

*Interim report - the first quarter*

**Alm Brand BANK**

**2015**

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# CONTENTS

## COMPANY INFORMATION

- 2 Company information
- 2 Group structure

## MANAGEMENT'S REVIEW

- 3 Financial highlights and key ratios
- 4 Report

## SIGNATURES

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

## FINANCIAL STATEMENTS

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

## COMPANY INFORMATION

### MANAGEMENT BOARD

**Kim Bai Wadstrøm**, Chief Executive

### INTERNAL AUDITOR

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

### BOARD OF DIRECTORS

**Jørgen H. Mikkelsen**, Chairman

**Boris N. Kjeldsen**, Deputy Chairman

**Anette Eberhard**

**Jan Skytte Pedersen**

**Ebbe Castella**

**Søren Boe Mortensen**

**Christian Bundgaard**, elected by the employees

**Torben Jensen**, elected by the employees

**Pia Støjfer**, elected by the employees

### REGISTRATION

Alm. Brand Bank A/S

Company registration (CVR) no. 81 75 35 12

### ADDRESS

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### AUDITORS

Deloitte

Statsautoriseret Revisionspartnerselskab

## 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 Investingsforeningen 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.

# FINANCIAL HIGHLIGHTS AND KEY RATIOS

		CONSOLIDATED FIGURES					Year
DKK m		Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
INCOME STATEMENT	<b>FORWARD-LOOKING ACTIVITIES:</b>						
	Net interest and fee income, Private	57	46	45	48	43	182
	Trading income (excl. value adjustments)	40	52	47	59	54	212
	Other income	41	42	35	31	29	137
	<b>Total income</b>	<b>138</b>	<b>140</b>	<b>127</b>	<b>138</b>	<b>126</b>	<b>531</b>
	Expenses	-92	-86	-86	-86	-86	-344
	Depreciation and amortisation	-28	-30	-24	-20	-17	-91
	<b>Core earnings</b>	<b>18</b>	<b>24</b>	<b>17</b>	<b>32</b>	<b>23</b>	<b>96</b>
	Value adjustments	-6	-38	-1	-2	10	-31
	Profit/loss from investments	0	0	17	0	0	17
	Alm. Brand Formue (the bank's ownership)	0	0	1	-1	-4	-4
	<b>Profit/loss before impairment</b>	<b>12</b>	<b>-14</b>	<b>34</b>	<b>29</b>	<b>29</b>	<b>78</b>
	Impairment writedowns	-6	0	-3	-7	-7	-17
	<b>Profit/loss before tax, forward-looking activities</b>	<b>6</b>	<b>-14</b>	<b>31</b>	<b>22</b>	<b>22</b>	<b>61</b>
	<i>Off which discontinued activities (see note)</i>	-	-	18	-1	0	17
	<b>WINDING-UP ACTIVITIES:</b>						
	Profit/loss before impairment writedowns	-11	-18	-21	-15	-22	-76
	Impairment writedowns	-63	-81	-56	-60	-63	-260
	<b>Profit/loss before tax, winding-up activities</b>	<b>-74</b>	<b>-99</b>	<b>-77</b>	<b>-75</b>	<b>-85</b>	<b>-336</b>
	<b>Total profit/loss before tax and minority interests</b>	<b>-68</b>	<b>-113</b>	<b>-46</b>	<b>-53</b>	<b>-63</b>	<b>-275</b>
	Tax	16	71	15	13	17	116
<b>Profit/loss for the year before minority interests</b>	<b>-52</b>	<b>-42</b>	<b>-31</b>	<b>-40</b>	<b>-46</b>	<b>-159</b>	
Minority interests	0	0	0	0	11	11	
<b>Consolidated profit/loss for the year</b>	<b>-52</b>	<b>-42</b>	<b>-31</b>	<b>-40</b>	<b>-35</b>	<b>-148</b>	
BALANCE SHEET	Loans and advances, forward-looking activities	2,588	2,585	2,563	2,482	2,554	2,585
	Loans and advances, winding-up activities	1,888	2,069	4,196	4,368	4,529	2,069
	Deposits	9,274	11,076	10,594	10,387	10,341	11,076
	Shareholders' equity	1,692	1,744	1,786	2,021	2,061	1,744
	Share attributable to minority interests	-	-	-	204	205	-
	<b>Total assets</b>	<b>12,289</b>	<b>14,411</b>	<b>14,355</b>	<b>14,462</b>	<b>15,303</b>	<b>14,411</b>
KEY RATIOS	Average no. of employees (full-time equivalents)	256	258	255	252	251	258
	Interest margin (%)	1.8	1.7	1.7	1.6	1.6	1.7
	Income/cost ratio	0.64	0.56	0.61	0.66	0.62	0.56
	Impairment ratio	0.8	2.1	0.3	0.3	0.5	2.1
	Total capital ratio	18.3	17.8	18.6	21.5	21.6	17.8

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. 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".

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.

# REPORT

## Performance

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The bank incurred a loss before tax of DKK 68 million in Q1 2015, against a loss of DKK 113 million in Q4 2014. The performance was not satisfactory.

The loss was composed of a profit of DKK 6 million on forward-looking activities and a loss of DKK 74 million on winding-up activities.

The bank's total impairment writedowns amounted to DKK 69 million, of which DKK 63 million was attributable to winding-up activities.

The interest margin for the banking group was 1.8% in Q1 2015, compared with 1.6% in Q1 2014.

## Forward-looking activities

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The bank's forward-looking activities produced a pre-tax profit of DKK 6 million in Q1 2015, against a loss of DKK 14 million in Q4 2014.

The profit was less than expected and affected by the historically low level of interest rates. The profit was also adversely affected by the fact that the bank had significant excess liquidity in the first quarter of 2015. The liquidity is placed in short-term money market products at very low or negative interest rates, as the liquidity will be used to repay fixed-term deposits expiring in 2015.

Core earnings amounted to DKK 18 million in Q1 2015, against DKK 24 million in Q4 2014. The lower result in trading income was due to the liquidity being placed in short-term money market products.

The bank's forward-looking activities generally experienced an increase in the level of activity in the first quarter of the year. The number of full-service customers grew by 4% in Q1, and lending to the bank's private customers increased. As expected, Financial Markets and Leasing also saw an increase in the number of customers.

## Income

The bank's income from forward-looking activities amounted to DKK 138 million in Q1 2015, against DKK 126 million in Q1 2014.

Net interest and fee income from the bank's private customers was DKK 57 million in Q1 2015, which was DKK 11 million higher than in Q4 2014. The increase was primarily related to greater activity among private customers, including remortgaging activities, and a lower interest rate paid to customers on floating-rate deposits.

Trading income excluding value adjustments was DKK 40 million in Q1 2015, against DKK 52 million in Q4 2014.

Other income, which primarily covers leasing activities, amounted to DKK 41 million, which was on a par with Q4 2014.

## Costs

Costs were in line with expectations and amounted to DKK 92 million in Q1 2015, against DKK 86 million in Q4 2014.

## Value adjustments

Value adjustments produced a capital loss of DKK 6 million in Q1 2015, against a capital loss of DKK 38 million in Q4 2014.

Interest-related value adjustments produced a loss of DKK 5 million in Q1 2015, against a loss of DKK 42 million in Q4 2014. The bank's bond portfolio generated a return of 1.9% p.a. in Q1 2015, which was satisfactory in light of the general market performance.

