4,347,422	4,842,335
Bonds at fair value	13	7,200,622	5,232,616	7,200,622	5,955,401
Shares, etc.	14	236,294	273,064	236,294	606,167
Investments in associates	15	44,224	42,467	44,224	42,467
Investments in group enterprises	16	85,941	214,573	1,000	-
Investment properties	17	22,581	36,960	160,081	36,960
Other property, plant and equipment	18	-	442	508,946	301,088
Current tax assets	19	98,508	183,768	150,069	166,114
Deferred tax assets	20	214,419	202,884	299,712	335,765
Assets held temporarily	21	20,874	52,366	30,165	204,971
Other assets	22	160,444	334,730	163,103	367,043
Prepayments		7,232	6,335	7,232	6,346
Total assets		**14,291,832**	**15,614,866**	**14,410,645**	**16,295,985**

DKK '000	Note	Parent company 2014	Parent company 2013	Group 2014	Group 2013
LIABILITIES AND EQUITY					
Payables					
Payables to credit institutions and central banks	23	1,106,677	1,880,440	1,199,258	2,197,066
Deposits and other payables	24	11,076,443	10,937,376	11,076,443	10,936,444
Liabilities temporarily acquired		624	16,116	624	165,878
Other liabilities	25	176,571	566,901	202,803	589,530
Prepayments		1	610	1	610
Total payables		**12,360,316**	**13,401,443**	**12,479,129**	**13,889,528**
Provisions					
Provisions for pensions and similar liabilities	26	1,760	1,412	1,760	1,412
Provisions for losses on guarantees	27	11,016	8,150	11,016	8,150
Total provisions		**12,776**	**9,562**	**12,776**	**9,562**
Subordinated debt					
Tier 2 capital	28	-	300,000	-	300,000
Additional tier 1 capital	28	175,000	400,949	175,000	400,949
Total subordinated debt		**175,000**	**700,949**	**175,000**	**700,949**
Shareholders' equity					
Share capital	29	1,021,000	1,021,000	1,021,000	1,021,000
Other reserves		81,941	61,641	-	-
Retained earnings		640,799	420,271	722,740	481,912
Minority interests		-	-	-	193,034
Total shareholders' equity		**1,743,740**	**1,502,912**	**1,743,740**	**1,695,946**
Total liabilities and equity		**14,291,832**	**15,614,866**	**14,410,645**	**16,295,985**

See note 31 for a specification of off-balance sheet items.

Statement of changes in equity

DKK '000	Share capital	Other reserves	Retained earnings	Total	Minority interests	Total
	Parent company					Group
Shareholders' equity at 1 January 2013	1,021,000	78,734	-104,294	995,440	173,196	1,168,636
Changes in equity in 2013						
Profit/loss for the year		-17,093	-374,614	-391,707	25,641	-366,066
Comprehensive income in 2013	-	-17,093	-374,614	-391,707	25,641	-366,066
Capital injection from Alm. Brand A/S			900,000	900,000		900,000
Other capital movements		-	-821	-821	-5,803	-6,624
Tax on equity entries		-	-	-	-	-
Total changes in equity in 2013	-	-17,093	524,565	507,472	19,838	527,310
Shareholders' equity at 31 December 2013	1,021,000	61,641	420,271	1,502,912	193,034	1,695,946
Shareholders' equity at 1 January 2014	1,021,000	61,641	420,271	1,502,912	193,034	1,695,946
Changes in equity in 2014						
Profit/loss for the year		16,520	-175,692	-159,172	11,111	-148,061
Comprehensive income in 2014	-	16,520	-175,692	-159,172	11,111	-148,061
Capital injection from Alm. Brand A/S			400,000	400,000		400,000
Other capital movements		3,780	-3,780	-	-204,145	-204,145
Total changes in equity in 2014	-	20,300	220,528	240,828	-193,034	47,794
Shareholders' equity at 31 December 2014	1,021,000	81,941	640,799	1,743,740	-	1,743,740

Non-controlling interests were nil at 31 December 2014 because Alm. Brand Formue A/S was liquidated in 2014.

Cash flow statement

DKK '000	Group 2013	Group 2012
Operating activities		
Profit/loss for the year before tax	-264,243	-443,709
Tax paid for the year	168,280	282,023
Adjustment for amounts with no cash flow impact:		
Depreciation, amortisation and impairment of property, plant and equipment	91,342	52,356
Impairment of loans, advances and receivables, etc.	128,116	181,053
Other adjustments to cash flows from operating activities	-75,500	53,116
Total, operating activities	47,995	124,839
Working capital		
Loans and advances	2,605,119	766,216
Deposits	140,000	-388,488
Bonds	-1,731,589	798,206
Shares	383,426	-1,795
Total, working capital	1,396,956	1,174,139
Investing activities		
Investments in group enterprises	-1,000	9
Property, plant and equipment	-299,750	-194,729
Total, investing activities	-300,750	-194,720
Financing activities		
Net proceeds from capital increase	400,000	900,000
Repayment of additional tier 1 capital, Bank Package II	-525,949	-729,159
Payables to credit institutions	-997,238	800,313
Bonds issued	-	-2,000,000
Total, financing activities	-1,123,187	-1,028,846
Change in cash and cash equivalents	21,014	75,412
Cash and cash equivalents, beginning of year	934,121	858,709
Change in cash and cash equivalents	21,014	75,412
Cash and cash equivalents, year-end	955,135	934,121
Cash and cash equivalents, year-end		
Cash in hand and balances at call with central banks	198,496	323,267
Balances due from credit institutions less than 3 months	756,639	610,854
Cash and cash equivalents, year-end	955,135	934,121

Segment information

Group

DKK '000									2014
	Private	**Leasing**	**Financial Markets**	**Other**	**Total continuing activities before winding up**	**Winding-up activities**	**Continuing activities**	**Dis-continued activities**	**Total**
Net interest and fee income	182,038	-	-	-	182,038	-11,248	170,790	-	**170,790**
Trading income, (excl. value adjustments	-	-	143,337	64,981	208,318	-	208,350	3,593	**211,943**
Other income	76	136,287	966	-	137,329	4,941	142,270	-	**142,270**
Total income	182,114	136,287	144,303	64,981	527,685	-6,307	521,378	3,593	**524,971**
Expenses	204,268	40,784	93,350	5,612	344,014	87,874	431,888	-	**431,888**
Depreciation	36	91,306	-	-	91,342	-	91,342	-	**91,342**
Core earnings	-22,190	4,197	50,953	59,369	92,329	-94,181	-1,852	3,593	**1,741**
Value adjustments	554	-	-8,094	-23,764	-31,304	2,841	-28,463	2,747	**-25,716**
Profit/loss from investments	-	-	516	-452	64	15,392	15,456	21,687	**37,143**
Profit/loss before impairment writedowns	-21,636	4,197	43,375	35,153	61,089	-75,948	-14,859	28,027	**13,168**
Writedowns and credit-related value adjustments	18,525	-690	-645	-	17,190	260,221	277,411	-	**277,411**
Profit/loss before tax	-40,161	4,887	44,020	35,153	43,899	-336,169	-292,270	28,027	**-264,243**
Tax									**-116,182**
Profit/loss for the year									**-148,061**
Of which share attributable to minority interests									**11,111**
Loans and advances	2,400,604	48,240	92,072	44,832	2,585,748	2,068,314	4,654,062	-	**4,654,062**
Bonds	-	-	3,996,774	3,203,848	7,200,622	-	7,200,622	-	**7,200,622**
Lease assets	-	508,946	-	-	508,946	-	508,946	-	**508,946**
Other assets	4,742	148,836	80,669	1,640,433	1,874,680	172,335	2,047,015	-	**2,047,015**
Total assets	2,405,346	706,022	4,169,515	4,889,113	12,169,996	2,240,649	14,410,645	-	**14,410,645**

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.

Criteria for recognition and measurement are in accordance with the group's accounting policies set out in note 49. The line items used are consistent with the financial highlights presented at the beginning of the annual 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.

Group

DKK '000									2013
	Private	Leasing	Financial Markets	Other	Total continuing activities before winding up	Winding-up activities	Continuing activities	Dis-continued activities	Total
Net interest and fee income	179,332	-	-	-	179,332	-17,463	161,869	-	**161,869**
Trading income, (excl. value adjustments	-	-	196,934	23,573	220,507	-	220,507	30,426	**250,933**
Other income	715	85,840	982	776	88,313	2,624	90,937	-	**90,937**
Total income	180,047	85,840	197,916	24,349	488,152	-14,839	473,313	30,426	**503,739**
Expenses	214,932	32,524	104,817	15,505	367,778	95,932	463,710	3,306	**467,016**
Depreciation	120	52,223	-	13	52,356	-	52,356	-	**52,356**
Core earnings	-35,005	1,093	93,099	8,831	68,018	-110,771	-42,753	27,120	**-15,633**
Value adjustments	486	-	-15,473	-17,859	-32,846	-14,361	-47,207	-7,053	**-54,260**
Profit/loss from investments	-	-	596	-2,497	-1,901	2,216	315	-	**315**
Profit/loss before impairment writedowns	-34,519	1,093	78,222	-11,525	33,271	-122,916	-89,645	20,067	**-69,578**
Writedowns and credit-related value adjustments	119,804	-103	-1,898	-	117,803	256,328	374,131	-	**374,131**
Profit/loss before tax	-154,323	1,196	80,120	-11,525	-84,532	-379,244	-463,776	20,067	**-443,709**
Tax							-76,779	-864	**-77,643**
Profit/loss for the year									**-366,066**
Of which share attributable to minority interests									**25,641**
Loans and advances	2,293,023	52,185	138,329	136,845	2,620,382	4,719,160	7,339,542	-	**7,339,542**
Bonds	-	-	2,406,822	2,825,794	5,232,616	-	5,232,616	722,785	**5,955,401**
Lease assets	-	320,169	-	-	320,169	-	320,169	-	**320,169**
Other assets	4,625	142,737	56,230	1,738,659	1,942,251	398,028	2,340,279	340,594	**2,680,873**
Total assets	2,297,648	515,091	2,601,381	4,701,298	10,115,418	5,117,188	15,232,606	1,063,379	**16,295,985**

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, which is a subsidiary of the bank.

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: 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.

Discontinued activities: Comprises the former listed company Alm. Brand Formue A/S, which was liquidated in September and which had made investments in shares and bonds. See note 9 for additional information.

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	Parent company		Group	
DKK '000	**2014**	**2013**	**2014**	**2013**
NOTE 1 Interest receivable				
Balances due from credit institutions and central banks	776	719	773	719
Loans, advances and other receivables	380,694	435,999	378,764	440,844
Bonds	101,850	135,488	101,850	135,488
Total derivatives	-31,221	-37,727	-31,221	-37,727
Of which:				
Foreign exchange contracts	-	-1,603	-	-1,603
Interest rate contracts	-31,221	-36,124	-31,221	-36,124
Other interest income	287	8	287	8
Total interest receivable	**452,386**	**534,487**	**450,453**	**539,332**
Interest receivable from genuine purchase and resale transactions:				
Loans, advances and other receivables	-153	-117	-153	-117
Loans, advances and other receivables	-2	-20	-2	-20
NOTE 2 Interest payable				
Credit institutions and central banks	2,723	3,228	1,153	3,229
Deposits and other payables	195,118	227,484	195,115	227,480
Bonds issued	-	10,662	-	10,662
Total subordinated debt	19,074	70,897	19,074	70,897
Other interest expenses	605	723	721	723
Total interest payable	**217,520**	**312,994**	**216,063**	**312,991**
Interest payable on genuine sale and repurchase transactions:				
Payables to credit institutions and central banks	147	226	147	226
Deposits and other payables	3	5	3	5
NOTE 3 Fees and commissions receivable				
Securities trading and deposits	126,905	145,391	124,878	145,391
Payment transfers	3,991	3,962	3,991	3,962
Loan fees	417	313	417	313
Commission fees	2,567	5,575	2,567	5,575
Other fees and commissions	34,878	32,074	42,371	40,096
Total fees and commissions receivable	**168,758**	**187,315**	**174,224**	**195,337**

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 4 Value adjustments				
Loans, advances and other receivables at fair value	-60,948	-245,828	-60,948	-245,828
Bonds	-39,769	-45,388	-39,769	-45,388
Shares, etc.	20,573	20,043	20,573	20,043
Investment properties	-8,906	-3,958	-6,106	-3,957
Foreign currency	9,837	-7,590	9,837	-7,591
Total derivatives	-85,572	57,750	-85,572	57,750
Of which:				
Interest rate contracts	-85,259	64,343	-85,259	64,343
Share contracts	-897	-6,593	-897	-6,593
Other contracts	584	-	584	-
Other liabilities	-348	-51	-348	-51
Total value adjustments	**-165,133**	**-225,022**	**-162,333**	**-225,022**

Of the value adjustments above, changes in fair value based on valuation models concern:

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Other loans, advances and receivables at fair value	74,291	-68,625	74,291	-68,625
Shares (unlisted shares)	11,130	14,001	11,130	14,001
Investment properties	-8,906	-3,958	-6,106	-3,957
Total	**76,515**	**-58,582**	**79,315**	**-58,581**

The bank's counterparties are primarily financial institutions with a high credit rating with which the bank exchanges collateral security on a daily basis. Accordingly, the bank finds that a credit adjustment does not give rise to any notably different valuation.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 5 Staff costs and administrative expenses				
Remuneration to the Management Board and Board of Directors:				
Remuneration to the Management Board:				
Salaries and wages	2,773	2,799	2,773	2,799
Share-based payment	229	-	229	-
Pensions	306	333	306	333
Total remuneration to the Management Board	3,308	3,132	3,308	3,132
Remuneration to the Board of Directors:				
Jørgen Hesselbjerg Mikkelsen (Chairman)	160	150	160	150
Boris Nørgaard Kjeldsen (Deputy Chairman)	160	150	160	150
Jan Skytte Pedersen	160	150	160	150
Arne Nielsen	160	150	160	150
Ebba Castella	160	106	160	106
Christian Bundgaard (elected by the employees)	160	150	160	150
Torben Jensen (elected by the employees)	160	106	160	106
Pia Støjfer (elected by the employees)	160	106	160	106
Jesper Christiansen (elected by the employees)	-	44	-	44
Total remuneration to the Board of Directors	1,280	1,112	1,280	1,112

	Parent company		Group	
DKK '000	**2014**	**2013**	**2014**	**2013**
NOTE 5 Staff costs and administrative expenses - continued				
Total remuneration to the Management Board and Board of Directors	4,588	4,244	4,588	4,244
Staff costs:				
Salaries and wages	155,733	161,610	155,733	161,610
Share-based payment	499	-	499	-
Pensions	17,488	17,508	17,488	17,508
Social security costs	17,690	17,107	17,690	17,108
Total staff costs	191,410	196,225	191,410	196,226
Other administrative expenses	159,964	187,435	199,722	219,424
Total staff costs and administrative expenses	**355,962**	**387,904**	**395,720**	**419,894**

The tax calculation for 2014 contains a tax deduction of DKK 1.7 million relating to remuneration to the Management Board (2013: DKK 1.6

Number of employees				
Average number of employees during the financial year, full-time equivalents	258	263	258	263

Management Board

Remuneration to the Management Board comprises remuneration to Chief Executive Kim Bai Wadstrøm.

In Alm. Brand Bank A/S, all employees, including the Management Board member, are entitled to a defined contribution pension plan. The bank's costs for the Management Board member's pension plan appear from the note above.

The Management Board member and the bank are subject to a mutual notice of termination of 6-12 months. In the event of termination by the bank, the Management Board member is entitled to severance pay equal to six months' remuneration.

Remuneration of the Board of Directors				
Alm. Brand A/S Group remuneration to the bank's Board of Directors				
Jørgen Hesselbjerg Mikkelsen (Chairman)	980	800	980	800
Boris Nørgaard Kjeldsen (Deputy Chairman)	730	600	730	600
Jan Skytte Pedersen	490	375	490	375
Arne Nielsen	570	400	570	400
Ebbe Castella	410	243	410	243
Christian Bundgaard (elected by the employees)	160	150	160	150
Torben Jensen (elected by the employees)	160	106	160	106
Pia Støjfer (elected by the employees)	160	106	160	106
Total remuneration to the Board of Directors	**3,660**	**2,780**	**3,660**	**2,780**
No. of members of the Management Board	1	1	1	1
No. of members of the Board of Directors	9	9	9	9

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013

NOTE 5 Staff costs and administrative expenses - continued

Chief Executive Officer Søren Boe Mortensen is also a member of the Board of Directors, but he receives no separate consideration. Søren Boe Mortensen receives a total remuneration of DKK 8,271,000 as Chief Executive Officer of Alm. Brand A/S (2013: DKK 7,938,000).

Share-based payment

Alm. Brand A/S has established a share option programme for the senior management group of the Alm. Brand Group. The scheme, which can only be exercised by purchasing the relevant shares (equity-based scheme), entitles the holders to purchase a number of shares in Alm. Brand A/S at a pre-determined price. The options granted vest at the date of grant. The options will lapse if they remain unexercised 50 months after the date of grant.

The share option scheme forms part of the fixed salary and cannot exceed 13% thereof. The exercise price is calculated as a simple average of the market price of Alm. Brand A/S on the fifth, sixth and seventh trading day after release of annual reports or half-year interim reports plus a 10%

In the Alm. Brand Group, the Management Board and specific key employees have been granted share options.

Breakdown of outstanding share options:

	Number of share options	Exercise price	Fair value grant	Expiry date
Granted on 2 September 2014	23,699	34.78	3.82	02.11.18

The weighted average remaining contractual term is three years, ten months and 1 day.

The agreement on share-based payment was made between the employees and Alm. Brand A/S. Accordingly, the bank has no further obligations than hose recognised in the financial statements at 31 December 2014.

Performance pay

The bank's bonus scheme for a number of other employee groups is described in “Human resources”.

The bonus scheme will have no material effect on the banking group's cost level and does not comprise share-based payment.

Key employees

	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Remuneration key management persons:				
Fixed salary	10,881	8,318	10,881	8,318
Share-based payment	499	-	499	-
Pensions	824	1,094	824	1,094
Total remuneration to other senior employees	12,204	9,412	12,204	9,412

Remuneration to key management persons includes remuneration to Chief Executive Kim Bai Wadstrøm. In 2014, remuneration to key management persons also includes salary and termination benefits to former key persons.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group.

	Parent company		Group	
DKK '000	2014	2013	2014	2013
NOTE 5 Staff costs and administrative expenses - continued				
Remuneration to risk takers:				
Fixed salary	19,927	21,059	19,927	21,059
Variable salary	100	-	100	-
Share-based payment	435	-	435	-
Pensions	2,268	2,347	2,268	2,347
Total remuneration to risk takers	22,730	23,406	22,730	23,406
Number of risk takers	19	20	19	20

Risk takers are those persons who, in accordance with the Danish Executive Order on remuneration policy and public disclosure of salaries, have a material influence on the company's risk profile.

Remuneration to risk takers also includes salary etc. in connection with severance. A one-off fee has been paid to risk takers, but no bonus has been disbursed.

Fees to auditors appointed by the shareholders in general meeting				
Statutory audit	855	952	994	1,197
Assurance engagements other than audits	178	570	183	575
Tax and VAT advice	-	9	-	9
Other services	85	274	103	344
Total fees to auditors appointed by the shareholders in general meeting	1,118	1,805	1,280	2,125
NOTE 6 Impairment of loans, advances and receivables, etc.				
Individual assessment:				
Impairment and value adjustments, respectively, during the year	330,752	331,977	331,383	333,074
Reversal of impairment in previous years	204,657	120,265	205,212	121,293
Total individual assessment	126,095	211,712	126,171	211,781
Group assessment:				
Impairment and value adjustments, respectively, during the year	117,565	50,824	118,064	50,986
Reversal of impairment in previous years	81,938	61,406	82,694	62,896
Total group assessment	35,627	-10,582	35,060	-11,910
Losses not previously provided for	24,498	34,952	25,573	37,239
Bad debts recovered	44,788	39,663	46,062	40,794
Total impairment of loans, advances and receivables, etc.	**141,432**	**196,419**	**140,742**	**196,316**

	Parent company		Group	
DKK '000	2014	2013	2014	2013
NOTE 7 Profit/loss from investments in associates and group enterprises				
Profit from investments in associates	4,005	2,216	4,005	2,216
Loss from investments in group enterprises	20,260	-18,994	12	-1,901
Total profit/loss from investments in associates and group enterprises	**24,265**	**-16,778**	**4,017**	**315**

For additional information, see the overview of group companies in note 46.

NOTE 8 Tax				
Current tax on income for the year	-61,686	-180,550	-113,247	-162,896
Changes in deferred tax	-4,799	83,079	42,789	83,712
Capitalisation of tax losses from previous years	-44,000	-	-44,000	-
Adjustment of previous years' current tax	-1,723	677	-1,724	677
Total tax	**-112,208**	**-96,794**	**-116,182**	**-78,507**

Prior-year losses have been capitalised in the amount of DKK 200 million, corresponding to a carrying amount of DKK 44 million. Of the change in deferred tax in 2013, DKK 19 million was attributable to the gradual reduction of the tax rate from 25% in 2013 to 22% in 2016.

Effective tax rate:				
Current tax rate	24.5%	25.0%	24.5%	25.0%
Adjustment for non-tax items and joint taxation	0.3%	-1.3%	-0.4%	1.1%
Adjustment resulting from changes in deferred tax	-1.8%	-3.8%	0.0%	-8.2%
Capitalisation of tax losses from previous years	15.3%	0.0%	15.1%	0.0%
Withholding tax on foreign shares	0.0%	0.0%	0.0%	-0.2%
Adjustment of previous years' current tax	0.6%	-0.1%	0.6%	-0.2%
Total effective tax rate	38.9%	20.1%	39.8%	17.5%

NOTE 9 Discontinued activities

Discontinued activities comprise the subsidiary Alm. Brand Formue A/S, which entered into solvent liquidation in March 2014 and was finally closed down in September 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 and interest on loans provided to Alm. Brand Formue. No funding costs have been allocated to the discontinued activities. From 31 December 2014, Alm. Brand Formue is no longer recognised in the bank's balance sheet.

Income statement				
Net interest and fee income	3,594	19,770	3,594	19,770
Value adjustments	2,747	-47,660	2,747	-47,660
Profit/loss in Alm. Brand Formue A/S	10,576	21,451	21,687	47,093
Profit/loss on discontinued activities	**16,917**	-6,439	**28,028**	19,203
Cash flows				
Cash flows from operating activities			27,554	-2,211
Cash flows from investing activities			1,054,636	139,046
Cash flows from financing activities			-507,627	17,578
Total cash flows			**574,563**	**154,413**

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 10 Balances due from credit institutions and central banks				
Balances due from credit institutions	756,639	610,854	756,639	610,854
Total balances due from credit institutions and central banks	**756,639**	**610,854**	**756,639**	**610,854**
NOTE 11 Loans, advances and other receivables at fair value				
Mortgage deeds	306,640	2,497,207	306,640	2,497,207
Total loans, advances and other receivables at fair value	**306,640**	**2,497,207**	**306,640**	**2,497,207**

Of the total fair value adjustment of mortgage deeds for the year of DKK -60.9 million (2013: DKK -245.8 million), DKK -135.2 million was attributable to credit losses (2013: DKK -177.2 million). In December 2014, the bank significantly reduced its portfolio due to the sale of Danish non-delinquent mortgage deeds to Alm. Brand Forsikring A/S. After the transaction, the bank's portfolio primarily consists of Swedish mortgage deeds and delinquent Danish mortgage deeds.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 12 Loans, advances and other receivables at amortised cost				
Loans and advances	6,383,736	7,046,173	5,745,702	6,235,881
Leases	-	-	48,240	52,185
Total before impairment, etc.	6,383,736	7,046,173	5,793,942	6,288,066
Impairment, etc.	1,444,818	1,442,840	1,446,520	1,445,731
Total loans, advances and other receivables at amortised cost, year-end	**4,938,918**	**5,603,333**	**4,347,422**	**4,842,335**
Assets held under finance leases				
1 January	-	-	43,082	69,777
Additions during the year	-	-	31,013	42,551
Disposals during the year	-	-	38,409	69,245
Net investment in finance leases before other balances	-	-	35,686	43,083
Other balances regarding finance leases	-	-	12,554	9,102
Net investment in finance leases	-	-	48,240	52,185
Gross investment in finance leases				
Term of less than 1 year	-	-	28,301	30,448
Term of between 1 and 5 years	-	-	22,302	23,990
Term of more than 5 years	-	-	335	391
Total	-	-	50,938	54,829
Of which unearned financial income	-	-	2,698	2,644
Net investment in finance leases	-	-	48,240	52,185

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 12 Loans, advances and other receivables at amortised cost - continued				
Net investment in finance leases				
Term of less than 1 year	-	-	27,893	29,990
Term of between 1 and 5 years	-	-	20,072	21,883
Term of more than 5 years	-	-	275	312
Total	-	-	48,240	52,185
Of which any unguaranteed residual value	-	-	-	-
Impairment of finance leases	-	-	549	471

Finance leases comprise car leases in the subsidiary Alm. Brand Leasing A/S.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Specification of loans, advances and other receivables for which there is an objective indication of impairment				
Individual assessment:				
Loans, advances and other receivables before impairment	2,040,090	2,090,572	2,040,875	2,092,791
Impairment, etc.	1,292,513	1,326,162	1,293,408	1,327,989
Loans, advances and other receivables after impairment	747,577	764,410	747,467	764,802
Group assessment:				
Loans, advances and other receivables before impairment	3,023,399	3,627,587	3,059,911	3,727,410
Impairment, etc.	152,305	116,678	153,112	117,742
Loans, advances and other receivables after impairment	2,871,094	3,510,909	2,906,799	3,609,668
Total loans, advances and other receivables after impairment	3,618,671	4,275,319	3,654,266	4,374,470
NOTE 13 Bonds at fair value				
Government bonds	22,977	148,631	22,977	148,631
Mortgage credit bonds	7,091,070	4,997,873	7,091,070	5,656,636
Corporate bonds	86,575	86,112	86,575	150,134
Total bonds at fair value, year-end	**7,200,622**	**5,232,616**	**7,200,622**	**5,955,401**
Rating of bonds:				
Rated AAA	6,749,260	4,622,506	6,749,260	5,273,774
Rated AA- til AA+	20,020	8,779	20,020	17,217
Rated A- til A+	122,189	72,014	122,189	108,291
Others	309,153	529,317	309,153	556,119
Bonds at fair value, year-end	7,200,622	5,232,616	7,200,622	5,955,401

	Parent company		Group	
DKK '000	2014	2013	2014	2013
NOTE 14 Shares, etc.				
Listed on NASDAQ OMX Copenhagen A/S	19,531	14,168	19,531	248,026
Listed on other stock exchanges	63,917	55,878	63,917	155,123
Other shares	152,846	203,018	152,846	203,018
Total other shares, etc., year-end	**236,294**	**273,064**	**236,294**	**606,167**
NOTE 15 Investments in associates				
Cost, beginning of year	38,509	38,509	38,509	38,509
Disposals during the year	-	-	-	-
Cost, year-end	38,509	38,509	38,509	38,509
Adjustments, beginning of year	3,958	5,239	3,958	5,239
Share of profit for the year	4,005	2,216	4,005	2,216
Dividends	-2,248	-3,497	-2,248	-3,497
Adjustments, year-end	5,715	3,958	5,715	3,958
Carrying amount, year-end	**44,224**	**42,467**	**44,224**	**42,467**
NOTE 16 Investments in group enterprises				
Cost, beginning of year	328,844	332,416	-	-
Additions during the year	-	19,635	-	-
Disposals during the year	-325,844	-23,207	-	-
Cost, year end	3,000	328,844	-	-
Adjustments, beginning of year	-114,271	-109,326	-	-
Share of profit/loss for the year	16,520	2,444	-	-
Dividends	-	-6,569	-	-
Disposals during the year	175,912	-	-	-
Other capital movements	3,780	-820	-	-
Adjustments, end of year	81,941	-114,271	-	-
Investments in parent company	1,000	-	1,000	-
Carrying amount, year-end	**85,941**	**214,573**	**1,000**	-

Alm. Brand Bank A/S' trading portfolio comprises investments in the bank's parent company, Alm. Brand A/S.

NOTE 17 Investment properties				
Fair value, beginning of period	36,960	-	36,960	-
Additions during the year	-	48,301	134,700	48,301
Disposals during the year	5,473	7,384	5,473	7,384
Fair value adjustment	-8,906	-3,957	-6,106	-3,957
Carrying amount, year-end	**22,581**	**36,960**	**160,081**	**36,960**

Rental income from investment properties amounted to DKK 1.6 million (2013: DKK 0.7 million). Direct costs relating to rental income generating investment property were DKK 0.7 million (2013: DKK 0.7 million) and DKK 1.7 million (2013: DKK 2.3 million) relating to non-rental income generating investment property.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 18 Other property, plant and equipment				
Operating equipment:				
Cost, beginning of year	1,091	2,571	389,837	207,090
Additions during the year, including improvements	-	-	341,671	212,186
Disposals during the year	885	1,480	52,940	29,439
Cost, year-end	206	1,091	678,568	389,837
Depreciation and impairment losses, beginning of year	649	1,249	85,907	48,598
Depreciation for the year	36	132	91,032	51,829
Impairment writedowns for the year	-	-	-	526
Reversed depreciation and impairment losses	479	732	16,641	15,046
Depreciation and impairment losses, year-end	206	649	160,298	85,907
Other balances regarding operating leases	-	-	-9,324	-2,842
Carrying amount, year-end	**-**	**442**	**508,946**	**301,088**

Operating leases comprise car leases in the subsidiary Alm. Brand Leasing A/S.

Future minimum lease payments for assets held under operating leases:	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Term of 1 year or less	-	-	12,905	5,416
Term of 1-5 years	-	-	287,826	120,786
Term of 5 years or more	-	-	2,993	1,256
Total	-	-	303,724	127,458

NOTE 19 Current tax assets	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Tax receivable, beginning of year	183,768	299,314	166,114	286,009
Tax received in respect of prior years	186,641	299,410	168,988	286,105
Adjustment of previous years' current tax	2,873	96	2,874	96
Current tax for the year	61,686	180,550	113,247	162,896
Tax paid for the year	708	3,218	708	3,218
Other adjustments	36,114	-	36,114	-
Tax receivable, year-end	**98,508**	**183,768**	**150,069**	**166,114**

NOTE 20 Deferred tax assets	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Deferred tax at beginning of year, net	202,884	286,736	335,765	420,250
Adjustment of prior-year deferred tax assets	-1,150	-773	-1,150	-773
Other adjustments	-36,114	-	-36,114	-
Change in deferred tax recognised in the income statement	48,799	-83,079	1,211	-83,712
Deferred tax at year-end, net	**214,419**	**202,884**	**299,712**	**335,765**

Deferred tax was capitalised with due consideration for future earnings and possibilities for utilisation. The banking group's total tax asset amounted to DKK 300 million at 31 December 2014 (2013: DKK 380 million), which has been fully capitalised (2013: DKK 336 million).