Equity-related value adjustments produced a capital gain of DKK 3 million in Q1 2015, which was unchanged from Q4 2014.

Currency-related value adjustments amounted to a loss of DKK 4 million in Q1 2015, against DKK 0 million in Q4 2014. The loss related primarily to market volatility surrounding the Swiss franc.

# REPORT

## Impairment writedowns

Impairment writedowns on the bank's forward-looking activities amounted to an expense of DKK 6 million in Q1 2015, which was unchanged from Q4 2014. The level of impairment writedowns was in line with expectations.

## Business activities

### Private

The bank incurred a pre-tax loss of DKK 2 million in Q1 2015, compared with a loss of DKK 6 million in Q4 2014. The improvement was mainly driven by higher income, supported by remortgaging activities, sales of investment products and increased lending.

PRIVATE DKKm	Q1 2015	Q1 2014
Income	57	46
Expenses	-53	-52
<b>Profit/loss before impairment writedowns</b>	<b>4</b>	<b>-6</b>
Impairment writedowns	-6	0
<b>Profit/loss before tax</b>	<b>-2</b>	<b>-6</b>

The positive trend from 2014 also continued in the portfolio of Totalkredit loans for which the bank acted as intermediary. The portfolio grew by more than DKK 380 million in Q1 2015 to DKK 5.6 billion.

The bank's loans and advances to private customers increased once again in the first quarter. Lending to private customers increased by DKK 30 million. In the first quarter, the bank experienced an inflow of new customers and an increase in the number of full-service customers.

Impairment writedowns amounted to DKK 6 million in Q1, equivalent to 0.2% of the average portfolio, which was in line with expectations.

### Financial Markets

Financial Markets generated pre-tax profit of DKK 18 million in Q1 2015, against DKK 4 million in Q4 2014.

FINANCIAL MARKETS DKKm	Q1 2015	Q1 2014
Income	40	38
Expenses	-26	-23
<b>Core earnings</b>	<b>14</b>	<b>15</b>
Value adjustments	4	-11
<b>Profit/loss before impairment</b>	<b>18</b>	<b>4</b>
Impairment writedowns	0	0
<b>Profit/loss before tax</b>	<b>18</b>	<b>4</b>

The increase was due to an increased customer inflow and a better return in Markets.

A new VIP online banking concept has been introduced for customers with deposits in excess of DKK 200,000. Customers can subscribe to receive research reports and notes on financial statements on a regular basis. Customers can also receive recommendations and guidance from an adviser in Markets and participate in various investment events.

In addition, Financial Markets has once again won new mandates, and assets under management grew by more than DKK 300 million.

### Leasing

The pre-tax profit was DKK 3 million in Q1 2015, which was an improvement of DKK 1 million relative to Q4 2014.

LEASING DKKm	Q1 2015	Q1 2014
Income	40	41
Expenses	-9	-9
Depreciation and amortisation	-28	-30
<b>Profit/loss before tax</b>	<b>3</b>	<b>2</b>

The number of leased cars continues to grow, and the portfolio increased by DKK 50 million in Q1 2015. The decline in income, depreciation and amortisation was related to non-recurring items in Q4 2014.

### Other

Other activities, consisting primarily of Treasury, reported a pre-tax loss of DKK 13 million in Q1 2015, compared with a loss of DKK 15 million in Q4 2014.

OTHER DKKm	Q1 2015	Q1 2014
Income	1	15
Expenses	-4	-2
<b>Core earnings</b>	<b>-3</b>	<b>13</b>
Value adjustments	-10	-28
Profit/loss from investments	0	0
Alm. Brand Formue (the bank's ownership interest)	0	0
<b>Profit/loss before tax</b>	<b>-13</b>	<b>-15</b>

The Q1 results were adversely affected by the combination of the low level of interest rates and significant excess liquidity. A substantial share of the bank's fixed-term deposits expire in 2015, and the excess liquidity is expected to be reduced accordingly.

# REPORT

## Winding-up activities

The bank's winding-up activities are composed of agricultural, commercial and mortgage deed exposures. The performance was a loss of DKK 74 million in Q1 2015, against a loss of DKK 99 million in Q4 2014. Impairment writedowns amounted to DKK 63 million in Q1 2015, compared with DKK 81 million in Q4 2014.

Before impairment writedowns, the winding-up activities reported a loss of DKK 11 million in Q1 2015, which was an improvement of DKK 7 million relative to Q4 2014. Among other things, the improvement was due to income from an option agreement relating to mortgage deeds, which, however, was offset by impairment writedowns of DKK 12 million in the first quarter.

The total credit exposure of the winding-up portfolio declined by DKK 211 million to DKK 3,732 million in Q1 2015. Adjusted for losses and writedowns, loans and advances were reduced by DKK 129 million, which was more than the expected level.

### Agriculture

The agricultural portfolio amounted to DKK 601 million at 31 March 2015. Excluding impairment writedowns, the portfolio was reduced by DKK 10 million. This reduction was mainly related to farms which were closed down earlier and have now been finalised.

The agricultural sector remains under pressure from the low level of pork prices, among other things caused by the Russian trade embargo. Milk settlement prices also remain low.

Impairment writedowns amounted to DKK 57 million in Q1 2015, which was in line with expectations. The level reflects the continuing difficult conditions in the agricultural sector.

### Commercial

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

Impairment writedowns of DKK 12 million were reversed in the first quarter. The reversal was related to loans and advances repaid and to a number of customers' improved operations.

The total portfolio amounted to DKK 1,002 million at 31 March 2015. Excluding impairment writedowns, the portfolio was reduced by DKK 104 million in Q1 2015. The reduction was primarily related to a few large exposures.

### Mortgage deeds

The segment comprises the bank's own portfolio of private and commercial mortgage deeds and a mortgage deed exposure through an option agreement with Alm. Brand Forsikring. The own portfolio consists primarily of delinquent mortgage deeds.

The own portfolio amounted to DKK 286 million and was reduced in Q1 2015 by DKK 15 million adjusted for losses and writedowns. Impairment writedowns on the own portfolio amounted to DKK 6 million in Q1 2015. The credit exposure amounted to DKK 1,843 million at 31 March 2015. Credit-related capital losses on the option agreement amounted to DKK 12 million in the first quarter.

DKKm	Credit exposure			Total losses and writedowns		Loss ratio %
	Year 2014	Q1 2015	Share of portfolio (%)	Year 2014	Q1 2015	
Agriculture	668	601	32%	115	57	9%
Commercial	1,094	1,002	53%	8	-12	-1%
Mortgage deeds	307	286	15%	136	6	2%
<b>Loans</b>	<b>2,069</b>	<b>1,889</b>	<b>100%</b>	<b>259</b>	<b>51</b>	<b>3%</b>
Option agreement on mortgage deeds <sup>b)</sup>	1,874	1,843		1	12	1%
<b>Winding-up activities</b>	<b>3,943</b>	<b>3,732</b>		<b>260</b>	<b>63</b>	<b>2%</b>

a) Losses and writedowns as a percentage of the average portfolio in Q1 2015. The percentage is not comparable with the impairment in the bank's financial highlights and key ratios.

b) Writedowns includes credit related value adjustments of the mortgage deeds.