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 20 Deferred tax assets - continued				
Deferred tax relates to the following items:				
Operating equipment	2,290	2,301	2,350	2,381
Assets held temporarily	10,812	8,163	10,880	8,163
Lease assets	-	-	85,165	132,789
Net fees included in effective interest rate	621	638	742	546
Investment companies	-	-6,721	-	-6,721
Provisions for jubilees, severance payment, etc.	5,026	6,087	5,026	6,087
Provisions for bad debts, etc.	387	-	266	104
Loss to be carried forward	195,283	192,416	195,283	192,416
Deferred tax at year-end, net	214,419	202,884	299,712	335,765
NOTE 21 Assets held temporarily				
Cars taken over	-	-	9,291	2,842
Properties etc. taken over	20,874	52,366	20,874	202,129
Assets held temporarily, year-end	**20,874**	**52,366**	**30,165**	**204,971**
NOTE 22 Other assets				
Interest and commissions receivable	83,462	107,514	83,401	114,484
Positive market value of derivatives	27,137	180,035	27,137	180,053
Other assets	49,845	47,181	52,565	72,506
Other assets, year-end	**160,444**	**334,730**	**163,103**	**367,043**
NOTE 23 Payables to credit institutions and central banks				
Central banks	1,004,817	1,002,804	1,004,817	1,002,804
Credit institutions	101,860	877,636	194,441	1,194,262
Payables to credit institutions and central banks, year-end	**1,106,677**	**1,880,440**	**1,199,258**	**2,197,066**
NOTE 24 Deposits and other payables				
Deposits at call	4,504,268	4,031,236	4,504,268	4,030,303
At notice	5,394,466	5,643,030	5,394,466	5,643,030
Special categories of deposits	1,177,709	1,263,110	1,177,709	1,263,111
Deposits and other payables, year-end	**11,076,443**	**10,937,376**	**11,076,443**	**10,936,444**
NOTE 25 Other liabilities				
Interest and commissions payable	35,007	38,912	35,012	39,151
Miscellaneous creditors	103,525	116,350	129,749	138,644
Other liabilities	13	1,376	16	1,377
Repo/reverse transactions, negative values	-	176,672	-	176,672
Negative market value of derivatives	38,026	233,591	38,026	233,686
Other liabilities, year-end	**176,571**	**566,901**	**202,803**	**589,530**

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 26 Provisions for pensions and similar liabilities				
Provisions, beginning of year	1,412	1,361	1,412	1,361
New and adjusted provisions	236	306	236	306
Reversed provisions for the year	131	94	131	94
Provisions used during the year	-	44	-	44
Discounting effect	243	-117	243	-117
Provisions, year-end	**1,760**	**1,412**	**1,760**	**1,412**

The provision covers provisions for anniversaries, severance of service, etc. and has been calculated using an estimated likelihood of disbursement.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 27 Provisions for losses on guarantees				
Provisions, beginning of year	8,150	7,094	8,150	7,094
Provisions for the year	6,047	4,193	6,047	4,193
Reversed provisions for the year	3,181	3,137	3,181	3,137
Provisions, year-end	**11,016**	**8,150**	**11,016**	**8,150**
NOTE 28 Subordinated debt				
Tier 2 capital:				
Floating rate bullet loans in DKK maturing 9 May 2014	-	100,000	-	100,000
Floating rate bullet loans in DKK maturing 3 December 2015	-	200,000	-	200,000
Tier 2 capital, year-end	-	300,000	-	300,000

	Parent company		Group	
DKK '000	**2014**	2013	**2014**	2013
NOTE 28 Subordinated debt - continued				
Additional tier 1 capital:				
Fixed rate bullet loans in DKK with indefinite terms	175,000	175,000	175,000	175,000
State-funded capital injection, bullet loan in DKK with an indefinite term	-	225,949	-	225,949
Additional tier 1 capital, year-end	175,000	400,949	175,000	400,949
Subordinated debt, year-end	**175,000**	**700,949**	**175,000**	**700,949**
Interest on subordinated debt	19,074	70,897	19,074	70,897
Of this, amortisation of costs incurred on raising the debt	51	841	51	841
Extraordinary instalments	425,949	630,000	425,949	630,000

On 9 May 2014, the bank made an ordinary repayment of DKK 100 million of the tier 2 capital, while the remaining DKK 200 million was prepaid on 3 June 2014. The two issues carried a floating rate of interest at 3M CIBOR plus a supplement of 2.10 percentage points and 6M CIBOR plus 2.50 percentage points, respectively.

The additional tier 1 capital of DKK 175 million was issued on 12 October 2006 and was subject to a rate of interest for the first ten-year term of 5.855%. Subsequently, the capital certificates carry interest at 3M CIBOR plus 2.70 percentage points.

The state-funded capital injection in the form of additional tier 1 capital was issued on 24 September 2009 at an interest rate of 11.01%. The capital injection could be repaid at par in the period 25 September 2012 to 24 September 2014, at a price of 105% in the period 25 September 2014 to 24 September 2015 and at a price of 110% from 25 September 2015.

The agreement on state-funded capital injection was originally composed of additional tier 1 capital of DKK 561 million without conversion and additional tier 1 capital of DKK 295 million with the possibility of conversion into share capital. In 2013, the bank repaid DKK 135 million on 19 March and DKK 200 million on 11 September of the original DKK 561 million of non-convertible additional tier 1 capital. In 2014, the bank repaid the remaining DKK 226 million on 20 March. On 19 March 2013, the bank repaid DKK 295 million of the additional tier 1 capital convertible into share capital. The bank thus no longer has state-funded capital injections.

The report Risk and Capital Management 2014 contains a description of the bank's liquidity management and funding situation. The risk report is available from the group's website, almbrand.dk/risk.

NOTE 29 Share capital				
Unlisted share capital:				
Nominal value at 1 January 2008	351,000	351,000	351,000	351,000
Capital increase April 2009	300,000	300,000	300,000	300,000
Capital increase September 2009	90,000	90,000	90,000	90,000
Capital increase November 2009	280,000	280,000	280,000	280,000
Nominal value, year-end	1,021,000	1,021,000	1,021,000	1,021,000

The share capital consists of 1,021,000 shares of DKK 1,000 nominal value and is paid up in full.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 30 Total capital				
Shareholders' equity	1,743,740	1,502,914	1,743,740	1,695,948
Deduction of ownership interest in financial institution	-1,400	-	-3,106	-
Deferred tax assets	-214,419	-202,884	-299,712	-335,765
Prudent valuation	-7,854	-	-7,854	-
Common equity tier 1 capital	1,520,067	1,300,030	1,433,068	1,360,183
Additional tier 1 capital	175,000	400,949	175,000	400,949
Reduction, additional tier 1 capital	-52,500	-	-52,500	-
Deduction of ownership interest in financial institution	-5,601	-26,840	-12,425	-64,492
Tier 1 capital	1,636,966	1,674,139	1,543,143	1,696,640
Tier 2 capital	-	300,000	-	300,000
Deduction of ownership interest in financial institution	-	-26,840	-	-64,492
25% reduction	-	-175,000	-	-175,000
Total capital	1,636,966	1,772,299	1,543,143	1,757,148
Total risk exposure amount:				
Weighted items involving credit risk	6,733,157	7,104,338	6,645,806	6,959,494
Weighted items involving market risk	1,412,861	1,352,504	1,412,861	2,153,735
Weighted items involving operational risk	356,382	283,088	618,699	451,291
Total risk exposure amount, year-end	8,502,400	8,739,930	8,677,366	9,564,520
The solvency requirement represents 8% of the total risk exposure amount	680,192	699,194	694,189	765,162

The calculation of the total capital and the total risk exposure amount was made in accordance with the new capital adequacy rules (CRR and CRD IV).

The bank has additional tier 1 capital of DKK 175 million that does not meet the conditions of the CRR. In accordance with the transitional rules, the recognition will be phased out over a ten-year period, and at year-end 2014 DKK 122.5 of the additional tier 1 capital may be recognised in tier 1 capital.

The report Risk and Capital Management 2014 contains a calculation and description of the bank's capital and capital targets, including the individual solvency need. The risk report is available from the group's website, almbrand.dk/risiko.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 31 Off-balance sheet items				
Contingent liabilities:				
Financial guarantees	73,266	143,863	73,266	143,863
Loss guarantees for mortgage loans	226,291	181,258	226,291	181,258
Registration and conversion guarantees	53,039	11,685	53,039	11,685
Other contingent liabilities	376,054	316,590	376,054	316,590
Contingent liabilities, year-end	728,650	653,396	728,650	653,396
Other commitments:				
Commitments, year-end	8,000	-	8,000	-
Off-balance sheet items, year-end	736,650	653,396	736,650	653,396

	Parent company		Group	
DKK '000	**2014**	**2013**	**2014**	**2013**

NOTE 31 Off-balance sheet items - continued

Other contingent liabilities

For Danish tax purposes, the company is taxed jointly with Alm. Brand A/S as administration company. As a result, the company is liable according to the rules of the Danish Corporation Tax Act with effect from the 2013 financial year for income taxes etc. for the jointly taxed companies and with effect from 1 July 2012 also 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 value of the leases totalled DKK 7 million at 31 December 2014 (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 counterparties in Danmarks Nationalbank can only obtain credit by providing collateral security in the form of pledging of approved securities.

As part of its current operations, the bank provided collateral security to Danmarks Nationalbank and Clearstream in the form of bonds representing a nominal value of DKK 1,875 million (2013: DKK 1,429 million). In 2013, loans representing a loan value of DKK 478 million were provided as collateral security, but this facility lapsed on 1 July 2014.

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 0 million was received and cash in the amount of DKK 106.4 million was paid at 31 December 2014 (2013: DKK 1 million and DKK 340 million).

In repo transactions (sale of securities which the group agrees to repurchase at a later date), the securities remain in the balance sheet, and the consideration received is recognised under payables. Securities in repo transactions are treated as assets placed as collateral for obligations. The counterparty is entitled to sell or remortgage the securities received.

In reverse transactions (purchase of securities that the group agrees to resell at a later date), the group is entitled to sell or remortgage the securities. The securities are not recognised in the balance sheet, and the consideration paid is recognised under receivables.

Assets received as collateral in connection with reverse transactions may be resold to third parties. If this is the case, a negative portfolio may arise due to the accounting rules. This is recognised under “Other liabilities”.

Assets sold as part of repo transactions:				
Bonds at fair value	-	759,166	-	759,166
Assets bought as part of reverse transactions:				
Bonds at fair value	-	176,682	-	176,682

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 32 By term to maturity				
Cash in hand and balances at call with central banks				
Balances at call	198,496	323,267	198,496	323,267
Cash in hand and balances at call with central banks, year-end	198,496	323,267	198,496	323,267
Balances due from credit institutions and central banks				
Balances at call	156,639	432,539	156,639	432,539
Up to and including 3 months	600,000	178,315	600,000	178,315
Balances due from credit institutions and central banks, year-end	756,639	610,854	756,639	610,854
Loans and advances				
Deposits at call	814,409	930,480	814,731	930,839
Up to and including 3 months	551,157	543,299	289,329	245,174
Over 3 months and up to and including 1 year	552,842	1,361,991	549,761	1,001,409
Over 1 year and up to and including 5 years	1,054,169	1,063,670	726,584	960,116
Over 5 years	2,272,981	4,201,100	2,273,657	4,202,004
Deposits at call, year-end	5,245,558	8,100,540	4,654,062	7,339,542
Bonds at fair value				
Up to and including 1 year	3,248,339	2,552,445	3,248,339	2,588,469
Over 1 year and up to and including 5 years	1,708,589	1,189,609	1,708,589	1,256,214
Over 5 years	2,243,694	1,490,562	2,243,694	2,110,718
Bonds at fair value	7,200,622	5,232,616	7,200,622	5,955,401

	Parent company		Group	
DKK '000	2014	2013	2014	2013
NOTE 32 By term to maturity - continued				
Payables to credit institutions and central banks				
Payables at call	101,860	103,494	101,860	103,495
Up to and including 3 months	-	772,164	1,712	772,164
Over 3 months and up to and including 1 year	1,004,817	-	1,004,817	316,625
Over 1 year and up to and including 5 years	-	1,002,804	17,826	1,002,804
Over 5 years	-	1,978	73,043	1,978
Payables to credit institutions and central banks, year-end	1,106,677	1,880,440	1,199,258	2,197,066
Deposits and other payables				
Deposits at call	4,504,268	4,031,236	4,504,268	4,030,303
Up to and including 3 months	5,534,895	5,782,327	5,534,895	5,782,327
Over 3 months and up to and including 1 year	29,773	23,154	29,773	23,154
Over 1 year and up to and including 5 years	157,018	192,444	157,018	192,444
Over 5 years	850,489	908,215	850,489	908,216
Deposits and other payables, year-end	11,076,443	10,937,376	11,076,443	10,936,444
Guarantees				
Up to and including 1 year	199,608	103,888	199,608	103,888
Over 1 year and up to and including 5 years	89,721	6,862	89,721	6,862
Over 5 years	439,321	542,646	439,321	542,646
Guarantees, year-end	728,650	653,396	728,650	653,396
Financial liabilities				
Up to and including 3 months	60,710	44,891	60,715	45,225
Over 3 months and up to and including 1 year	3,227	165,172	3,227	165,172
Over 1 year and up to and including 5 years	6,334	38,071	6,334	38,071
Over 5 years	2,763	24,369	2,763	24,369
Financial liabilities, year-end	73,034	272,503	73,039	272,837

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 33 Credit risk				
Loans and advances and guarantee debtors by sector and industry				
Public authorities	0.0%	0.0%	0.0%	0.0%
Business sectors:				
Agriculture, hunting, forestry and fishery	10.7%	9.3%	11.8%	10.4%
Manufacturing and raw materials extraction	0.1%	0.1%	0.1%	0.1%
Utilities	0.3%	0.2%	0.4%	0.3%
Construction	0.0%	0.1%	0.2%	0.2%
Trade	0.3%	0.2%	0.4%	0.3%
Transport, hotels and restaurants	0.0%	0.1%	0.0%	0.1%
Information and communication	0.0%	0.0%	0.0%	0.0%
Financing and insurance	16.2%	15.6%	6.2%	6.1%
Real property	18.5%	14.9%	20.1%	16.3%
Other business	3.2%	7.9%	3.9%	8.9%
Total business sector	49.3%	48.4%	43.1%	42.7%
Private customers	50.7%	51.6%	56.9%	57.3%
Total	100.0%	100.0%	100.0%	100.0%
Impairment				
Individual assessment:				
Impairment, beginning of year	1,334,312	1,424,308	1,336,139	1,427,378
Impairment during the year	330,751	331,978	331,073	333,074
Reversal of impairment	204,657	120,265	205,212	121,293
Loss (written off)	156,878	301,708	157,576	303,020
Impairment, year-end	1,303,529	1,334,313	1,304,424	1,336,139
Group assessment:				
Impairment, beginning of year	116,678	127,261	117,742	129,653
Impairment during the year	117,566	50,824	118,064	50,986
Reversal of impairment	81,939	61,407	82,694	62,897
Impairment, year-end	152,305	116,678	153,112	117,742
Total impairment, year-end	1,455,834	1,450,991	1,457,536	1,453,881
Interest income relating to loans, advances and receivables, etc. written down	33,866	31,812	33,866	31,812

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 33 Credit risk - continued				
Reasons for individual impairment writedowns and provisions				
Loans, advances and other receivables before impairment and provisions:				
Insolvency proceedings	245,357	234,394	245,357	234,394
Debt collection	76,168	82,258	76,940	84,476
Uncollectible claims	1,736,061	1,787,066	1,736,061	1,787,066
Loans, advances and other receivables before impairment and provisions, year-end	2,057,585	2,103,718	2,058,358	2,105,936
Impairment and provisions:				
Insolvency proceedings	205,499	228,704	205,499	228,704
Debt collection	66,517	70,882	67,412	72,709
Uncollectible claims	1,031,513	1,034,726	1,031,513	1,034,726
Impairment and provisions, year-end	1,303,529	1,334,312	1,304,424	1,336,139
Loans, advances and other receivables after impairment and provisions, year-end	754,056	769,406	753,934	769,797
Description of value of collateral for loans impaired after individual assessment				
Value of security:				
Real property, private	73,283	58,734	73,283	58,734
Real property, commercial	788,086	734,381	788,086	734,381
Cash, deposits and highly marketable securities	9,176	6,266	9,176	6,266
Cars	631	787	1,047	2,054
Other security	63,700	42,092	63,700	42,092
Total value of collateral for loans impaired after individual assessment, end of year	934,876	842,260	935,292	843,527

The collateral security is marked to market on the basis of the following:

Real property: Estate agent valuation, reasoned internal assessment or public assessment considering type of property, location, condition and estimated marketability.

Cash and cash equivalents: Official price where available and otherwise the transaction price obtainable in a transaction between independent parties.

Goods, cars: Assessment from BilpriserPro considering type, model and age.

Goods, other security: Based on an individual assessment.