# REPORT

## Balance sheet

### Loans and advances

The bank's loans and advances totalled DKK 4.5 billion at 31 March 2015, against DKK 4.7 billion at 31 December 2014, corresponding to a decline of DKK 0.2 billion.

Excluding intra-group lending, loans and advances in Q1 2015 increased by DKK 15 million for the forward-looking activities, while loans and advances in the winding-up portfolio declined by DKK 211 million.

### Deposits

The bank had deposits of DKK 9.3 billion at 31 March 2015, against DKK 11.1 billion at 31 December 2014. The decline was due to the expiry of a substantial part of the bank's fixed-rate deposits in Q1 2015.

At 31 March 2015, floating-rate deposits represented 64% of total deposits, against 43% at 31 December 2014. The bank's strategy is to reduce fixed-rate deposits further in 2015.

### Liquidity

At 31 March 2015, the bank had cash funds of DKK 5.2 billion and excess liquidity of DKK 4.0 billion, equivalent to an excess cover of 307% relative to the statutory requirement. The excess cover was reduced by approximately DKK 0.9 billion in Q1 2015 and will be reduced further in 2015.

### Capitalisation

The bank's equity stood at DKK 1.7 billion at 31 March 2015. The total capital amounted to DKK 1.6 billion, and the total risk exposure was DKK 8.2 billion at 31 March 2015.

Accordingly, the total capital ratio was 19.9, and the tier 1 capital ratio was 19.4. The bank's individual solvency need was calculated at 13.9%, which means that the total capital ratio exceeded the individual solvency need by 6.0 percentage points.

The total capital of the banking group amounted to DKK 1.5 billion, and the total risk exposure was DKK 8.3 billion at 31 March 2015.

Accordingly, the banking group had a total capital ratio of 18.3, and a tier 1 capital ratio of 18.3. The banking group's individual solvency need was calculated at 13.6%, which means that the total capital ratio exceeded the individual solvency need by 4.7 percentage points.

### Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 3,080 million at 31 March 2015, against DKK 3,239 million at 31 December 2014. The capital reservation equalled 36% of the credit exposure, which was on a par with the level at 31 December 2014.

The capital reservation for the forward-looking portfolio represented 21% of gross loans and advances, and the capital reservation for the winding-up portfolio represented 44% of the credit exposure.

At 31 March 2015, accumulated writedowns amounted to DKK 1,430 million, against DKK 1,458 million at 31 December 2014. Accumulated writedowns broke down as follows at 31 March 2015: DKK 278 million on the forward-looking portfolio and DKK 1,148 million on the winding-up portfolio. To this should be added credit-related value adjustments of mortgage deeds of DKK 728 million.

CAPITAL RESERVATION FOR CREDIT RISK		31.03.2015			31.12.2014			
DKK m	Balance	Credit exposure <sup>a)</sup>	Accumulated writedowns <sup>b)</sup>	Required capital	Total reservation	Reservation / credit exposure	Total reservation	Reservation / credit exposure
Forward-looking portfolio	2,555	2,832	277	330	607	21%	583	21%
Winding-up portfolio	5,613	1,889	1,881	584	2,465	44%	2,648	45%
<b>Total - excl. reverse transactions</b>	<b>8,445</b>	<b>4,444</b>	<b>2,158</b>	<b>914</b>	<b>3,072</b>	<b>36%</b>	<b>3,231</b>	<b>37%</b>
Reverse transactions including intercompany transactions	33	33	-	10	10	32%	8	18%
<b>Total group</b>	<b>8,478</b>	<b>4,477</b>	<b>2,158</b>	<b>924</b>	<b>3,082</b>	<b>36%</b>	<b>3,239</b>	<b>37%</b>

a) Loans, remaining debts of mortgage deeds and credit exposure through the option contract with Alm. Brand Forsikring/Insurance.

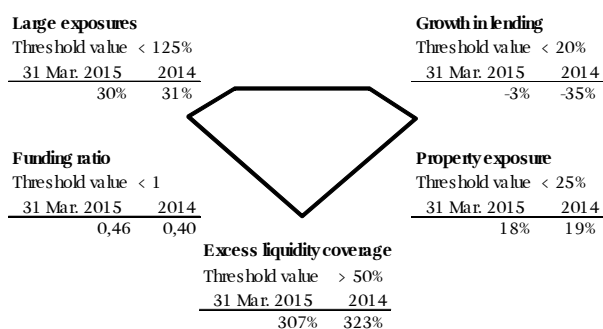
b) Inclusive value adjustments of the mortgage deeds.

# REPORT

## Supervisory diamond

At 31 March 2015, the bank was in compliance with all five threshold values of the Danish FSA's supervisory diamond as shown in the figure below:

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



## Major events

### Events in Q1 2015

#### *Increase of current account limit*

The limit of Alm. Brand's current account with Danmarks Nationalbank was increased from DKK 250 million to DKK 650 million in March. The increase means that more of the bank's excess liquidity can be placed as deposits with Danmarks Nationalbank at 0% interest rather than in the money market, which currently has negative interest.

#### *Changes to the Board of Directors*

At the bank's annual general meeting held on 27 April 2015, Anette Eberhard was elected as a new member of the Board of Directors.

## Outlook

The full-year guidance for the forward-looking activities is maintained at a profit of DKK 40 million in 2015 after impairment writedowns, which are expected to amount to approximately DKK 20 million.

The bank maintains its guidance for a pre-tax loss of DKK 300-350 million from its winding-up activities.

The guidance for the reduction of the bank's winding-up portfolio excluding losses and writedowns of around DKK 200 million in 2015 is maintained.

# STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The Board of Directors and the Management Board have today considered and adopted the interim report for the three months ended 31 March 2015 of Alm. Brand Bank A/S.

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

In our opinion, the consolidated and parent company interim financial statements give a true and fair view of the group's and the parent company's assets and liabilities and financial position at 30 September 2014 and of the results of the group's and the parent company's operations and the cash flows of the group for the three months ended 31 March 2015.