The collateral security stated is unstressed. In the calculation of impairment writedowns on agricultural and property exposures in financial difficulty, the value of collateral security is calculated on the basis of realisable value upon a sale within six months.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 33 Credit risk - continued				
Realised security, including conditions				
Value of realised security:				
Real property, private	4,132	11,240	4,132	11,240
Real property, commercial	-	131,500	-	131,500
Securities	-	35,146	-	35,146
Cars	-	-	1,533	4,550
Total value of realised collateral	4,132	177,886	5,665	182,436

Forced realisation of collateral becomes necessary if the bank cannot induce the creditor or the provider of collateral security to enter into a voluntary agreement on realisation. The bank always seeks to maximise the value of collateral by way of forced realisation.

Before forced realisation of collateral is initiated, the debtor and/or the provider of collateral will receive typically eight days' notice, however, shorter notice may be given in the case of an obvious risk of imminent impairment of the value of the collateral.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Loans, advances and other receivables, etc. in arrears				
Age distribution of assets due but not impaired at the balance sheet date:				
Up to 3 months	5,214	8,814	5,301	8,939
3 to 6 months	7,884	350	7,884	351
6 to 12 months	816	538	816	538
More than 12 months	398	451	728	781
Arrears, year-end	14,312	10,153	14,729	10,609
Value of security for loans in arrears				
Value of security:				
Real property, private	113,599	68,960	113,599	68,960
Real property, commercial	174,560	409,265	174,560	409,265
Cash and marketable securities	3,686	18,502	3,686	18,502
Cars	2,566	2,364	3,718	4,691
Other securities	42,892	59,149	42,892	59,149
Total value of collateral for loans in arrears, year-end	337,303	558,240	338,455	560,567

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 33 Credit risk - continued				
Maximum exposure to credit risk				
Maximum credit risk at the balance sheet date without taking into account security.				
On-balance sheet exposures:				
Cash in hand and balances at call with central banks	198,496	323,267	198,496	323,267
Balances due from credit institutions and central banks	756,639	610,854	756,639	610,854
Loans, advances and other receivables at fair value	306,640	2,497,207	306,640	2,497,207
Loss option to hedge mortgage deeds in Alm. Brand Forsikring	1,873,660	-	1,873,660	-
Loans, advances and other receivables at amortised cost	4,938,918	5,603,333	4,357,112	4,842,336
Bonds at fair value	7,200,622	5,232,616	7,200,622	5,955,401
Shares, etc.	236,294	273,064	236,294	606,167
Other assets	160,444	334,730	163,103	367,044
Maximum exposure to credit risk, year-end	15,671,713	14,875,071	15,092,566	15,202,276
Off-balance sheet items:				
Contingent liabilities	728,650	653,396	728,650	653,396
Irrevocable loan commitments	8,000	-	8,000	-
Total value of security at the balance sheet date				
Value of securitiy:				
Real property, private	1,859,988	2,553,699	1,859,988	2,553,699
Real property, commercial	1,977,749	2,773,501	1,947,749	2,773,501
Cash and marketable securities	83,065	759,093	83,065	187,060
Cars	37,800	31,334	52,451	107,661
Other security	135,911	170,351	135,911	170,351
Total value of collateral, year-end	4,094,513	6,287,978	4,079,164	5,792,272

The collateral security is marked to market as described above.

Under the total credit exposure, DKK 1.9 billion concerns a loss option to cover mortgage deeds in Alm. Brand Forsikring, whereas the associated collateral in real property is not included.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 33 Credit risk - continued				

Credit quality

The credit quality is quantified on the basis of the credit quality categories of the Danish FSA, according to which loans and advances with normal credit quality are categorised in 2a and 3, loans and advances with certain indications of weakness are categorised in 2b, loans and advances with substantial weaknesses are categorised in 2c and loans and advances with an objective evidence of impairment are categorised in category 1.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Loans, advances and other receivables at fair value - by credit quality category:				
Loans and advances with normal credit quality	81,704	1,470,759	81,704	1,470,759
Loans and advances with certain indications of weakness	1,756	168,603	1,756	168,603
Loans and advances with substantial weaknesses	44,130	281,420	44,130	281,420
Loans that are neither due nor impaired	127,590	1,920,782	127,590	1,920,782
Loans and advances with an objective indication of impairment	985,383	1,323,140	985,383	1,323,140
Total residual debt before value adjustments etc.	1,112,973	3,243,922	1,112,973	3,243,922
Value adjustments etc.	-806,333	-746,715	-806,333	-746,715
Loans, advances and other receivables at fair value, year-end	306,640	2,497,207	306,640	2,497,207

Of value adjustments etc. of DKK 806 million (2013: DKK 747 million), DKK 824 million (2013: DKK 926 million) was attributable to credit-related value adjustments at 31 December 2014.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Loans, advances and other receivables at amortised cost - by credit quality category:				
Loans and advances with normal credit quality	2,200,310	2,661,373	1,636,530	1,896,892
Loans and advances with certain indications of weakness	1,186,602	1,292,463	1,159,473	1,296,220
Loans and advances with substantial weaknesses	523,010	708,804	523,009	708,873
Loans that are neither due nor impaired	3,909,922	4,662,640	3,319,012	3,901,985
Loans and advances with an objective indication of impairment	2,473,814	2,383,533	2,474,930	2,386,081
Total gross loans and advances before value adjustments etc.	6,383,736	7,046,173	5,793,942	6,288,066
Impairment writedowns etc.	-1,444,818	-1,442,840	-1,446,520	-1,445,731
Loans, advances and other receivables at amortised cost, year-end	4,938,918	5,603,333	4,347,422	4,842,335
Guarantee debtors - by credit quality category:				
Guarantee debtors with normal credit quality	449,368	365,219	449,368	365,219
Guarantee debtors with certain indications of weakness	126,509	138,208	126,509	138,208
Guarantee debtors with substantial weaknesses	33,813	28,526	33,813	28,526
Guarantee debtors that are neither due nor impaired	609,690	531,953	609,690	531,953
Guarantee debtors with an objective indication of impairment	129,976	129,593	129,976	129,593
Total guarantee debtors before provisions etc.	739,666	661,546	739,666	661,546
Provisions etc.	-11,016	-8,150	-11,016	-8,150
Total guarantee debtors, year-end	728,650	653,396	728,650	653,396

	Parent company		Group	
DKK '000	2014	2013	2014	2013
NOTE 34 Market risk				
Foreign exchange risk				
Foreign currency positions:				
Long positions	2,431,717	3,746,086	2,431,717	3,917,737
Short positions	2,428,084	3,638,393	2,428,084	3,638,393
Net positions	-3,633	-107,693	-3,633	-279,344
Foreign currency positions distributed on the five largest net positions:				
EUR	-42,135	-179,938	-42,135	-273,115
CHF	44,338	79,767	44,338	61,008
SEK	6,378	-9,482	6,378	-46,548
PLN	-4,643	-22	-4,643	-22
TRY	-4,468	-203	-4,468	-203
Other	-3,103	2,185	-3,103	-20,464
Total foreign currency positions	-3,633	-107,693	-3,633	-279,344
Exchange rate indicator 1	55,915	23,057	55,915	104,669
Exchange rate indicator 1 as a percentage of tier 1 capital after deductions	3.4%	1.4%	3.6%	6.2%
Exchange rate indicator 2	476	350	476	1,836
Exchange rate indicator 2 as a percentage of tier 1 capital after deductions	0.0%	0.0%	0.0%	0.1%
Interest rate risk				
The Danish FSA's method:				
Total interest rate exposure on debt instruments, etc.	64,415	-41,846	64,415	-25,126
Interest rate exposure by currency subject to the greatest risk:				
DKK	52,964	-46,584	52,964	-33,889
EUR	11,310	5,019	11,310	9,046
USD	180	11	180	11
CHF	-67	-253	-67	-253
JPY	26	-	26	-
NOK	-15	-40	-15	-40
Other	17	1	17	-1
Total interest rate risk	64,415	-41,846	64,415	-25,126
Total interest rate risk inside and outside the trading portfolio			30,868	58,307
Total interest rate risk calculated according to the banking group's internal approach.			57,900	11,692

The internal calculation approach is used for the day-to-day risk management. Unlike the calculation approach adopted by the Danish FSA, the internal approach is based on modified option-adjusted durations. This means that there may be a substantial difference between the interest rate risk calculated using the Danish FSA approach and the internal calculation approach used by the banking group. Interest rate risk is measured as the expected loss on interest rate positions that would result from an immediate upwards or downwards change in all interest rates by 1 percentage point. The interest rate risk is calculated for each currency.

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 35 Genuine purchase and resale transactions				
Of the assets below, genuine purchase and resale transactions amount to:				
Balances due from credit institutions and central banks	-	178,315	-	178,315
Genuine purchase and resale transactions, year-end	-	178,315	-	178,315
NOTE 36 Genuine sale and repurchase transactions				
Of the liabilities below, genuine sale and repurchase transactions amount to:				
Payables to credit institutions and central banks	-	772,164	-	772,164
Genuine sale and repurchase transactions, year-end	-	772,164	-	772,164

NOTE 37 Related parties

Related parties comprise:

- Alm. Brand af 1792 fmba (ultimate parent company)
- Alm. Brand Formue A/S (liquidated at 4 September 2014)
- Alm. Brand Leasing A/S (wholly-owned subsidiary)
- Nordic Corporate Investment A/S (associate)
- Cibor Invest A/S (associate)
- Hirlap Finans ApS (liquidated at 15 June 2014)
- Ejendomsselskabet af 05.08.2010 ApS (sold at 30 June 2014)
- Ejendomsselskabet af 16.03.2010 ApS (wholly-owned subsidiary)
- K/S Juventusvej (wholly-owned subsidiary)
- ApS Juventusvej komplementar (wholly-owned subsidiary)
- Other companies in the Alm. Brand Group
- Management Board and Board of Directors of Alm. Brand A/S
- Key persons in the Alm. Brand Group

Related parties also comprise related family members of the Management Board, Board of Directors and Key Employees and companies in which the individuals mentioned above have material interests.

Amount of loans granted, mortgages received from and guarantees with related security issued by the Alm. Brand Bank Group for the below-mentioned officers, their related family members and any companies controlled by them:

Loans, etc.	Parent company 2014	Parent company 2013	Group 2014	Group 2013
Board of Directors, Alm. Brand Bank A/S	3,849	4,328	8,826	5,849
Key Employees, Alm. Brand Bank A/S	5,815	422	5,815	422
Management Board, Alm. Brand A/S	1,959	1,991	1,959	1,991
Board of Directors, Alm. Brand A/S	2,323	670	2,323	2,192

	Parent company		Group	
DKK '000	2014	2013	2014	2013
NOTE 37 Related parties - continued				
Guarantees				
Board of Directors, Alm. Brand Bank A/S	1,700	1,812	5,681	3,134
Management Board, Alm. Brand A/S	450	450	450	450
Board of Directors, Alm. Brand A/S	771	-	1,317	1,322

Loans in DKK to the Management Board, the Board of Directors and Key Employees carry interest in the interval of 2.33%-8.5% p.a.

Salaries and remuneration to members of the bank's Management Board, Board of Directors and Key Employees are disclosed in note 5 “Staff costs and administrative expenses”. No other financial relations have been identified to members of the Management Board, Board of Directors, etc.

The Alm. Brand Group has intra-group functions that solve joint administrative tasks for group companies. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis. The bank reinvoices part of the administration fee to its subsidiaries.

Alm. Brand Bank is the Alm. Brand group's primary banker. This involves the conclusion of a number of agreements between the bank and the other group companies, and there is a regular flow of transactions between the bank and the rest of the group. All agreements and transactions between the bank and the companies are made on an arm’s length or cost recovery basis in accordance with applicable legislation for intra-group transactions.

An arm’s length agreement has been signed on interest accruing on intra-group accounts between the bank and the other group companies.

Moreover, the company has had an agreement with Alm. Brand Formue concerning management of Alm. Brand Formue's portfolio. All specific investment decisions were made by Alm. Brand Bank pursuant to this asset management agreement. Accordingly, Alm. Brand Formue bought and sold securities through the bank. The management agreement lapsed when the company entered into solvent liquidation in March 2014.

In addition, the bank has made an asset management agreement with the other companies of the Alm. Brand Group, according to which a substantial proportion of the group's assets are under management with the bank.

Other than the above, no material intra-group transactions have taken place.

Financial relations, Alm. Brand af 1792 fmba				
Payables	83,484	79,030	83,484	79,030
Interest and fee expenses	4,394	4,391	4,394	4,391
Purchase of securities, etc.	348,376	65,892	348,376	65,892
Sale of securities, etc.	364,232	65,802	364,232	65,802
Financial relations, Alm. Brand Formue				
Receivables	-	403,052	-	-
Payables	-	933	-	-
Interest and fee income	3,597	19,770	-	-
Interest and fee expenses	4	-	-	-
Administration fee	1,428	1,779	-	-
Purchase of securities, etc.	1,184,535	1,398,784	-	-
Sale of securities, etc.	100,720	1,269,615	-	-

DKK '000	Parent company 2014	Parent company 2013	Group 2014	Group 2013
NOTE 37 Related parties - continued				
Finansielle relationer, Alm. Brand Leasing				
Receivables	635,533	479,987	-	-
Interest and fee income	11,626	8,331	-	-
Administration fee	27,095	26,505	-	-

NOTE 38 Transfer of financial assets

On 11 December 2014, Alm. Brand Bank sold non-delinquent mortgage deeds with a total carrying amount of DKK 1.9 billion to Alm. Brand Forsikring. Concurrently with the transaction, an option agreement was signed, under which Alm. Brand Forsikring can return mortgage deeds to the bank if a debtor defaults on his payment obligations. This means that Alm. Brand Bank retains the underlying credit risk for the mortgage deeds, whereas market risks are transferred to Alm. Brand Forsikring, including the risk of interest rate changes and prepayments. The mortgage deeds are no longer recognised in the bank's balance sheet as significant risks and rewards have been transferred to Alm. Brand Forsikring.

Alm. Brand Bank recognises the value of the option agreement under other liabilities. Alm. Brand Bank and Alm. Brand Forsikring have entered into a management agreement on the handling of the portfolio of mortgage deeds. In 2014, the bank received management fees of DKK 0.6 million and an option premium of DKK 2 million. The option had a negative market value of DKK 1.4 million at 31 December 2014.

Future losses on the option are expected to be offset by corresponding income from the option premium. The amount that best represents Alm. Brand Bank's maximum exposure is the total fair value of the portfolio of mortgage deeds in Alm. Brand Forsikring, corresponding to DKK 1.9 billion.

								Group
	Market value 2014		Market value 2013		Average market value 2014		Average market value 2013	
DKK '000	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
NOTE 39 Derivatives								
Foreign exchange contracts								
Forward transactions/ futures, bought	5,148	1,655	4,046	1,499	3,034	1,701	4,393	2,386
Forward transactions/ futures, sold	1,997	6,642	2,887	2,886	2,182	4,117	3,439	4,618
Options, bought	3,232	-	3,639	41	5,695	397	46,187	140
Options, written	-	3,470	259	4,186	68	6,061	175	48,570
Interest rate contracts								
Forward transactions/ futures, bought	-	-	-	94	98	-	140	3,992
Forward transactions/ futures, sold	-	-	-	-	-	180	4,068	197
Swaps	1,533	9,096	163,992	221,818	380	98,147	170,818	250,163
Options, bought	485	-	528	119	110	-	404	13
Options, written	-	1,798	119	60	-	275	19	464
Share contracts								
Forward transactions/ futures, bought	-	9,969	628	-	548	1,104	691	18,390
Forward transactions/ futures, sold	9,913	56	-	628	1,112	864	20,489	4,007
Options, bought	970	-	1,345	-	2,577	-	3,005	-
Options, written	-	-	-	-	-	1,311	-	3,193
Derivatives, year-end	23,278	32,686	177,443	231,331	15,804	114,157	253,828	336,133
Unsettled spot transactions								
Foreign exchange contracts, bought	198	990	316	106				
Foreign exchange contracts, sold	432	907	94	81				
Interest rate contracts, bought	1,420	1,857	812	1,350				
Interest rate contracts, sold	1,562	1,362	888	353				
Share contracts, bought	85	153	383	101				
Share contracts, sold	162	71	117	364				
Unsettled spot transactions, year-end	3,859	5,340	2,610	2,355				
Total	27,137	38,026	180,053	233,686				

DKK '000	2014	2013	2012	2011	2010
					Group
NOTE 40 Financial highlights and key ratios					
Net interest and fee income	386,152	395,242	373,735	470,189	679,736
Value adjustments	-162,333	-225,022	-130,314	-387,244	-370,619
Staff costs and administrative expenses	395,720	419,894	439,502	455,843	508,081
Impairment of loans, advances and receivables, etc.	140,742	196,316	309,120	768,450	659,772
Profit/loss from investments in associates group enterprises	4,017	315	-2,345	385	11,145
Profit/loss on continuing activities	-176,089	-385,269	-456,015	-927,145	-687,784
Profit/loss on discontinued activities	28,028	19,203	51,746	-23,059	44,886
Profit for the year	-148,061	-366,066	-404,269	-950,204	-642,898
Loans and advances	4,654,062	7,339,542	8,395,994	10,217,017	12,484,676
Shareholders' equity	1,743,740	1,695,946	1,168,636	1,233,700	1,759,284
Total assets	14,410,645	16,295,985	17,902,640	21,392,869	25,596,792
Total capital ratio	17.8	18.4	18.5	16.8	18.8
Tier 1 capital ratio	17.8	17.7	13.9	11.0	16.2
Return on equity before tax (%)	-15.7	-33.8	-41.6	-94.5	-67.2
Return on equity after tax (%)	-8.8	-27.9	-30.6	-75.8	-50.0
Income/cost ratio	0.56	0.38	0.42	0.08	0.31
Interest rate risk (%)	2.0	3.4	1.5	-0.9	1.1
Foreign exchange position (%)	3.6	21.3	7.1	5.3	4.6
Foreign exchange risk (%)	0.0	0.2	0.1	0.2	0.1
Loans and advances as a percentage of deposits (%)	55.1	80.3	87.8	148.0	160.2
Gearing of loans and advances	2.7	4.3	7.2	8.3	7.1
Annual growth in lending (%)	-36.6	-12.6	-17.8	-18.2	-15.8
Excess cover relative to statutory liquidity requirement (%)	322.0	201.6	248.7	319.6	256.8
Total amount of large exposures (%)	58.5	63.0	60.9	68.0	69.1
Impairment ratio for the year	2.1	2.1	2.8	6.0	4.3
Return on capital employed (%)	-1.0	-2.2	-2.3	-4.4	-2.5

Financial highlights and key ratios have been prepared in accordance with IFRS and "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

DKK '000	Parent company				
NOTE 40 Financial highlights and key ratios - continued					
Net interest and fee income	379,140	382,377	357,861	448,044	629,767
Value adjustments	-165,133	-225,022	-130,314	-387,243	-257,590
Staff costs and administrative expenses	355,962	387,904	409,912	426,952	471,089
Impairment of loans, advances and receivables, etc.	141,432	196,419	309,657	766,625	678,803
Profit/loss from investments in associates group enterprises	24,265	-16,778	-3,227	784	-41,528
Profit on continuing business	-176,089	-385,268	-404,269	-927,102	-654,137
Profit/loss on discontinued activities	16,917	-6,439	13,076	8,883	7,163
Profit for the year	-159,172	-391,707	-391,193	-918,219	-646,974
Loans and advances	5,245,558	8,100,540	9,144,006	10,521,202	12,847,819
Shareholders' equity	1,743,740	1,502,912	995,440	1,092,861	1,563,910
Total assets	14,291,832	15,614,866	17,406,694	20,895,193	24,586,939
Total capital ratio	19.3	20.3	19.4	16.8	17.9
Tier 1 capital ratio	19.3	19.2	14.1	10.7	15.3
Return on equity before tax (%)	-17.1	-43.2	-52.1	-106.3	-80.7
Return on equity after tax (%)	-10.0	-34.7	-39.3	-84.6	-60.1
Income/cost ratio	0.46	0.22	0.32	0.06	0.29
Interest rate risk (%)	2.2	2.5	-1.8	-2.4	-0.9
Foreign exchange position (%)	3.4	12.5	1.6	10.6	1.5
Foreign exchange risk (%)	0.0	0.2	0.0	0.1	0.0
Loans and advances as a percentage of deposits (%)	60.4	87.3	94.4	151.6	164.3
Gearing of loans and advances	3.0	5.4	9.2	9.6	8.2
Annual growth in lending (%)	-35.2	-11.4	-13.1	-18.1	-14.7
Excess cover relative to statutory liquidity requirement (%)	323.0	202.0	255.6	327.3	265.9
Total amount of large exposures (%)	55.2	52.6	62.1	68.7	67.6
Impairment ratio for the year	1.9	1.9	2.7	5.8	4.4
Return on capital employed (%)	-1.1	-2.5	-2.2	-4.4	-2.6

Financial highlights and key ratios have been prepared in accordance with the Danish Financial Business Act.

DKK '000				2014				2013
								Group

NOTE 41 Fair value measurement of financial instruments

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value:								
Loans, advances and other receivables at fair value			306,640	306,640			2,497,207	2,497,207
Bonds at fair value	7,200,622			7,200,622	5,955,401			5,955,401
Shares, etc.	83,449	138,592	14,253	236,294	403,149	188,847	14,171	606,167
Investment properties			160,081	160,081			36,960	36,960
Assets temporarily acquired			30,165	30,165			204,971	204,971
Other assets		110,538		110,538		294,537		294,537
Financial assets at fair value, year-end:	7,284,071	249,130	511,139	8,044,340	6,358,550	483,384	2,753,309	9,595,243
Financial liabilities at fair value:								
Liabilities temporarily acquired		624		624		165,878		165,878
Other liabilities		71,608	1,430	73,038		272,837		272,837
Financial liabilities at fair value, year-end:	-	72,232	1,430	73,662	-	438,715	-	438,715

There are three levels of fair value measurement:

Level 1 is based on quoted (unadjusted) prices in active markets.

Level 2 comprises financial instruments whose valuation is based on directly or indirectly observable input for the instrument.

Level 3 comprises financial instruments for which the input is not based on directly observable market data.

There were no transfers between categories in the fair value hierarchy in 2012 or 2013, although equities valued at a redistribution price have been reclassified from level 3 to level 2. Comparative figures have been restated accordingly.

Loans, advances and other receivables at fair value include mortgage deeds. Mortgage deeds in default are valued on the basis of a credit model, while mortgage deeds which are not in default are valued on the basis of a market value model. Under the credit model valuation, mortgage deeds in default are written down to the unsecured part, when one of the default criteria materialises. Under the market value model valuation, a present value of the expected future cash flows is estimated. The valuation is based in part on observable market data (interest rates) and in part on expected future redemption and loss rates. Measurement at fair value is based on a swap yield curve plus 50 basis points and expected repayment rates between 0 % and -9%, depending on the remaining term to maturity, and expected loss rates in the 0.75%-4.25% range, depending on property type and loan-to-value ratios. If the average expected repayment rate is increased by 1 percentage point and the expected loss rates are increased by 0.5 of a percentage point, the fair value under the market value model would change by DKK 560,000.

Bonds at fair value primarily comprises Danish mortgage bonds and, to a lesser extent, Danish government bonds and corporate bonds. All bonds are measured at quoted prices. Bond ratings are disclosed in note 13 to the financial statements.

NOTE 41 Fair value measurement of financial instruments, continued

Shares, etc. comprises listed shares valued at quoted prices and unlisted shares for which the input is not based on directly observable market data. The bank's unlisted shares consist of sector-owned companies and shares received for credit-defence purposes. For unlisted shares in sector-owned companies where the shares are redistributed, such redistribution is considered to represent the primary market for the shares. The fair value is determined as the redistribution price, and the shares are recognised as level 2 assets. For other unlisted shares in sector-owned companies and shares received for credit-defence purposes where no observable input is available, the valuation is based on an estimate which builds on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties.

Investment property comprises single-family houses and rental property which are not expected to be sold within 12 months. Single-family houses are measured on the basis of valuations received from external appraisers. Rental property is measured on the basis of a cash flow model that takes into account a return requirement which is dependent on location, financial strength of tenants, lease terms and use etc. Rental property is supplemented by valuations received from external appraisers if the property is deemed to be difficult to sell. If the valuation of single-family houses is lowered by 15%, and the required rate of return on rental property is increased by 1 percentage point, the fair value would change by DKK 21.3 million.

Assets temporarily acquired comprise single-family houses and rental property expected to be sold within the next 12 months. Assets in temporary possession are valued according to the same methods as investment property or at cost where this is lower. If the valuation of single-family houses is lowered by 15%, and the required rate of return on rental property is increased by 1 percentage point, the fair value would change by DKK 3.1 million.

Other assets comprises interest receivable at DKK 83 million and positive values of derivative financial instruments at DKK 27 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are valued on the basis of listed prices from an active market and using generally accepted valuation models with observable data, including yield curves, volatilities and equity indices.

Liabilities temporarily acquired comprise prior-ranking loans on properties in temporary possession. This is primarily debt to mortgage credit institutions.

Other liabilities comprises interest payable at DKK 35 million and negative values of derivative financial instruments at DKK 38 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are valued on the basis of listed prices from an active market and using generally accepted valuation models with observable data, including yield curves, volatilities and equity indices.

1.000 kr.			2014						2013	

NOTE 41 Fair value measurement of financial instruments - continued

Niveau 3:	Shares	Loans and other recei-vables at fair value	Invest-ment properties	Assets tempo-rarily acquired	Total	Shares	Loans and other recei-vables at fair value	Invest-ment properties	Assets tempo-rarily acquired	Total
Carrying amount, beginning of year	14,171	2,497,207	36,960	204,971	2,753,309	10,775	2,930,050	-	136,455	3,077,280
Additions during the year	-	-	134,700	2,840	137,540	106	35,146	48,301	137,535	221,088
Disposals during the year	-379	-2,129,619	-5,473	-174,197	-2,309,668	-855	-222,161	-7,384	-61,871	-292,271
Value adjustment through profit or loss total	462	-60,948	-6,106	-3,449	-70,041	4,145	-245,828	-3,957	-7,148	-252,788
Carrying amount, year-end	14,253	306,640	160,081	30,165	511,139	14,171	2,497,207	36,960	204,971	2,753,309
Value adjustments for the year are composed as follows:										
Realised value adjustments	359	-135,238	-1,142	-645	-136,666	-596	-177,055	-	-	-177,651
Unrealised value adjustments	102	74,290	-4,964	-2,804	66,624	4,741	-68,773	-3,957	-7,149	-75,137
Value adjustment through profit or loss total	462	-60,948	-6,106	-3,449	-70,041	4,145	-245,828	-3,957	-7,149	-252,788

			Group			
DKK '000			2014			2013

NOTE 42 Classification of financial instruments

	Loans at amortised cost	Trading portfolio	Total	Loans at amortised cost	Trading portfolio	Total
Financial assets:						
Cash in hand and balances at call with central banks	198,496		198,496	323,267		323,267
Balances due from credit institutions and central banks	756,639		756,639	610,854		610,854
Loans, advances and other receivables at fair value		306,640	306,640		2,497,207	2,497,207
Loans, advances and other receivables at amortised cost	4,347,422		4,347,422	4,842,335		4,842,335
Bonds at fair value		7,200,622	7,200,622		5,955,401	5,955,401
Shares, etc.		236,294	236,294		606,167	606,167
Other assets		110,538	110,538		294,537	294,537
Financial assets, year-end	5,302,557	7,854,094	13,156,651	5,776,456	9,353,312	15,129,768

	Liabilities at amortised cost	Trading portfolio	Total	Liabilities at amortised cost	Trading portfolio	Total
Financial liabilities:						
Payables to credit institutions and central banks	1,199,258		1,199,258	2,197,066		2,197,066
Deposits and other payables	11,076,443		11,076,443	10,936,444		10,936,444
Other liabilities		73,038	73,038		272,837	272,837
Total subordinated debt	175,000		175,000	700,949		700,949
Financial liabilities, year-end	12,450,701	73,038	12,523,739	13,834,459	272,837	14,107,296

NOTE 43 Offsetting

Derivative financial instruments are recognised in the balance sheet at fair value. Positive fair values are included in “Other assets”, while negative fair values are included in “Other liabilities”. Financial instruments in the balance sheet are comprised by framework agreements for netting or other agreements. Assets and liabilities are offset when Alm. Brand Bank and the counterparty have a legally enforceable right to offset the recognised amounts and subsequently realise the assets and settle the liability simultaneously. Alm. Brand Bank uses master netting agreements, which entitle the group to offset amounts when a counterparty is in default as the exposure to the counterparty in such a case would be reduced because of collateral security received. Collateral security reduces the exposure if a counterparty is in default, but it does not meet the criteria for offsetting in accordance with IFRS.

	Group
DKK '000	**2014**

NOTE 43 Offsetting - continued

Financial assets	Gross recognised assets	Liabilities offset in the balance sheet	Financial assets stated at net amounts in the balance sheet	Related amounts which have not been offset in the balance sheet: Financial instruments	Related amounts which have not been offset in the balance sheet: Financial collateral	Net amounts
Derivatives	27,137	-	27,137	7,268	19,869	-
Reverse agreements	-	-	-	-	-	-
Total	27,137	-	27,137	7,268	19,869	-

Financial liabilities	Gross recognised liabilities	Assets offset in the balance sheet	Financial liabilities are stated at net amounts in the balance sheet	Related amounts which have not been offset in the balance sheet: Financial instruments	Related amounts which have not been offset in the balance sheet: Financial collateral	Net amounts
Derivatives	38,026	-	38,026	7,268	30,758	-
Repo agreements	-	-	-	-	-	-
Total	38,026	-	38,026	7,268	30,758	-

	Group
DKK '000	**2013**

Financial assets	Gross recognised assets	Liabilities offset in the balance sheet	Financial assets stated at net amounts in the balance sheet	Related amounts which have not been offset in the balance sheet: Financial instruments	Related amounts which have not been offset in the balance sheet: Financial collateral	Net amounts
Derivatives	180,035	-	180,035	3,161	176,874	-
Reverse agreements	178,315	-	178,315	-	175,671	2,644
Total	358,350	-	358,350	3,161	352,545	2,644

Financial liabilities	Gross recognised liabilities	Assets offset in the balance sheet	Financial liabilities are stated at net amounts in the balance sheet	Related amounts which have not been offset in the balance sheet: Financial instruments	Related amounts which have not been offset in the balance sheet: Financial collateral	Net amounts
Derivatives	233,591	-	233,591	3,161	230,430	-
Repo agreements	772,164	-	772,164	-	759,396	12,768
Total	1,005,755	-	1,005,755	3,161	989,826	12,768

	Group
DKK '000	2014

NOTE 44 Return on financial assets and liabilities

	Assets at amortised cost	Liabilities at amortised cost	Trading portfolio	Management activities	Total
Interest receivable	258,982	-	191,471	-	450,453
Interest payable	-	216,063	-	-	216,063
Net interest income	258,982	-216,063	191,471	-	234,390
Dividend on shares, etc.	-	-	1,117	-	1,117
Fees and commissions received	47,298	-	41,720	85,206	174,224
Other fees and commissions paid	13,775	-	5,067	4,737	23,579
Net interest and fee income	292,505	-216,063	229,241	80,469	386,152
Value adjustments excluding credit losses on mortgage deeds	-	-348	-25,316	-	-25,664
Credit losses on mortgage deeds	-	-	-136,669	-	-136,669
Other operating income	143,865	-	-	-	143,865
Impairment of loans, advances and receivables, etc.	140,742	-	-	-	140,742
Total	295,628	-216,411	67,256	80,469	226,942

	Group
DKK '000	2013

	Assets at amortised cost	Liabilities at amortised cost	Trading portfolio	Management activities	Total
Interest receivable	268,981	-	270,351	-	539,332
Interest payable	-	312,991	-	-	312,991
Net interest income	268,981	-312,991	270,351	-	226,341
Dividend on shares, etc.	-	-	885	-	885
Fees and commissions received	49,946	-	37,284	108,107	195,337
Other fees and commissions paid	13,043	-	9,075	5,203	27,321
Net interest and fee income	305,884	-312,991	299,445	102,904	395,242
Value adjustments excluding credit losses on mortgage deeds	-	-51	-47,768	-	-47,819
Credit losses on mortgage deeds	-	-	-177,203	-	-177,203
Other operating income	78,070	-	-	-	78,070
Impairment of loans, advances and receivables, etc.	196,316	-	-	-	196,316
Total	187,638	-313,042	74,474	102,904	51,974

DKK '000	Group			
	2014		2013	
NOTE 45 Fair value of financial instruments				
	Fair value	Recognised value	Fair value	Recognised value
Financial assets at fair value:				
Loans, advances and other receivables at fair value	306,640	306,640	2,497,207	2,497,207
Bonds at fair value	7,200,622	7,200,622	5,955,401	5,955,401
Shares, etc.	236,294	236,294	606,167	606,167
Other assets	110,538	110,538	294,537	294,537
Loans and receivables:				
Cash in hand and demand deposits with central banks	198,496	198,496	323,267	323,267
Due from credit institutions and central banks	756,678	756,639	610,854	610,854
Loans, advances and other receivables at amortised cost	4,390,339	4,347,422	4,848,810	4,842,335
Financial assets, year-end	13,199,607	13,156,651	15,136,243	15,129,768
Financial liabilities measured at amortised cost:				
Payables to credit institutions and central banks	1,199,258	1,199,258	2,197,066	2,197,066
Deposits and other payables	11,152,931	11,076,443	11,118,913	10,936,444
Other liabilities	73,038	73,038	272,837	272,837
Total subordinated debt	191,865	175,000	742,515	700,949
Financial liabilities, year-end	12,617,092	12,523,739	14,331,331	14,107,296

Cash in hand and demand deposits with central banks has a relatively short duration, and recognised values at amortised cost are assumed to equal fair values.