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

## MANAGEMENT BOARD

Copenhagen, 12 May 2015

**Kim Bai Wadstrøm**  
Chief Executive

## BOARD OF DIRECTORS

Copenhagen, 12 May 2015

**Jørgen H. Mikkelsen**  
Chairman

**Boris N. Kjeldsen**  
Deputy Chairman

**Anette Eberhard**

**Jan Skytte Pedersen**

**Ebbe Castella**

**Søren Boe Mortensen**

**Christian Bundgaard**

**Torben Jensen**

**Pia Støjfer**

# INCOME STATEMENT AND COMPREHENSIVE INCOME

Parent company

DKK '000	Note	Q1 2015	Q1 2014	Year 2014
Interest receivable	1	89,207	119,075	452,386
Interest payable	2	35,860	61,119	217,520
<b>Net interest income</b>		<b>53,347</b>	<b>57,956</b>	<b>234,866</b>
Dividend on shares, etc.		851	24	1,117
Fees and commissions receivable		46,646	36,432	168,758
Fees and commissions payable		5,449	5,850	25,601
<b>Net interest and fee income</b>		<b>95,395</b>	<b>88,562</b>	<b>379,140</b>
Value adjustments	3	-15,161	-21,076	-165,133
Other operating income		1,320	2,251	6,003
<b>Profit before expenses</b>		<b>81,554</b>	<b>69,737</b>	<b>220,010</b>
Staff costs and administrative expenses	4	96,304	90,318	355,962
Depreciation, amortisation and impairment of property, plant and equipment		-	12	36
Other operating expenses		7,424	10,341	35,142
Impairment of loans, advances and receivables, etc.	5	51,080	42,405	141,432
Profit/loss from investments in associates and group enterprises		5,177	9,232	24,265
<b>Profit/loss before tax, continuing activities</b>		<b>-68,077</b>	<b>-64,107</b>	<b>-288,297</b>
Tax on continuing activities		-16,250	-17,701	-112,208
<b>Profit/loss for the period, continuing activities</b>		<b>-51,827</b>	<b>-46,406</b>	<b>-176,089</b>
Profit/loss for the period, discontinued activities	6	-	14	16,917
<b>Total profit/loss for the period</b>		<b>-51,827</b>	<b>-46,392</b>	<b>-159,172</b>
Items that may be recycled to profit or loss		-	-	-
Items that not may be recycled to profit or loss		-	-	-
<b>Total comprehensive income for the period</b>		<b>-51,827</b>	<b>-46,392</b>	<b>-159,172</b>
<b>PROFIT/LOSS ALLOCATION</b>				
Share attributable to Alm. Brand Bank		-51,827	-46,392	-159,172
<b>Transferred to Total shareholders' equity</b>		<b>-51,827</b>	<b>-46,392</b>	<b>-159,172</b>

# INCOME STATEMENT AND COMPREHENSIVE INCOME

Group

DKK '000	Note	Q1 2015	Q1 2014	Year 2014
Interest receivable	1	86,511	119,017	450,453
Interest payable	2	35,868	61,119	216,063
<b>Net interest income</b>		<b>50,643</b>	<b>57,898</b>	<b>234,390</b>
Dividend on shares, etc.		852	24	1,117
Fees and commissions receivable		48,470	38,177	174,224
Fees and commissions payable		5,450	5,850	23,579
<b>Net interest and fee income</b>		<b>94,515</b>	<b>90,249</b>	<b>386,152</b>
Value adjustments	3	-15,161	-21,076	-162,333
Other operating income		43,801	33,997	143,865
<b>Profit before expenses</b>		<b>123,155</b>	<b>103,170</b>	<b>367,684</b>
Staff costs and administrative expenses	4	105,367	98,833	395,720
Depreciation, amortisation and impairment of property, plant and equipment		27,894	17,433	91,342
Other ordinary expenses		7,983	10,609	36,168
Impairment of loans, advances and receivables, etc.	5	50,662	42,184	140,742
Profit/loss from investments in associates and group enterprises		348	2,402	4,017
<b>Profit/loss before tax, continuing activities</b>		<b>-68,403</b>	<b>-63,487</b>	<b>-292,271</b>
Tax on continuing activities		-16,576	-17,080	-116,182
<b>Profit/loss for the period, continuing activities</b>		<b>-51,827</b>	<b>-46,407</b>	<b>-176,089</b>
Profit/loss for the period, discontinued activities	6	-	11,565	28,028
<b>Total profit/loss for the period</b>		<b>-51,827</b>	<b>-34,842</b>	<b>-148,061</b>
Items that may be recycled to profit or loss		-	-	-
Items that not may be recycled to profit or loss		-	-	-
<b>Total comprehensive income for the period</b>		<b>-51,827</b>	<b>-34,842</b>	<b>-148,061</b>
<b>PROFIT/LOSS ALLOCATION</b>				
Share attributable to Alm. Brand Bank		-51,827	-46,392	-159,172
Share attributable to minority interests		-	11,550	11,111
<b>Transferred to Total shareholders' equity</b>		<b>-51,827</b>	<b>-34,842</b>	<b>-148,061</b>

**BALANCE SHEET**

DKK '000	Note	Parent company					Group
		31 March	31 March	31 December	31 March	31 March	31 December
		2015	2014	2014	2015	2014	2014
<b>ASSETS</b>							
Cash in hand and balances at call							
with central banks		448,805	138,917	198,496	448,805	138,917	198,496
Balances due from credit institutions							
and central banks		629,725	893,731	756,639	629,725	1,049,149	756,639
Loans, advances and other receivables							
at fair value		286,132	2,443,898	306,640	286,132	2,443,898	306,640
Loans, advances and other receivables							
at amortised cost	7	4,814,457	5,054,939	4,938,918	4,190,406	4,638,544	4,347,422
Bonds at fair value		5,120,781	5,272,262	7,200,622	5,120,781	5,272,262	7,200,622
Shares etc.		210,811	234,697	236,294	210,810	234,697	236,294
Investments in associates		42,716	44,864	44,224	42,716	44,864	44,224
Investments in group enterprises		89,770	71,551	85,941	-	-	1,000
Investment properties		40,330	35,208	22,581	177,830	182,622	160,081
Other property, plant and equipment		-	264	-	558,772	336,831	508,946
Current tax assets		143,837	217,230	98,508	188,606	193,682	150,069
Deferred tax assets		185,367	187,123	214,419	277,778	325,277	299,712
Assets held temporarily		-	44,615	20,874	1,117	48,328	30,165
Other assets		127,955	143,032	160,444	130,168	161,698	163,103
Prepayments		25,614	27,576	7,232	25,614	27,576	7,232
Discontinued activities		-	160,926	-	-	204,585	-
<b>Total assets</b>		<b>12,166,300</b>	<b>14,970,833</b>	<b>14,291,832</b>	<b>12,289,260</b>	<b>15,302,930</b>	<b>14,410,645</b>

# BALANCE SHEET

DKK '000	Note	Parent company					Group
		31 March	31 March	31 December	31 March	31 March	31 December
		2015	2014	2014	2015	2014	2014
<b>LIABILITIES AND EQUITY</b>							
<b>Payables</b>							
Payables to credit institutions and central		551,559	1,632,868	1,106,677	643,713	1,726,724	1,199,258
Deposits and other payables		9,274,034	10,349,223	11,076,443	9,274,034	10,340,840	11,076,443
Liabilities temporarily acquired		616	16,048	624	616	28,762	624
Other liabilities		461,211	629,144	176,571	492,017	658,469	202,803
Prepayments		9	464	1	9	464	1
<b>Total payables</b>		<b>10,287,429</b>	<b>12,627,747</b>	<b>12,360,316</b>	<b>10,410,389</b>	<b>12,755,259</b>	<b>12,479,129</b>
<b>Provisions</b>							
Provisions for pensions and similar liabilities		1,922	1,534	1,760	1,922	1,534	1,760
Provisions for losses on guarantees		10,036	10,032	11,016	10,036	10,032	11,016
<b>Total provisions</b>		<b>11,958</b>	<b>11,566</b>	<b>12,776</b>	<b>11,958</b>	<b>11,566</b>	<b>12,776</b>
<b>Subordinated debt</b>							
Tier 2 capital	8	-	300,000	-	-	300,000	-
Additional tier 1 capital	8	175,000	175,000	175,000	175,000	175,000	175,000
<b>Total subordinated debt</b>		<b>175,000</b>	<b>475,000</b>	<b>175,000</b>	<b>175,000</b>	<b>475,000</b>	<b>175,000</b>
<b>Shareholders' equity</b>							
Share capital	9	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000
Other reserves		86,770	61,641	81,941	-	-	-
Retained earnings		584,143	773,879	640,799	670,913	835,520	722,740
Minority interests		-	-	-	-	204,585	-
<b>Total shareholders' equity</b>		<b>1,691,913</b>	<b>1,856,520</b>	<b>1,743,740</b>	<b>1,691,913</b>	<b>2,061,105</b>	<b>1,743,740</b>
<b>Total liabilities and equity</b>		<b>12,166,300</b>	<b>14,970,833</b>	<b>14,291,832</b>	<b>12,289,260</b>	<b>15,302,930</b>	<b>14,410,645</b>