Balances with credit institutions are measured at amortised cost. The difference relative to fair values is assumed to be the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the outstanding balances were established.

Loans, advances and other receivables at fair value, Bonds at fair value, Shares etc. and Derivative financial instruments are measured at fair value in the financial statements in order that recognised values equal fair values.

The difference between fair values and recognised values of Loans, advances and other receivables at amortised cost is assumed to equal the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the loans were raised. Changes in the credit quality are not taken into account as such changes are assumed to be included in impairment writedowns for both recognised values and fair values.

The fair value of Deposits and other payables is assumed to equal the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the deposits were established.

Subordinated debt is measured at amortised cost. The difference relative to fair values is assumed to be the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the issues were made. Changes in fair values due to changes in the bank's own credit-worthiness are not taken into account.

Fair value adjustment of financial assets and liabilities indicates a total unrecognised, unrealised loss of DKK 50 million at 31 December 2014 (2013: DKK 218 million), which can be attributed to higher interest rates on the underlying assets and liabilities relative to the level of interest rates at year-end. The adjustment can be attributed to loans and advances, deposits and other payables and subordinated debt.

The calculation of fair values is described in detail in note 49, Accounting policies, for items measured at fair value.

DKK '000

NOTE 46 Group overview

	Net income 2014	**Total assets 2014**	**Total liabilities 2014**	**Net income 2013**	**Total assets 2013**	**Total liabilities 2013**
Associates (not consolidated):						
Nordic Corporate Investments A/S	12,055	156,075	26,439	13,673	155,125	25,857
Cibor Invest A/S	1,538	167,002	113,589	1,066	162,732	110,049
Hirlap Finans ApS	-	-	-	-55	287	617

The individual associates are not regarded as material to the bank. Hirlap Finans ApS was liquidated in 2014.

	Share capital	**Share-holders' equity**	**Profit for the year**	**Ownership interest in %**		**Voting share in %**	
Consolidated subsidiaries:							
Alm. Brand Leasing A/S (Copenhagen)	3,000	73,502	8,861	100.0	100.0	100.0	100.0
Alm. Brand Formue A/S (Copenhagen)			21,304		42.9	69.2	69.2
Ejendomsselskabet af 16. marts 2010 ApS (Copenhagen)	80	-15,828	-898	100.0	100.0	100.0	100.0
K/S Juventusvej (Copenhagen)	-	11,438	7,659	100.0	100.0	100.0	100.0
Juventusvej Komplementar ApS (Copenhagen)	125	-26	-13	100.0	100.0	100.0	100.0

The bank has issued a letter of comfort to group companies with the exception of Alm. Brand Leasing and guarantees the continued operations of the companies. Alm. Brand Formue was liquidated in 2014.

Associates (not consolidated):							
Nordic Corporate Investment A/S (Copenhagen)	96,969	129,636	7,832	25.0	25.0	25.0	25.0
Cibor Invest A/S (Århus)	45,000	53,413	781	33.1	33.1	33.1	33.1
Hirlap Finans ApS (Copenhagen)					25.0	25.0	25.0

The associates are entitled without limitation to transfer funds to the company's investors by way of dividends etc.

Directorships

Name and municipality of registered office of group enterprises in which employees of the bank hold offices:

Company (registered office)	**Employees of Alm. Brand Bank, who are board members**
Alm. Brand Leasing A/S (Copenhagen)	Chief Executive Kim Bai Wadstrøm
	Director Jacques Skovgaard-Sørensen
	Director Michael Iversen
	Director Søren Olling
K/S Juventusvej (Copenhagen)	Head of Section Bjarne Rasmussen
	Head of Section Michael Lammers

Note 47 Risk management

Managing the group's risk exposure is a key management priority because uncontrolled developments in different risks may have a substantial impact on financial performance and capitalisation and, by extension, on the future business potential.

The purpose of the risk management function of Alm. Brand Bank and the Alm. Brand Group in general is to ensure ongoing, proactive risk management in day-to-day activities based on common sense. This imposes a duty on the risk management function to ensure that the necessary reporting is available in order for the business to make sound and informed decisions. The reporting and sparring process is aligned to the specific business areas in order to make risk management relevant for the business and, hence, for the customers. The decentralised entities in Alm. Brand's risk management system include the credit secretariat dealing with the bank's credit risks, a special committee dealing with IT-related risks and a group risk management function dealing with market risks and capital management. In other words, the structure of risk management is decentralised with respect to the key business risks, while the overall risk management is of course followed up at group level.

The board of directors of each individual group company defines and approves the overall policy for the company's acceptance of risks, and the board of directors determines the overall limits for such risks and the required reporting. On this basis, the management boards of the individual companies determine the operational risk management.

The statutory audit committee of Alm. Brand Bank provides risk and capital management support to the board of directors and other bodies. The audit committee comprises three members of the board of directors.

The group's central risk forum is the group risk committee, the objective of which is to ensure coordination and uniformity in the group companies with respect to accepting, calculating and reporting risk. In addition, a group investment committee ensures that the group's investments and market risks are within the limits defined by the board of directors and the policies of the individual companies.

The group compliance function assists management in ensuring that the companies' methods and procedures are adequate to ensure compliance with the legislation and rules in force from time to time as well as ethical standards. The internal audit department oversees the administrative and financial reporting procedures, control procedures and compliance with management's policies and guidelines.

In addition, a forum for operational risk collates information about operational events in Alm. Brand Bank. Participating in this forum are Risk Management, Compliance and Internal Audit. Moreover, the group has set up an approval committee for financial products. This committee is responsible for ensuring that business procedures, processing routines, etc. are in place before new products or activities are implemented, thereby helping to mitigate operational risk.

Credit risk

Credit risk is the risk of incurring a financial loss due to default on counterparties' payment obligations. Credit risk includes losses/impairment writedowns on loans, guarantees, derivatives, etc., concentration risk on customer types, exposure types, collateral types, etc., a general change in credit quality due to changes in legislation, economic conditions, market practices and conditions, etc.

The bank's future lending strategy is directed at private customers. As a result, Alm. Brand Bank mainly grants loans to private customers, investment credit facilities in Financial Markets and leasing in the subsidiary Alm. Brand Leasing. The bank still holds mortgage deeds and credit exposures with commercial and agricultural customers as counterparties, but this part of the business will be phased out in the years ahead. The mortgage deed portfolio was strongly reduced in connection with the sale of most of the mortgage deeds to Alm. Brand

Note 47 Risk management - continued

Forsikring A/S. The related option agreement means that the bank retains the credit risk attaching to the original portfolio.

Once a year, the bank's board of directors reviews and approves the credit policy and the associated guidelines describing the rules governing the bank's loan granting, provision of guarantees and other credit risks. The guidelines contain specific limits for the individual products offered by the bank and the customer segments buying the bank's credit products.

The bank's credit rating of private customers seeking loans is based on a review of the customers' overall financial situation, including disposable amount, assets and level of debt. Secondarily, the bank uses credit scoring models which have been developed over a number of years. The models are still being developed and improved on the basis of recent experience and changes in market conditions.

Alm. Brand Bank uses an authorisation control system for private customers. In combination with the bank's credit application and approval system, this system ensures that the approvals made by individual managers and employees are consistent with their lines. The system also supports regular collection of financial information on individual customers. This information is included in the overall decision-making basis for credit segmentation of the customer.

In the winding-up portfolio, loans are granted only for credit-defence purposes when this is deemed to minimise the bank's risk of loss.

As part of the control environment, an independent credit control function has been established, which has been charged with the task of making spot checks to identify any potential process shortcomings.

Market risk

The bank regularly takes positions in the financial markets for the account of customers as well as for its own account. The financial positions may involve different types of market risk. Active risk management is applied across the bank in order to balance out financial risks on assets and liabilities with the aim of achieving a satisfactory return that matches the bank's risk appetite and applied capital. The bank's risk management uses derivative financial instruments to adjust the market risk.

Interest rate risk

The asset allocation of Alm. Brand Bank did not change significantly in 2014, and mortgage bonds still represent the majority of the investment assets. Spread risk is mitigated by means of rating-defined limits for investments in bonds

The board of directors of Alm. Brand Bank has defined limits for interest rate risk within and outside the trading portfolio. The bank's interest rate risk in the trading portfolio is derived from the portfolio of bonds and other financial instruments and from trading on behalf of customers. Most of the bank's interest rate exposure is to Danish kroner. The bank seeks to minimise interest rate risk in currencies other than DKK and EUR. The bank's interest rate risk outside the trading portfolio is derived exclusively from the portfolio of mortgage deeds.

In the event of a 1 percentage point increase in interest rates on the total interest-bearing portfolio, the banking group's equity and results will be adversely affected by DKK 55 million.

Currency risk

The banking group's daily currency risk is calculated and managed on the basis of the greater of the sum of receivables and the sum of payables denominated in foreign currency translated into Danish kroner. This corresponds to exchange rate indicator 1. See note 34.

Note 47 Risk management - continued

The bank's loans are primarily denominated in Danish kroner and are therefore not subject to currency risk to any significant extent. The investment strategy stipulates that the bank may hold active positions in foreign currency within given limits. An active position means that it is possible to purchase foreign currency without having any obligation to do so and may sell foreign currencies which are not part of the portfolio. Derivative financial instruments are used to manage currency risk.

Equity risk

Equities in the trading portfolio, amounting to DKK 20 million, are held with a view to trading on behalf of customers or as part of the bank's investment portfolio. The bank's trading portfolio consists of positions in listed Nordic equities and unit trust certificates held with a view to supporting the bank's markets and asset management functions.

The bank's portfolio of equities outside the trading portfolio comprises equities taken over for credit-defence purposes. The portfolio also comprises sector equities intended to support the bank's operations. Participation in sector companies is deemed necessary, and the bank does not expect to sell these equities, which are therefore recognised outside the trading portfolio. Most of the sector equities are unlisted.

In the event of a 12% decline on the total portfolio of equities within and outside the trading portfolio, the banking group's equity and results will be adversely affected by DKK 30 million.

Property risk

The bank does not want to hold properties but has in recent years taken over single-family houses and rental property for credit-defence purposes. The exposure to properties is assessed to be limited relative to the bank's total assets, and the bank seeks to reduce the exposure on an ongoing basis. A 1 percentage point increase in the return requirement on rental property and a 15% reduction of the valuation of single-family houses would impact the banking group's equity and financial results adversely by DKK 24 million.

Counterparty risk

The bank's financial counterparty risks arise mainly through placement of cash funds with other banks and bilateral derivative agreements. Based on an individual assessment, exposure limits are defined for each counterparty.

The bank reduces its exposure by means of margin agreements and netting with the relevant counterparties. Margin agreements ensure that a counterparty provides collateral when the exposure exceeds a certain level. The way in which this collateral is managed is described in detail in a framework agreement or in the form of an ISDA Credit Support Annex to an ISDA Master Agreement. Netting is also described in the framework agreements or in the ISDA Master Agreements and means that gains and losses on derivative financial instruments may be offset if the counterparty breaches its obligations.

Liquidity

The banking group aims to ensure that liquidity is at all times sufficient to support its future operations and comply with the statutory requirements, including the guideposts of the Danish FSA's Supervisory Diamond. Compliance with the bank's liquidity target is ensured through the internally defined limits for the composition of funding, including funding sources and their repayment structure as well as requirements for the size of the bank's liquidity reserve. The bank determines its liquidity management on the basis of a prudent risk profile. The bank manages and monitors liquidity on a day-to-day basis based on short-term and long-term liquidity requirements.

Note 47 Risk management - continued

The short-term liquidity management is intended to ensure that Alm. Brand Bank complies with the statutory requirements at all times. This is achieved partly by neutralising imminent liquidity effects, thereby maintaining liquidity within the limits defined by the board of directors, and partly by securing financial resources in the form of certificates of deposit and undrawn money market lines with major market players. The bank has also established a set-up for repo transactions and the possibility of selling the cash portfolio.

The long-term liquidity management is intended to ensure that Alm. Brand Bank does not find itself in a situation where the cost of funding the bank's operations becomes disproportionately high. Deposits are the primary funding source. Consequently, the financial liabilities have a shorter average duration than the assets. See note 32. This liquidity profile should be seen in light of bank's ongoing reduction of lending in the winding-up segment. This reduces the longer receivables, whereby it is an advantage to be able to adjust funding relatively quickly.

A significant part of the bank's external funding will expire at the beginning of 2015 when a substantial share of the fixed-rate agreements expire. The bank sold most of the mortgage deed portfolio to Alm. Brand Forsikring A/S in late 2014. The mortgage deed sale lowers the bank's funding requirements and is used to reduce the external funding.

The new liquidity ratio (Liquidity Coverage Ratio) will be introduced with effect from 1 October 2015. This ratio shows the degree to which the bank is able to cover its cash outflows over the next 30 days without access to market funding. The rules will be fully implemented in 2018 by which time the bank must have a coverage of 100%. Alm. Brand Bank will continuously comply with the regulatory requirements for liquidity coverage.

Other risks

Alm. Brand Bank's operational risks, i.e. costs associated with operational errors, are assessed on an ongoing basis. The group has a number of control procedures in the form of work routines, business procedures and reconciliation processes, performed locally and centrally throughout the organisation. The extent of control measures is balanced against the expenses they involve. Security measures are assessed relative to potential threats and their assessed probability of occurrence as well as the potential business consequences, should such threats materialise.

Reputational risks are costs associated with having a poor public reputation. This affects the group's ability to maintain and develop its business volume. A reputation arises through media coverage of the group or incidents in relation to the group, for instance in news media and/or on social media. The group has drawn up media contingency plans to handle any incidents that could lead to unfavourable media coverage.

Strategic risks have an adverse effect on earnings or capital requirements. They arise due to inexpedient business decisions, insufficient implementation of business initiatives or slow response to the challenges facing the group.

Strategic risks cannot be avoided but they can be limited by maintaining high professional standards, openness and willingness to change in the organisation. Alm. Brand's strategy has been prepared by the group management on the basis of a structured process and in co-operation with each group subsidiary's board of directors, management board and managerial groups.

The group's risk profile and risk management are described in detail at almbrand.dk/risk.

NOTE 48 Significant accounting estimates, assumptions and uncertainties

The preparation of the financial statements involves the use of accounting estimates. Such estimates are made by the company's management in accordance with the accounting policies and on the basis of historical experience and assumptions, which management considers prudent and realistic but which are inherently uncertain and unpredictable.

The most significant estimates are related to the valuation of loans, advances and other receivables at amortised cost and the loss option to hedge the credit risk on the mortgage deeds sold to Alm. Brand Forsikring A/S in December 2014. In addition, significant estimates have been applied in the recognition and measurement of deferred tax assets.

This note should be read in conjunction with note 41, which contains information about the determination of fair value.

Loans, advances and other receivables at amortised cost

In respect of individual impairment of loans, significant estimates have been applied in quantifying the risk that not all future payments will be received, including estimates related to determining whether a customer should be marked for objective evidence of impairment. If it can be determined that not all future payments will be received, the determination of the amount of the expected payments, including realisation values of any collateral and expected dividend payments from estates, involves significant estimates.

Continuing adverse and unforeseen economic developments may affect the payment ability of individual customers. For instance, major interest rate changes, failure to let premises and changes in settlement prices for agricultural products may affect the customers' ability to pay and the value of the collateral security on which the calculation of the bank's collateral security is based. In particular, lending for activities within financing of real property and agriculture may be adversely affected.

Collective impairment charges are made on the basis of a model developed by the Association of Local Banks in Denmark. If the model does not sufficiently take into account all matters regarding the bank's loan portfolio, it will be supplemented by a management estimate, including for macroeconomic factors that may adversely affect agriculture.

In addition, changes are regularly made to the rules that form the basis of the calculation of impairment writedown and provisioning requirement in the bank. Changes that are subsequently introduced may trigger higher impairment writedowns and provisions, regardless of the fact that no events would seem to have occurred in relation to the customers' ability to pay or collateral that would warrant such higher impairment writedowns.

Valuation of loss option

In December 2014, the bank sold DKK 1.9 billion of its mortgage deed portfolio to Alm Brand Forsikring A/S. Concurrently with the sale, an option agreement was concluded to protect Alm. Brand Forsikring against future credit losses. This means that Alm. Brand Forsikring can deliver back mortgage deeds to the bank when certain default criteria have been met, including failure to service the mortgage deed, death of the debtor, forced sale, etc. The valuation of the loss option is based primarily on the risk of default and the loss incurred in the event of default. Any unsecured part is written down and will depend, among other things, on how long the mortgage deed has been delinquent. However, the unsecured part must be written down to zero after the mortgage deed has been delinquent for a period of 180 days. In the calculation of any unsecured part, the valuation of property values builds on a significant estimate, which is made on the basis of an individual external valuation for large properties and the official property valuation for other properties.

NOTE 48 Significant accounting estimates, assumptions and uncertainties - continued

Deferred tax assets

Deferred tax is recognised to the extent management deems that the asset can be utilised over the next couple of years, which includes an estimate of the group's expected future earnings. Deferred tax assets arising from unused tax losses are recognised to the extent that it is probable that such losses can be offset against taxable income in subsequent financial years.

NOTE 49 Accounting policies

General

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU. The parent company 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 financial statements are presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Additional Danish disclosure requirements for annual reports are for the group set out in the Danish Statutory Order on Adoption of IFRS for financial enterprises issued pursuant to the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S.

The annual financial statements are presented in Danish kroner (DKK), which is considered the primary currency of the group's activities and the functional currency of the parent company.

The subsidiary Alm. Brand Formue A/S entered into solvent liquidation in March 2014, and liquidation of the company was finalised in the third quarter of 2014. In compliance with IFRS 5, the income statement includes a separate line item called discontinued activities. This item 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. See note 9 to the financial statements for additional information. Comparative figures in the income statement have been restated to reflect the above.

The requirement concerning a sale within 12 months according to IFRS 5 is not met for the business area Winding-up. Consequently, a division on continuing and discontinued activities has not been used.

The accounting policies applied in the consolidated financial statements are described below and are otherwise unchanged from 2013.

In order to provide a better overview and reduce the number of note disclosures, the amount and qualitative information of which are insignificant, certain disclosures have been omitted.

The accounting policies of the parent company on recognition and measurement are in accordance with the accounting policies of the group. See also the separate section below on the accounting policies of the parent company.

Implementation of new and amended standards and interpretations

The Annual Report 2014 is presented in accordance with the new and amended standards (IFRS/IAS) and interpretations (IFRIC) which apply for financial years starting on or after 1 January 2014.

The implementation of new and amended standards and interpretations did not have any effect on the profit for the year, other comprehensive income, total assets or shareholders' equity and thus only resulted in changes to the presentation and an increase in the scope of note disclosures.

Standards and interpretations not yet in force

At the date of publication of these annual financial statements, a number of new or amended standards have not yet entered into force and/or been adopted for use in the EU and are therefore not included in these annual financial statements. Standards expected to have a material effect include IFRS 9, Financial Instruments (July 2014), which concerns the accounting treatment of financial assets and liabilities in relation to classification and measurement.

IFRS 9 changes the classification of financial assets to the effect that classification depends on the entity's business model for managing the asset and the cash flows generated by the asset.

NOTE 49 Accounting policies - continued

Following the implementation of IFRS 9, financial assets must be classified as belonging to one of the following four categories:

1. Amortised cost
2. Fair value through profit or loss (FVTPL)
3. Fair value through other comprehensive income (FVTOCI) (liabilities)
4. Fair value through other comprehensive income (FVTOCI) (equity instruments)

The majority of the provisions of IAS 39 on recognition and measurement of financial liabilities are unchanged in IFRS 9.

The derecognition provisions of IAS 39 are unchanged in IFRS 9.

IFRS 9 significantly changes provisions concerning hedge accounting relative to IAS 39. Among other things, the changes allow for a more accurate description of risk management activities in the financial statements as the changes will provide greater alignment between the financial effect of the hedging activities and the accounting presentation thereof.

The provisions of IFRS 9 concerning impairment of financial assets are based on an expected loss model as opposed to the current rules of IAS 39, which are based on the incurred loss model.

Under IFRS 9, impairment of financial assets must be calculated on a regular basis from initial recognition at an amount equal to:

- Lifetime expected losses weighted by the probability that the borrower defaults within the next 12 months; or
- Lifetime expected losses when the financial asset's credit risk has significantly increased since initial recognition of the asset

IFRS 9 also increases the disclosure requirements by means of consequential amendments to IFRS 7, for instance concerning hedge accounting, credit risk and calculation of provisions for bad debts. The standard comes into force for financial years starting on or after 1 January 2018. The standard has not yet been adopted for use in the EU.

The effect of the implementation of IFRS 9 has not been conclusively quantified in connection with the preparation of the annual report.

Basis of consolidation

The Alm. Brand Bank Group has decided to prepare and publish consolidated financial statements, notwithstanding that the banking group is included in the consolidated financial statements of a higher-ranking parent company.

The consolidated financial statements comprise the parent company, Alm. Brand Bank A/S, and group enterprises in which the parent company directly or indirectly exercises a controlling influence. Companies in which the group holds between 20% and 50% of the voting rights or otherwise exercises a significant but not a controlling influence are considered associates.

The consolidated financial statements have been prepared on the basis of the financial statements of Alm. Brand Bank and its subsidiaries by consolidating items of a similar nature and eliminating intra-group income and expenses, intra-group accounts and gains and losses on transactions between the consolidated companies. The financial statements used for consolidation have been prepared or restated in accordance with the group's accounting policies.

Parent company investments in consolidated subsidiaries are offset by the parent company's proportionate share of the equity value of the subsidiaries.

NOTE 49 Accounting policies - continued

The proportionate shares of the results and equity of subsidiaries attributable to minority interests are measured and recognised as an integral part of the income statement and the balance sheet. The share of the results attributable to minority interests is shown as the group's profit allocation.

Intra-group services are settled on market terms or on a cost recovery basis. Intra-group accounts carry interest on market terms. Intra-group transactions in securities and other assets are settled at market prices.

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

General recognition and measurement policies

Income is recognised in the income statement as earned. This includes the recognition of value adjustments of financial assets and liabilities. Costs incurred to generate the year's income are recognised in the income statement. Assets are recognised in the balance sheet when, due to a previous event, it is probable that future economic benefits will flow to the group and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when, due to a previous event, it is probable that future economic benefits will flow from the group and the value of the liability can be reliably measured.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the financial statements which confirm or invalidate affairs and conditions existing at the balance sheet date.

Otherwise, assets and liabilities are recognised and measured as described for each individual item below.

In connection with the acquisition or sale of financial assets and liabilities, the settlement date is used as the recognition date. Changes to the value of the asset acquired or sold during the period from the transaction date to the settlement date are recognised in the income statement. If the acquired item is measured at cost or amortised cost after initial recognition, any value changes during the period from the transaction date to the settlement date are not recognised.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount. This method allocates capital gains and losses over the term to maturity.

At initial recognition, financial assets are divided into the following categories:

- Trading portfolio measured at fair value
- Loans measured at amortised cost

At initial recognition, financial liabilities are divided into the following categories:

- Trading portfolio measured at fair value
- Other financial liabilities measured at amortised cost

Below is a description of the accounting policies applied to financial assets and liabilities as well as other items.

Foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing at the transaction date. Gains and losses on exchange differences arising between the transaction date and the settlement date are recognised in the income statement.

Monetary assets and liabilities in foreign currency are translated at the exchange rates at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates applying at the transaction date and at the balance sheet date are recognised in the income statement.

NOTE 49 Accounting policies - continued

Non-monetary assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates applying at the date of revaluation. Exchange rate adjustments are included in the fair value adjustment of the asset or liability. Other non-monetary items in foreign currency are translated at the exchange rates at the date of transaction.

Tax

Calculated current and deferred tax on the profit for the year and adjustments of tax charges for previous years are recognised in the income statement. Income tax for the year is recognised in the income statement on the basis of the tax regulations applying to the individual companies.

Current tax assets and liabilities are recognised in the balance sheet at the amount that can be calculated on the basis of the expected taxable income for the year. Current tax assets and liabilities are shown as net amounts to the extent that the amounts can legally be offset against each other and the items are expected to be settled net or simultaneously.

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax is measured on the basis of the tax regulations and tax rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax.

Deferred tax assets, including the tax base of tax losses carried forward, are measured at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax unit.

Income statement

Interest receivable comprises interest and interest-like income, while Interest payable comprises interest and interest-like expenses. Interest-like income and expenses comprise fees and commissions that are an integral part of the effective rate of interest. Interest income and expenses also include interest on financial instruments at fair value.

Interest income and expenses in respect of interest-bearing financial instruments measured at amortised cost are recognised in the income statement applying the effective interest method based on the cost of the financial instrument. Interest includes amortisation of fees which are part of the effective yield of the financial instrument, including origination fees, and amortisation of any additional difference between cost and redemption price.

Recognition of interest on loans and advances with impairment is made on the basis of the value after impairment.

Dividend on shares, etc. comprises dividends and similar income from equity investments and is recognised when the shareholders have approved the dividend distribution. For associates, however, dividend received is offset against the value adjustment made at equity value.

Fees and commission income comprises income relating to services at the expense of the customers, while Fees and commissions payable include expenses concerning management fees, etc.

Value adjustments comprises value adjustments of assets and liabilities measured at fair value. The item also includes exchange rate adjustments.

Other operating income includes leasing income from operating leases, proceeds from the sale of lease assets, income relating to assets held temporarily, proceeds from the sale of tangible assets, as well as income from the sale of information services.

NOTE 49 Accounting policies - continued

Staff costs and administrative expenses comprises remuneration for the Management Board and the Board of Directors and staff costs and other administrative expenses.

The group offers defined contribution plans with the majority of its employees, under which the group pays fixed contributions into the employees' pension plans with their pension companies. Expenses for pension contributions are recognised in the income statement in the period in which the contributions are earned. The group has no obligations to pay additional contributions. There are no defined benefit plans in the group.

Other operating expenses comprises guarantee commission to Finansiel Stabilitet A/S and costs relating to assets held temporarily. This item also includes value adjustment of acquired assets held temporarily.

Impairment of loans, advances and receivables, etc. comprises impairment of items that involve a credit risk and provisions for guarantees. See also under accounting policies for balance sheet items.

Profit/loss from investments in associates comprises the share of the net profit or loss of associates.

Balance sheet items

Cash in hand and balances at call with central banks and Balances due from credit institutions and central banks are measured at fair value on initial recognition and subsequently at amortised cost. Balances due from credit institutions and central banks includes all receivables from credit institutions and central banks, including receivables in connection with genuine purchase and resale transactions.

Loans, advances and other receivables at fair value comprises mortgage deeds measured at fair value on initial and subsequent recognition. The calculation of the fair value of mortgage deeds is based on a credit model and a market value model, respectively.

The market value model is used for the valuation of mortgage deeds not in default. The model builds on a number of assumptions relating to required rate of return, expected credit losses and repayments. The model revalues the mortgage deed at a value above the nominal amount of the residual debt if the mortgage deed coupon is higher than the discount rate less expected credit losses.

Mortgage deeds that meet certain default criteria, including delinquency, death of the debtor and forced sale, are valued on the basis of the credit model. Any unsecured part is written down when the default criterion materialises. However, in the event of delinquency, the impairment writedown will be made over a period of time, always provided that any unsecured part must be written down to zero after the mortgage deed has been delinquent for a period of 180 days.

Loans, advances and other receivables at amortised cost comprises all types of loans and advances, including receivables from finance leases, measured at amortised cost. Loans, advances and other receivables at amortised cost are measured on initial recognition at fair value plus transaction costs less fees and commissions received that are directly related to the acquisition or issue of the financial instrument. Subsequently, loans, advances and receivables are measured at amortised cost using the effective interest method.

An ongoing evaluation takes place to detect any objective evidence of impairment of loans, advances and other receivables determined at amortised cost. If there is any objective evidence of impairment, an individual impairment writedown will be made on the loan or receivable corresponding to the difference between the carrying amount before the impairment and the present value of expected future payments from the loan, advance or receivable if it is deemed that the debtor is able to make payments in addition to cash flows from the assets provided as collateral for the loan. A realisation principle is used if the debtor is not deemed to be able to make payments in addition to cash flows from the assets provided as collateral for the loan.

NOTE 49 Accounting policies - continued

Loans, advances and receivables that are not written down individually are subject to a collective assessment of whether there is any evidence of impairment for the group as a whole. A collective assessment involves groups of loans, advances and receivables with uniform credit risk characteristics.

The collective assessment is based on a segmentation model developed by the Association of Local Banks in Denmark, which is responsible for the ongoing maintenance and development of the model. The segmentation model determines the correlation in the individual groups between actual losses and a number of significant explanatory macroeconomic variables by way of a linear regression analysis. The explanatory macroeconomic variables include unemployment, house prices, interest rates, number of bankruptcies/forced sales, etc.

The macroeconomic segmentation model is generally calculated on the basis of loss data for the entire banking sector. The bank has therefore assessed whether the model estimates reflect the bank's portfolio of loans and advances.

This assessment has entailed an adjustment of the model estimates to the bank's own circumstances, and these adjusted estimates form the basis of the calculation of collective impairment charges. An estimate has been calculated for each individual group of loans, advances and receivables, which expresses the percentage impairment of the specific group of loans, advances and receivables at the balance sheet date. The individual loans and advances' impact on collective impairment charges is calculated by comparing the actual risk of loss of the individual loans and advances with the original risk of loss of such loans and advances and the risk of loss of the loans and advances at the beginning of the current reporting period. The impairment is calculated as the difference between the carrying amount and the discounted value of the expected future payments.

The model-based calculation of collective impairment charges is supplemented by a management estimate where management finds that there are factors which the model does not sufficiently take into account. The management estimate hence reflects the effect of expectations for the development in credit risk in selected segments.

Bonds at fair value comprises listed bonds for which the price is fixed in active markets. Bonds at fair value are measured at fair value on initial and subsequent recognition. The fair value of listed bonds is determined based on the closing price at the balance sheet date, or in the absence of a closing price, another public price deemed to be most similar thereto. However, the fair value of drawn listed bonds is calculated as the present value of the bonds.