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

# STATEMENT OF CHANGES IN EQUITY

DKK '000	Parent company				Group	
	Share capital	Other reserves	Retained earnings	Total	Minority interests	Total
<b>Shareholders' equity at 1 January 2014</b>	1,021,000	61,641	420,271	1,502,912	193,034	1,695,946
<b>Changes in equity in Q1 2014</b>						
Other change in respect of subsidiaries				-	1	1
Profit/loss for the period			-46,392	-46,392	11,550	-34,842
<b>Comprehensive income in Q1 2014</b>	-	-	-46,392	-46,392	11,551	-34,841
Capital injection from Alm. Brand A/S			400,000	400,000		400,000
Other capital movements		-	-	-		-
<b>Total changes in equity in Q1 2014</b>	-	-	353,608	353,608	11,551	365,159
<b>Shareholders' equity at 31 March 2014</b>	1,021,000	61,641	773,879	1,856,520	204,585	2,061,105
<b>Shareholders' equity at 1 January 2014</b>	1,021,000	61,641	420,271	1,502,912	193,034	1,695,946
<b>Changes in equity in 2014</b>						
Profit/loss for the year		16,520	-175,692	-159,172	11,111	-148,061
<b>Comprehensive income 2014</b>	-	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
<b>Total changes in equity in 2014</b>	-	20,300	220,528	240,828	-193,034	47,794
<b>Shareholders' equity at 31 December 2014</b>	1,021,000	81,941	640,799	1,743,740	-	1,743,740
<b>Shareholders' equity at 1 January 2015</b>	1,021,000	81,941	640,799	1,743,740	-	1,743,740
<b>Changes in equities in Q1 2015</b>						
Profit/loss for the period		4,829	-56,656	-51,827	-	-51,827
<b>Comprehensive income in Q1 2015</b>	-	4,829	-56,656	-51,827	-	-51,827
Other capital movements		-	-	-		-
<b>Total equity movements in Q1 2015</b>	-	4,829	-56,656	-51,827	-	-51,827
<b>Shareholders' equity at 31 March 2015</b>	1,021,000	86,770	584,143	1,691,913	-	1,691,913



# CASH FLOW STATEMENT

DKK '000	Group		
	Q1 2015	Q1 2014	Year 2014
<b>Operating activities</b>			
Profit for the period before tax	-68,403	-51,922	-264,243
Tax paid during the period	-27	-	168,280
Adjustment for amounts with no cash flow impact:			
Depreciation, amortisation and impairment of property, plant and equipment	27,894	17,433	91,342
Impairment of loans, advances and receivables, etc.	52,951	40,880	128,116
Other adjustments to cash flows from operating activities	4,265	-18,176	-75,500
<b>Total, operating activities</b>	<b>16,680</b>	<b>-11,785</b>	<b>47,995</b>
<b>Working capital</b>			
Loans and advances	126,492	228,344	2,605,119
Deposits	-1,802,409	-595,603	140,000
Bonds	2,389,823	606,387	-1,731,589
Shares	25,638	376,494	383,426
<b>Total, working capital</b>	<b>739,544</b>	<b>615,622</b>	<b>1,396,956</b>
<b>Investing activities</b>			
Investments in group enterprises	1,000	9	-1,000
Property, plant and equipment	-78,658	-53,186	-299,750
<b>Total, investing activities</b>	<b>-77,658</b>	<b>-53,177</b>	<b>-300,750</b>
<b>Financing activities</b>			
Net proceeds from capital increase	-	400,000	400,000
Distribution of dividends	-	-226,447	-525,949
Payables to credit institutions	-555,171	-470,268	-997,238
<b>Total, financing activities</b>	<b>-555,171</b>	<b>-296,715</b>	<b>-1,123,187</b>
<b>Change in cash and cash equivalents</b>	<b>123,395</b>	<b>253,945</b>	<b>21,014</b>
Cash and cash equivalents, beginning of year	955,135	934,121	934,121
Change in cash and cash equivalents	123,395	253,945	21,014
<b>Cash and cash equivalents, end of period</b>	<b>1,078,530</b>	<b>1,188,066</b>	<b>955,135</b>
<b>Cash and cash equivalents, end of period</b>			
Cash in hand and balances at call with central banks	448,805	138,917	198,496
Balances due from credit institutions less than 3 months	629,725	1,049,149	756,639
<b>Cash and cash equivalents, end of period</b>	<b>1,078,530</b>	<b>1,188,066</b>	<b>955,135</b>

See note 6 for influence on discontinued activities.

# SEGMENT INFORMATION

	Group								
	Q1 2015								
DKK '000									
	Private	Leasing	Financial Markets	Other	Total continuing activities before winding up	Winding-up activities	Total continuing activities	Dis-continued activities	Total
Net interest and fee income	56,574	-	-	-	56,574	-1,779	54,795	-	54,795
Trading income (excl. value adjustments)	-	-	39,914	687	40,601	-	40,601	-	40,601
Other income	-	40,452	249	3	40,704	1,067	41,771	-	41,771
<b>Total income</b>	<b>56,574</b>	<b>40,452</b>	<b>40,163</b>	<b>690</b>	<b>137,879</b>	<b>-712</b>	<b>137,167</b>	<b>-</b>	<b>137,167</b>
Expenses	52,194	9,622	25,839	4,565	92,220	21,130	113,350	-	113,350
Depreciation	0	27,894	-	-	27,894	-	27,894	-	27,894
<b>Core earnings</b>	<b>4,380</b>	<b>2,936</b>	<b>14,324</b>	<b>-3,875</b>	<b>17,765</b>	<b>-21,842</b>	<b>-4,077</b>	<b>-</b>	<b>-4,077</b>
Value adjustments	231	-	3,882	-9,845	-5,732	9,245	3,513	-	3,513
Profit/loss from investments	-	-	-16	-	-16	1,514	1,498	-	1,498
Profit/loss before impairment writedowns	4,611	2,936	18,190	-13,720	12,017	-11,083	934	-	934
Writedowns and credit-related value adjustments	6,258	-418	-43	-	5,797	63,540	69,337	-	69,337
<b>Profit/loss before tax</b>	<b>-1,647</b>	<b>3,354</b>	<b>18,233</b>	<b>-13,720</b>	<b>6,220</b>	<b>-74,623</b>	<b>-68,403</b>	<b>-</b>	<b>-68,403</b>
Tax							-16,576	-	-16,576
<b>Profit/loss for the period</b>							<b>-51,827</b>	<b>-</b>	<b>-51,827</b>
Of which share attributable to minority interests									-
Loans and advances	2,417,697	44,531	91,109	34,988	2,588,325	1,888,213	4,476,538	-	4,476,538
Bonds	-	-	1,962,691	3,158,090	5,120,781	-	5,120,781	-	5,120,781
Lease assets	-	558,772	-	-	558,772	-	558,772	-	558,772
Other assets	4,399	147,297	53,882	1,759,933	1,965,511	167,658	2,133,169	-	2,133,169
<b>Total assets</b>	<b>2,422,096</b>	<b>750,600</b>	<b>2,107,682</b>	<b>4,953,011</b>	<b>10,233,389</b>	<b>2,055,871</b>	<b>12,289,260</b>	<b>-</b>	<b>12,289,260</b>

## GENERAL

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

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

## Business areas

The segment financial statements are segmented according to the group's business areas and have generally been divided into continuing activities and winding-up activities. Continuing activities comprise areas in which the bank wishes to expand its business volume. Winding-up activities and discontinued activities comprise exposures which the bank wishes to reduce in a responsible and financially appropriate manner.