Shares, etc. comprises listed equity investments and other unlisted equity investments. Shares, etc. are measured at fair value at initial and subsequent recognition. The fair value of listed equity investments is determined based on the closing price at the balance sheet date, or in the absence of a closing price, another public price deemed to be most similar thereto. The fair value of unlisted equity investments is determined as the transaction price that would result from a transaction between independent parties. If the fair value cannot be reliably measured, unlisted equity investments will be measured at cost less any impairment.

Investments in associates are measured according to the equity method, implying that the investments are measured at the proportionate ownership interest of the equity value of the associates at the balance sheet date.

Other property, plant and equipment comprises operating equipment, furniture and fittings and operating leases, which are measured at the lower of cost less accumulated depreciation and impairment charges and the recoverable amount. Depreciation is carried out on a straight-line basis with due consideration of the expected residual value over the expected useful life of the assets, which is expected to be up to five years.

NOTE 49 Accounting policies - continued

Assets held temporarily comprises properties and cars only temporarily in the company's possession and awaiting sale within 12 months and where a sale is very probable. The item is measured at the lower of the carrying amount and the fair value less expected costs to sell.

Investment property comprises single-family houses and rental property originally classified as assets held temporarily, but which are no longer expected to be sold within 12 months. Properties are recognised at fair value through profit or loss in value adjustments. Single-family houses are measured on the basis of valuations received from external appraisers, who will include knowledge of the local area and actual prices obtained for comparable properties in their valuation. Rental property is measured on the basis of a cash flow model that takes into account a return requirement which is dependent on location, financial strength of tenants, lease terms and use etc. Rental property is supplemented by valuations received from external appraisers if the property is deemed to be difficult to sell.

Other assets comprises the positive fair value of spot transactions and derivatives and income that does not fall due for payment until after the end of the financial year, including interest receivable and dividend receivable.

Forward transactions, futures, swaps, options and unsettled spot transactions are measured at fair value on initial and subsequent recognition. Positive and negative fair values of derivatives are recognised as Other assets or Other liabilities, respectively. Changes in the fair value of derivatives are recognised in the income statement.

The issued loss option for coverage of credit losses on mortgage deeds sold to Alm. Brand Forsikring A/S in December 2014 is valued using the credit model, which is also used for the valuation of the bank's other mortgage deeds in default. The received option premium is included in value adjustments and recognised on an ongoing basis.

Prepayments comprises expenses incurred prior to the balance sheet date but which relate to a subsequent accounting period, including prepaid salaries, commission and interest.

Payables to credit institutions and central banks comprises obligations in connection with genuine sale and repurchase transactions and receivable margins in connection with futures and option transactions. Payables to credit institutions and central banks are measured at fair value on initial recognition and subsequently at amortised cost.

Deposits and other payables comprise all deposits, including obligations in connection with genuine sale and repurchase transactions with counterparties which are not credit institutions or central banks and customers' receivable margins in connection with futures and option transactions if the customer is not a credit institution. Deposits and other payables are measured at fair value on initial recognition and subsequently at amortised cost.

Issued bonds at amortised cost are measured at fair value on initial recognition, equalling the payment received less directly attributable costs incurred. Subsequently, issued bonds are measured at amortised cost using the effective interest method.

Liabilities temporarily acquired comprises liabilities acquired in connection with assets held temporarily and measured at amortised cost.

Other liabilities comprises the negative fair value of spot transactions and derivatives and expenses that do not fall due for payment until after the end of the financial year, including interest payable.

Deferred income comprises income received prior to the balance sheet date but which relates to a subsequent accounting period, including interest and commission received in advance.

NOTE 49 Accounting policies - continued

Provisions includes liabilities which are uncertain with respect to size or time of settlement when it is likely that the obligation will require an outflow of the company's financial resources, and the obligation can be measured reliably.

Provisions for pensions and similar obligations comprise jubilee benefits, etc. to employees, notwithstanding that the future benefit is subject to the individual being employed by the company at the time of the benefit. The value of the future benefits is measured as the present value of the benefits expected to be paid based on a best estimate.

Provisions for losses on guarantees are measured at the best estimate of the costs necessary to meet the relevant obligation at the balance sheet date.

Subordinated debt comprises liabilities which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until any other creditor claims have been honoured.

Subordinated debt is initially measured at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost using the effective interest method.

Dividends are recognised as a liability in the financial statements at the time of adoption by the shareholders at the annual general meeting. Proposed dividends in respect of the financial year are stated as a separate line item in the statement of changes in equity.

Purchases and sales of treasury shares are recognised as a change in shareholders' equity under other reserves.

Repo/reverse transactions

Securities sold under agreements to repurchase at a later date (repo transactions) are recognised in the balance sheet. Amounts received are recognised as amounts owed to the counterparty and carry interest at the agreed rate. The securities are measured as if they were still recognised in the balance sheet, and market value adjustments and interest etc. are recognised in the income statement.

Securities purchased under agreements to resell at a later date (reverse transactions) are not recognised in the balance sheet. Amounts paid are recognised as a receivable and carry interest at the agreed rate. There may be negative portfolios which are recognised in other liabilities if the securities are resold.

Cash flow statement

The cash flow statement shows the group's cash flows for the year divided into cash flows from operating activities, working capital, investing activities and financing activities. The cash flow statement is presented using the indirect method and based on the profit for the year before tax.

Cash flows from operating activities include the items of the income statement adjusted for operating items of a non-cash nature. Realised gains and losses on the sale of tangible assets are included in cash flows from investing activities.

Cash flows from working capital include assets and liabilities related to operating activities, including loans, deposits etc.

Cash flows from investing activities includes acquisitions and divestments of subsidiaries as well as net investments in assets not related to operating activities, including realised gains and losses on the sale of such assets.

Cash flows from financing activities includes financing from shareholders as well as financing sourced through short-term and long-term loans, including issued bonds.

Cash and cash equivalents comprises cash at bank and in hand and balances due from credit institutions and central banks with a remaining term of up to three months.

NOTE 49 Accounting policies - continued

Parent company

The accounting policies of the parent company on recognition and measurement are in accordance with the accounting policies of the group. In addition, investments in subsidiaries are recognised according to the equity method. This implies that the investments are measured at the proportionate share of the subsidiaries' net asset value at the balance sheet date.

Financial highlights

The individual lines in the overview of financial highlights on page 8 are described below. The business areas are described on pages 46-47. Criteria for recognition and measurement are in accordance with the group's accounting policies.

Net interest and fee income, Private: This item comprises interest and fees related to the bank's private customers which form part of the bank's forward-looking activities.

Trading income (excl. value adjustments): This item comprises the bank's earnings from market activities and the bank's own portfolio placed in the treasury department. The item also comprises allocation of funding costs to the bank's business areas, including winding-up activities.

Other income: This item primarily comprises earnings from the subsidiary Alm. Brand Leasing A/S.

Costs: This item comprises staff costs and administrative expenses and other operating expenses in the business areas Financial Markets, Private, Leasing and Other, which are the bank's forward-looking activities.

Depreciation and amortisation: This item comprises depreciation and amortisation of non-current assets and assets held under leases.

Value adjustments: This item comprises value adjustments from primary and derivative financial instruments which are placed in the bank's market function and the Treasury department.

Profit/loss from investments: This item comprises investments in associates and group enterprises which are not subsidiaries. Non-recurring income of DKK 17 million from the liquidation of Alm. Brand Formue is included in 2014.

Impairment writedowns: This item comprises impairment writedowns related to the loans and advances provided to bank's private customers which form part of the bank's forward-looking activities.

Winding-up activities: This item shows the results from winding-up activities. The profit/loss before writedowns, which comprises interest, fees, staff costs and administrative expenses and value adjustments. Writedowns are related to exposures to small and medium-sized commercial customers, agricultural customers, property development projects and credit-related value adjustments of mortgage deeds, including the option premium received from the loss option issued to Alm. Brand Forsikring A/S.

Financial ratios

Interest margin (%)	=	$\frac{\text{Interest receivable}}{\text{Average interest-bearing assets}} - \frac{\text{Interest payable}}{\text{Average interest-bearing liabilities}}$
Total capital ratio	=	$\frac{\text{Total capital}}{\text{Total risk exposure amount}}$
Tier 1 capital ratio	=	$\frac{\text{Tier 1 capital including additional tier 1 capital less deduction}}{\text{Total risk exposure amount}}$
Equity ratio	=	$\frac{\text{Tier 1 capital after deductions}}{\text{Total risk exposure amount}}$
Average shareholders' equity	=	$\frac{\text{Shareholders' equity at beginning of year + shareholders' equity at year-end}}{2}$
Return on equity before tax (%)	=	$\frac{\text{Profit after tax - minority interests before tax}}{\text{Average shareholders' equity}}$
Return on equity after tax (%)	=	$\frac{\text{Profit after tax - minority interests after tax}}{\text{Average shareholders' equity}}$
Income/cost ratio	=	$\frac{\text{Income}}{\text{Costs}}$
Interest rate risk (%)	=	$\frac{\text{Interest rate risk}}{\text{Tier 1 capital including additional tier 1 capital less deduction}}$
Exchange rate indicator 1	=	Exchange rate indicator 1 is the largest of currency positions in which the bank has a net receivable and currency positions where the bank has a net payable.
Exchange rate indicator 2	=	Exchange rate indicator 2 provides an overview of the exchange rate risk and indicates that if the bank does not change currency positions within 10 days, there is a 1% probability that the bank will suffer a loss that is higher than the indicator value.
Foreign exchange position (%)	=	$\frac{\text{Exchange rate indicator 1}}{\text{Tier 1 capital including additional tier 1 capital less deduction}}$
Foreign exchange risk (%)	=	$\frac{\text{Exchange rate indicator 2}}{\text{Tier 1 capital including additional tier 1 capital less deduction}}$
Loans and advances	=	Loans, advances and other receivables at fair value + Loans, advances and other receivables at amortised cost
Loans and advances as a percentage of deposits (%)	=	$\frac{\text{Loans and advances + Impairment losses}}{\text{Deposits and other payables}}$

Gearing of loans and advances	=	$\frac{\text{Loans and advances}}{\text{Shareholders' equity}}$
Annual growth in lending (%)	=	$\frac{\text{Loans, etc. at year-end - Loans, etc. at beginning of year}}{\text{Loans and advances at beginning of year}}$
Excess cover relative to statutory liquidity requirement (%)	=	$\frac{\text{Excess liquidity after compliance with s. 152(2)}}{\text{At least 10\% or 15\% – the statutory requirement}}$
Total amount of large exposures (%)	=	$\frac{\text{Total amount of large exposures}}{\text{Total capital}}$
Share of receivables at reduced interest rate (%)	=	$\frac{\text{Receivables at reduced interest rate}}{\text{Loans and advances, etc. + Guarantees + Impairment losses}}$
Impairment ratio for the year	=	$\frac{\text{Impairment losses for the year}}{\text{Loans and advances, etc. + Guarantees + Impairment losses}}$
Funding ratio	=	$\frac{\text{Loans and advances}}{\text{Working capital less bonds with a remaining maturity of less than 1 year}}$
Return on capital employed (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Total assets}}$

The calculation of average equity takes into account capital increases where capital increases are included at a proportionate share relative to the date of the change. Shares held by minority interests are not included in the calculation of average equity.

Directorships and special qualifications

Board of Directors

Directorships

Farm owner
Jørgen Hesselbjerg Mikkelsen
Chairman
Born 1954
Member of the Board of Directors since 2004

Chairman of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Member of the Boards of Directors of:
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
Danish Agro A.m.b.a
Danish Agro Byggecenter A/S
Danish Agro Shoppen A/S
Danish Agro Finance A/S
Tømrermester Søren Gliese-Mikkelsen A/S

Member of the Boards of Directors of:
DPL Invest A/S (Investeringsselskabet for
Dansk Primær Landbrug)
Hesselbjerg Agro A/S
Vilomix International Holding A/S
DAVA International Holding A/S
Dan Agro Holding A/S
Landbrug & Fødevarer f.m.b.a.

Managing director of:
J.H.M. Holding 2010 ApS

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit
commitee)
Insight into financial matters
Insight into economic matters

Directorships

Managing Director
Boris Nørgaard Kjeldsen
Deputy chairman
Born 1959
Member of the Board of Directors since 2009

Deputy chairman of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Member of the Boards of Directors of:
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
Breinholt Consulting A/S
Breinholt Invest A/S
DATEA A/S
Kemp & Lauritzen A/S

Member of the Boards of Directors of:
Benny Johansen & Sønner A/S
DAVISTA Komplementarselskab A/S
DAVISTA K/S
Ejendomsforeningen Danmark (Deputy chairman)

Managing Director of:
DADES A/S
DAVISTA Komplementarselskab A/S
DAVISTA K/S

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit
commitee)
Insight into financial matters
Insight into economic matters
Insight into legal matters

Directorships

Chief Executive Officer

Søren Boe Mortensen
Born 1955
Member of the Management Board since 1998

Chief Executive Officer of:
Alm. Brand A/S
Alm. Brand af 1792 fmba

Chairman of the Boards of Directors of:
Alm. Brand Forsikring A/S
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Member of the Boards of Directors of:
Alm. Brand Bank A/S

Chairman appointed by the Management Board of:
Pensionskassen under Alm. Brand A/S

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
Forsikringsakademiet A/S

Member of the Boards of Directors of:
Forsikring & Pension

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
Insight into financial matters
Insight into economic matters
Insight into legal matters

Directorships

Manager

Jan Skytte Pedersen
Born 1956
Member of the Board of Directors since 2012

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond
Alm. Brand Forsikring A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
EnergiMidt Handel A/S

Member of the Boards of Directors of:
Herm. Rasmussen A/S Holding
Herm. Rasmussen A/S
Herm. Rasmussen A/S Malerforretning
Herm. Rasmussen A/S Erhvervsejendomme
K/S Papirfabrikken
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab
Ringvejens Autolakereri A/S
Silkeborg IF Invest A/S
Den Selvejende Institution Silkeborg Fodbold College
Michael Sørensens Stiftelse
EnergiMidt Infrastruktur A/S
EnergiMidt Handel A/S (Deputy chairman)
Energimidt Fiberbredbånd A/S (Deputy chairman)
Energimidt Holding A.M.B.A. (Deputy chairman)

Managing Director of:
Herm. Rasmussen A/S Holding
Herm. Rasmussen A/S
Herm. Rasmussen A/S Malerforretning
Herm. Rasmussen A/S Erhvervsejendomme
Ringvejens Autolakereri A/S
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

Directorships

State-authorised public accountant

Arne Nielsen
Born 1944
Member of the Board of Directors since 2009

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Managing Director:
Cartofico Lejlighed 4 P/S

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into economic matters
Insight into legal matters

Directorships

Cand.polit.

Ebbe Castella
Born 1950
Member of the Board of Directors since 2013

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

Directorships

Head of department

Christian Bundgaard
Born 1976
Member of the Board of Directors since 2010

Member of the Boards of Directors of:
Alm. Brand Bank A/S

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

Directorships

General manager

Torben Jensen
Born 1966
Member of the Board of Directors since 2013

Member of the Boards of Directors of:
Alm. Brand Bank A/S

Special qualifications

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

Directorships

Financial adviser

Pia Støjfer
Born 1961
Member of the Board of Directors since 2013

Member of the Boards of Directors of:
Alm. Brand Bank A/S

Special qualifications

Experience from the Alm. Brand Group's customer segments
Insight into financial matters

Management Board

Kim Bai Wadstrøm,
Chief Executive of Alm. Brand Bank

DIRECTORSHIPS

Chief Executive
Kim Bai Wadstrøm
Born 1964
Joined Alm. Brand in 2011
Chief Executive of Alm. Brand Bank A/S since 2011

Chief Executive:
Alm. Brand Bank A/S

Chairman of the Boards of Directors of:
Alm. Brand Leasing A/S

Disclaimer

The forecast is based on the interest rate and price levels that prevailed at year-end 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 containedin this report should independently consider any uncertainties of significance to their decision. A more detailed review of the bank's risks is provided in Note 47, Risk management.

This annual 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.


Alm Brand
Alm Brand
BANK

Since 1792