The individual business areas are described below.

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

## SEGMENT INFORMATION

									Group
									Q1 2014
DKK '000									
	Private	Leasing	Financial Markets	Other	Total continuing activities before winding up	Winding-up activities	Total continuing activities	Dis-continued activities	Total
Net interest and fee income	42,962	-	-	-	42,962	-4,673	38,289	-	38,289
Trading income (excl. value adjustments)	-	-	34,698	15,574	50,272	-	50,272	-501	49,771
Other income	4	28,497	252	95	28,848	6,838	35,686	-	35,686
<b>Total income</b>	<b>42,966</b>	<b>28,497</b>	<b>34,950</b>	<b>15,669</b>	<b>122,082</b>	<b>2,165</b>	<b>124,247</b>	<b>-501</b>	<b>123,746</b>
Expenses	52,606	8,784	23,671	986	86,047	23,395	109,442	940	110,382
Depreciation	12	17,421	-	-	17,433	-	17,433	-	17,433
<b>Core earnings</b>	<b>-9,652</b>	<b>2,292</b>	<b>11,279</b>	<b>14,683</b>	<b>18,602</b>	<b>-21,230</b>	<b>-2,628</b>	<b>-1,441</b>	<b>-4,069</b>
Value adjustments	116	-	3,562	6,224	9,902	-3,451	6,451	13,014	19,465
Profit/loss from investments	-	-	427	-421	6	2,396	2,402	-	2,402
Profit/loss before impairment writedowns	-9,536	2,292	15,268	20,486	28,510	-22,285	6,225	11,573	17,798
Writedowns and credit-related value adjustments	6,759	-221	-24	-	6,514	63,198	69,712	-	69,712
<b>Profit/loss before tax</b>	<b>-16,295</b>	<b>2,513</b>	<b>15,292</b>	<b>20,486</b>	<b>21,996</b>	<b>-85,483</b>	<b>-63,487</b>	<b>11,573</b>	<b>-51,914</b>
Tax							-17,080	8	-17,072
<b>Profit/loss for the period</b>							<b>-46,407</b>	<b>11,565</b>	<b>-34,842</b>
Of which share attributable to minority interests									11,550
Loans and advances	2,287,930	44,388	141,436	80,283	2,554,037	4,528,405	7,082,442	-	7,082,442
Bonds	-	-	2,495,404	2,776,858	5,272,262	-	5,272,262	-	5,272,262
Lease assets	-	336,567	-	-	336,567	-	336,567	-	336,567
Other assets	4,523	161,908	65,745	1,957,928	2,190,104	216,970	2,407,074	204,585	2,611,659
<b>Total assets</b>	<b>2,292,453</b>	<b>542,863</b>	<b>2,702,585</b>	<b>4,815,069</b>	<b>10,352,970</b>	<b>4,745,375</b>	<b>15,098,345</b>	<b>204,585</b>	<b>15,302,930</b>

**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 2014 and which had made investments in shares and bonds. See note 6 for additional information.

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2015	Q1 2014	Year 2014	Q1 2015	Q1 2014	Year 2014
<b>NOTE 1 Interest receivable</b>						
Balances due from credit institutions and central banks	-167	173	776	-167	173	773
Loans, advances and other receivables	62,923	100,463	380,694	60,227	100,405	378,764
Bonds	28,551	26,330	101,850	28,551	26,330	101,850
Total derivatives	-2,078	-8,178	-31,221	-2,078	-8,178	-31,221
Of which:						
Foreign exchange contracts	-1,402	-378	-	-1,402	-378	-
Interest rate contracts	-676	-7,800	-31,221	-676	-7,800	-31,221
Other interest income	-22	287	287	-22	287	287
<b>Total interest receivable</b>	<b>89,207</b>	<b>119,075</b>	<b>452,386</b>	<b>86,511</b>	<b>119,017</b>	<b>450,453</b>
Interest receivable from genuine purchase and resale transactions:						
Balances due from credit institutions and central banks	-157	-69	-153	-157	-69	-153
Loans, advances and other receivables	-7	-	-2	-7	-	-2
<b>NOTE 2 Interest payable</b>						
Credit institutions and central banks	252	704	2,723	252	704	1,153
Deposits and other payables	33,013	50,139	195,118	33,013	50,139	195,115
Bonds issued	-	-	-	-	-	-
Total subordinated debt	2,526	10,072	19,074	2,526	10,072	19,074
Other interest expenses	69	204	605	77	204	721
<b>Total interest payable</b>	<b>35,860</b>	<b>61,119</b>	<b>217,520</b>	<b>35,868</b>	<b>61,119</b>	<b>216,063</b>
Interest payable on genuine sale and repurchase transactions:						
Payables to credit institutions and central banks	45	72	147	45	72	147
Deposits and other payables	-	-	3	-	-	3
<b>NOTE 3 Value adjustments</b>						
Loans, advances and other receivables at fair value	-4,981	-10,099	-60,948	-4,981	-10,099	-60,948
Bonds	5,397	2,078	-39,769	5,397	2,078	-39,769
Shares, etc.	4,463	5,124	20,573	4,463	5,124	20,573
Investment properties	-	-969	-8,906	-	-969	-6,106
Foreign currency	-4,437	3,714	9,837	-4,437	3,714	9,837
Total derivatives	-15,441	-20,802	-85,572	-15,441	-20,802	-85,572
Other liabilities	-162	-122	-348	-162	-122	-348
<b>Total value adjustments</b>	<b>-15,161</b>	<b>-21,076</b>	<b>-165,133</b>	<b>-15,161</b>	<b>-21,076</b>	<b>-162,333</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2015	Q1 2014	Year 2014	Q1 2015	Q1 2014	Year 2014
<b>NOTE 4 Staff costs and administrative expenses</b>						
Remuneration to the Management Board and Board of Directors:						
Remuneration to the Management Board:						
Salaries and wages	709	680	2,773	709	680	2,773
Share-based payment	38	-	229	38	-	229
Pensions	74	83	306	74	83	306
<b>Total remuneration to the Management Board</b>	<b>821</b>	<b>763</b>	<b>3,308</b>	<b>821</b>	<b>763</b>	<b>3,308</b>
Remuneration to the Board of Directors:						
Fees	320	300	1,280	320	300	1,280
<b>Total remuneration to the Management Board and Board of Directors</b>	<b>1,141</b>	<b>1,063</b>	<b>4,588</b>	<b>1,141</b>	<b>1,063</b>	<b>4,588</b>
Staff costs:						
Salaries and wages	39,282	37,790	155,733	39,282	37,790	155,733
Share-based payment	52	-	499	52	-	499
Pensions	4,373	4,246	17,488	4,373	4,246	17,488
Social security costs	4,990	4,487	17,690	4,990	4,487	17,690
<b>Total staff costs</b>	<b>48,697</b>	<b>46,523</b>	<b>191,410</b>	<b>48,697</b>	<b>46,523</b>	<b>191,410</b>
Other administrative expenses	46,466	42,732	159,964	55,529	51,247	199,722
<b>Total staff costs and administrative expenses</b>	<b>96,304</b>	<b>90,318</b>	<b>355,962</b>	<b>105,367</b>	<b>98,833</b>	<b>395,720</b>
<b>Number of employees</b>						
Average number of employees during the financial year, full-time equivalents						
	256	251	258	256	251	258
<b>NOTE 5 Impairment of loans, advances and receivables, etc.</b>						
Individual assessment:						
Impairment and value adjustments, respectively, during the year						
	87,619	78,485	330,752	87,619	78,558	331,383
Reversal of impairment in previous years	46,724	31,276	204,657	47,063	31,640	205,212
<b>Total individual assessment</b>	<b>40,895</b>	<b>47,209</b>	<b>126,095</b>	<b>40,556</b>	<b>46,918</b>	<b>126,171</b>
Group assessment:						
Impairment and value adjustments, respectively, during the year						
	21,642	7,125	117,565	21,716	7,276	118,064
Reversal of impairment in previous years	2,315	5,237	81,938	2,834	5,457	82,694
<b>Total group assessment</b>	<b>19,327</b>	<b>1,888</b>	<b>35,627</b>	<b>18,882</b>	<b>1,819</b>	<b>35,370</b>
Losses not previously provided for	2,437	4,071	24,498	2,568	4,568	25,573
Bad debts recovered	11,580	10,763	44,788	11,656	11,121	46,062
<b>Total impairment of loans, advances and receivables, etc., end of period</b>	<b>51,080</b>	<b>42,405</b>	<b>141,432</b>	<b>50,662</b>	<b>42,184</b>	<b>140,742</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2015	Q1 2014	Year 2014	Q1 2015	Q1 2014	Year 2014
<b>NOTE 6 Discontinued activities</b>						
Discontinued activities comprise the subsidiary Alm. Brand Formue A/S, which entered into liquidation in March 2014. The liquidation was finalised 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 A/S and interest on loans provided to Alm. Brand Formue A/S. No funding costs have been allocated to the discontinued activities. Alm. Brand Formue A/S is no longer included in the balance sheet of the bank.						
<b>Income statement</b>						
Net interest and fee income	-	3,567	3,594	-	3,567	3,594
Value adjustment	-	-14,547	2,747	-	-14,547	2,747
Profit/loss of Alm. Brand Formue A/S	-	10,994	10,576	-	22,545	21,687
Profit/loss on discontinued activities	-	14	16,917	-	11,565	28,028
<b>Cash flows</b>						
Cash flows from operating activities				-	22,694	27,554
Cash flows from investing activities				-	1,062,753	1,054,636
Cash flows from financing activities				-	-321,627	-507,627
Total cash flows				-	763,820	574,563
<b>NOTE 7 Loans, advances and other receivables at amortised cost</b>						
Loans and advances	6,233,174	6,529,772	6,383,736	5,564,364	6,071,136	5,745,702
Leases	-	-	-	45,896	44,389	48,240
Total before impairment, etc.	6,233,174	6,529,772	6,383,736	5,610,260	6,115,525	5,793,942
Impairment, etc.	1,418,717	1,474,833	1,444,818	1,419,854	1,476,981	1,446,520
<b>Loans, advances and other receivables at amortised cost, end of period</b>	<b>4,814,457</b>	<b>5,054,939</b>	<b>4,938,918</b>	<b>4,190,406</b>	<b>4,638,544</b>	<b>4,347,422</b>
<b>NOTE 8 Subordinated debts</b>						
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, end of period	-	300,000	-	-	300,000	-
Additional tier 1 capital:						
Fixed rate bullet loans in DKK with indefinite terms	175,000	175,000	175,000	175,000	175,000	175,000
Additional tier 1 capital, end of period	175,000	175,000	175,000	175,000	175,000	175,000
<b>Subordinated debt, end of period</b>	<b>175,000</b>	<b>475,000</b>	<b>175,000</b>	<b>175,000</b>	<b>475,000</b>	<b>175,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2015	Q1 2014	Year 2014	Q1 2015	Q1 2014	Year 2014
<b>NOTE 8 Subordinated debts - continued</b>						
Interest on subordinated debt	2,526	10,072	19,074	2,526	10,072	19,074
Of this, amortisation of costs incurred on raising the debt	-	51	51	-	51	51
Extraordinary instalments	-	226,000	425,949	-	226,000	425,949
<b>NOTE 9 Share capital</b>						
Unlisted share capital:						
Nominal value at 1 January 2008	351,000	351,000	351,000	351,000	351,000	351,000
Capital increase April 2009	300,000	300,000	300,000	300,000	300,000	300,000
Capital increase September 2009	90,000	90,000	90,000	90,000	90,000	90,000
Capital increase November 2009	280,000	280,000	280,000	280,000	280,000	280,000
Nominal value, end of period	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000	1,021,000
Aktiekapitalen består af 1.021.000 aktier a nominelt 1.000 kr. og er fuldt indbetalt.						
<b>NOTE 10 Total capital</b>						
Shareholders' equity	1,691,913	1,856,520	1,743,740	1,691,913	2,061,105	1,743,740
Deduction of ownership interest in financial	-	-	-1,400	-	-	-3,106
Deferred tax assets	-185,367	-187,123	-214,419	-277,778	-325,277	-299,712
Prudent valuation	-5,694	-	-7,854	-5,694	-	-7,854
Common equity tier 1 capital	1,500,852	1,669,397	1,520,067	1,408,441	1,735,828	1,433,068
Additional tier 1 capital	175,000	175,000	175,000	175,000	175,000	175,000
Reduction additional tier 1 capital	-56,875	-39,375	-52,500	-56,875	-39,375	-52,500
Deduction of ownership interest in financial	-	-	-5,601	-	-	-12,425
Tier 1 capital	1,618,977	1,805,022	1,636,966	1,526,566	1,871,453	1,543,143
Tier 2 capital	-	300,000	-	-	300,000	-
Deduction of ownership interest in financial	-	-	-	-	-	-
25% reduction	-	-300,000	-	-	-300,000	-
Total capital	1,618,977	1,805,022	1,636,966	1,526,566	1,871,453	1,543,143
Total risk exposure amount:						
Weighted items involving credit risk	6,522,996	7,017,387	6,733,157	6,434,966	6,867,329	6,645,806
Weighted items involving market risk	1,273,081	1,624,708	1,412,861	1,273,081	1,357,477	1,412,861
Weighted items involving operational risk	356,382	283,088	356,382	618,699	451,291	618,699
Total risk exposure amount, end of period	8,152,459	8,925,183	8,502,400	8,326,746	8,676,097	8,677,366
The solvency requirement represents 8% of the total risk exposure amount	652,197	714,015	680,192	666,140	694,088	694,189

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).

# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Parent company			Group		
	Q1 2015	Q1 2014	Year 2014	Q1 2015	Q1 2014	Year 2014
<b>NOTE 11 Off-balance sheet items</b>						
Contingent liabilities:						
Financial guarantees	63,864	73,328	73,266	63,864	73,328	73,266
Loss guarantees for mortgage loans	256,689	216,976	226,291	256,689	216,976	226,291
Registration and conversion guarantees	64,975	17,494	53,039	64,975	17,494	53,039
Other contingent liabilities	375,329	327,317	376,054	375,329	327,317	376,054
Contingent liabilities, end of period	760,857	635,115	728,650	760,857	635,115	728,650
Other commitments:						
Irrevocable loan commitments	8,000	-	8,000	8,000	-	8,000
Other commitments, end of period	8,000	-	8,000	8,000	-	8,000
Off-balance sheet items, end of period	768,857	635,115	736,650	768,857	635,115	736,650
<b>Other contingent liabilities</b>						
Alm. Brand Bank A/S is taxed jointly with Alm. Brand A/S as administration company. As from 1 July 2012, the bank is therefore jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends on behalf of the jointly taxed companies.						
Alm. Brand Bank has entered into operating leases with Alm. Brand Leasing A/S. The residual value of future lease payments under these operating leases totalled DKK 7 million at 31 March 2015 (31 March 2014: DKK 6 million).						
Alm. Brand Bank is a member of Bankdata, which operates the bank's key IT-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.						
<b>Collateral security</b>						
Monetary-policy counterparties with Danmarks Nationalbank can obtain credit only against security through the pledging of approved						
As part of its current operations, the bank provided collateral security to Danmarks Nationalbank at 31 March 2015 in the form of bonds representing a nominal value of DKK 590 million (Q1 2014: DKK 1,304 million).						
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 164 million was paid at Q1 2015 (Q1 2014: DKK 2 million and DKK 147 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 in connection with repo agreements:						
Bonds at fair value	347,931	507,400	-	347,931	507,400	-
Liabilities sold in connection with reverse agreements:						
Bonds at fair value	262,141	360,803	-	262,141	360,803	-



# NOTES TO THE FINANCIAL STATEMENTS

DKK '000	Group				
	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Q1 2011
<b>NOTE 12 Financial highlights and key ratios</b>					
Net interest and fee income	94,515	90,249	78,615	99,910	138,252
Value adjustments	-15,161	-21,076	-56,375	-15,032	-33,439
Staff costs and administrative expenses	-105,367	-98,833	-101,437	-114,425	-117,744
Impairment of loans, advances and receivables, etc.	-50,662	-42,184	-42,239	-64,506	-113,133
Profit/loss from investments in associates	348	2,402	-2,503	292	-2,512
Profit for the year	-51,827	-46,407	-99,762	-76,214	-107,265
Profit/loss for the period, discontinued activities	-	11,565	19,718	32,756	-9,401
Total profit/loss for the period	-51,827	-34,842	-80,044	-43,458	-116,666
Loans and advances	4,476,538	7,082,442	8,131,874	10,029,374	11,799,260
Shareholders' equity	1,691,913	2,061,105	1,792,253	1,486,831	1,637,193
Total assets	12,289,260	15,302,930	17,722,104	22,155,315	25,239,222
Solvency ratio	18.3	21.6	19.9	18.6	18.0
Tier 1 ratio	18.3	21.6	18.0	15.2	15.3
Return on equity before tax (%)	-4.0	-3.0	-10.7	-4.8	-9.1
Return on equity after tax (%)	-3.0	-2.0	-7.7	-3.2	-6.9
Income/cost ratio	0.64	0.62	0.34	0.66	0.41
Interest rate risk (%)	1.4	3.7	2.6	-4.4	2.6
Foreign exchange position (%)	3.7	10.1	8.5	28.5	4.9
Foreign exchange risk (%)	0.0	0.2	0.1	0.3	0.2
Loans and advances as a percentage of deposits (%)	63.6	82.8	85.1	115.8	162.4
Gearing of loans and advances	2.6	3.4	4.5	6.7	7.2
Annual growth in lending (%)	-3.8	-3.5	-3.1	-1.8	-5.5
Excess cover relative to statutory liquidity requirement (%)	319.8	235.2	220.7	347.2	257.1
Total amount of large exposures (%)	42.1	31.8	44.3	40.9	68.8
Impairment ratio for the year	0.8	0.5	0.4	0.5	0.8
Return on capital employed (%)	-0.4	-0.2	-0.5	-0.2	-0.5

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

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

# NOTES TO THE FINANCIAL STATEMENTS

Parent company

DKK '000	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Q1 2011
<b>NOTE 12 Financial highlights and key ratios - continued</b>					
Net interest and fee income	95,395	88,562	75,781	95,251	132,077
Value adjustments	-15,161	-21,076	-56,375	-15,032	-33,439
Staff costs and administrative expenses	-96,304	-90,318	-93,749	-106,007	-108,222
Impairment of loans, advances and receivables, etc.	-51,080	-42,405	-42,041	-65,625	-111,370
Profit/loss from investments in associates	5,177	9,232	-3,522	1,729	-1,122
Profit for the year	-51,827	-46,406	-99,763	-76,215	-107,222
Profit/loss for the period, discontinued activities	-	14	3,842	8,619	-4,307
Total profit/loss for the period	-51,827	-46,392	-95,921	-67,596	-111,529
Loans and advances	5,100,589	7,498,837	8,995,301	10,331,118	12,299,812
Shareholders' equity	1,691,913	1,856,520	1,598,630	1,323,775	1,451,249
Total assets	12,166,300	14,970,833	17,203,713	21,597,359	24,633,399
Solvency ratio	19.9	20.2	21.2	18.5	17.3
Tier 1 ratio	19.9	20.2	19.1	14.8	14.5
Return on equity before tax (%)	-4.0	-4.1	-14.8	-9.7	-9.9
Return on equity after tax (%)	-3.0	-3.0	-11.2	-7.3	-7.4
Income/cost ratio	0.56	0.55	0.14	0.50	0.39
Interest rate risk (%)	1.6	4.0	-0.5	-5.8	-0.2
Foreign exchange position (%)	2.3	10.5	11.9	34.5	3.7
Foreign exchange risk (%)	0.0	0.2	0.2	0.2	0.1
Loans and advances as a percentage of deposits (%)	70.3	86.7	92.6	118.7	168.2
Gearing of loans and advances	3.0	4.0	5.6	7.8	8.5
Annual growth in lending (%)	-2.8	-7.4	-1.6	-1.8	-4.3
Excess cover relative to statutory liquidity requirement (%)	306.6	224.9	227.3	350.7	263.6
Total amount of large exposures (%)	30.4	33.0	45.7	40.9	77.0
Impairment ratio for the year	0.7	0.4	0.4	0.5	0.8
Return on capital employed (%)	-0.4	-0.3	-0.6	-0.3	-0.5

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 13 Accounting policies group

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

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

The accounting policies are consistent with the policies applied in the financial statements for 2014.

The interim financial statements are unaudited.

#### **Disclaimer**

The forecast is based on the interest rate and price levels that prevailed at ultimo April 2015. All other forward-looking statements are based exclusively on the information available when this interim report was released.

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

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

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