

*Interim report - third quarter*

**Alm Brand BANK**

**2015**

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# Company information

## MANAGEMENT BOARD

*Kim Bai Wadstrom*, Chief Executive

## INTERNAL AUDIT

*Poul-Erik Winther*, Group Chief Auditor

## BOARD OF DIRECTORS

*Jorgen H. Mikkelsen*, Chairman

*Boris N. Kjeldsen*, Deputy Chairman

*Anette Eberhard*

*Jan Skytte Pedersen*

*Ebbe Castella*

*Soren 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 reg. CVR no. 81 75 35 12

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## AUDITORS

Deloitte

Statsautoriseret Revisionspartnerselskab

# 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.

# Financial highlights and key ratios

		CONSOLIDATED FIGURES							
DKKkm		Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Year 2014
<i>Income statement</i>	<b>FORWARD-LOOKING ACTIVITIES:</b>								
	Net interest and fee income, Private	56	52	57	46	45	165	136	182
	Trading income (excl. value adjustments)	44	42	40	52	47	126	160	212
	Other income	44	41	41	42	35	126	95	137
	<b>Total income</b>	<b>144</b>	<b>135</b>	<b>138</b>	<b>140</b>	<b>127</b>	<b>417</b>	<b>391</b>	<b>531</b>
	Expenses	-87	-92	-92	-86	-86	-271	-258	-344
	Depreciation and amortisation	-31	-29	-28	-30	-24	-88	-61	-91
	<b>Core earnings</b>	<b>26</b>	<b>14</b>	<b>18</b>	<b>24</b>	<b>17</b>	<b>58</b>	<b>72</b>	<b>96</b>
	Value adjustments	-18	-22	-6	-38	-1	-46	7	-31
	Profit/loss from investments	-	-	0	0	17	-	17	17
	Alm. Brand Formue (the bank's ownership interest)	-	-	-	0	1	-	-4	-4
	<b>Profit/loss before impairment writedowns</b>	<b>8</b>	<b>-8</b>	<b>12</b>	<b>-14</b>	<b>34</b>	<b>12</b>	<b>92</b>	<b>78</b>
	Impairment writedowns	-5	0	-6	0	-3	-11	-17	-17
	<b>Profit/loss before tax, forward-looking activities</b>	<b>3</b>	<b>-8</b>	<b>6</b>	<b>-14</b>	<b>31</b>	<b>1</b>	<b>75</b>	<b>61</b>
	<i>Off which discontinued activities (see note 6)</i>	-	-	-	0	18	-	17	17
	<b>WINDING-UP ACTIVITIES:</b>								
	Profit/loss before impairment writedowns	-8	-16	-11	-18	-21	-35	-58	-76
	Impairment writedowns	-74	-62	-63	-81	-56	-199	-179	-260
	<b>Profit/loss before tax, winding-up activities</b>	<b>-82</b>	<b>-78</b>	<b>-74</b>	<b>-99</b>	<b>-77</b>	<b>-234</b>	<b>-237</b>	<b>-336</b>
	<b>Total profit/loss before tax and minority interests</b>	<b>-79</b>	<b>-86</b>	<b>-68</b>	<b>-113</b>	<b>-46</b>	<b>-233</b>	<b>-162</b>	<b>-275</b>
Tax	18	20	16	71	15	54	45	116	
<b>Profit/loss for the year before minority interests</b>	<b>-61</b>	<b>-66</b>	<b>-52</b>	<b>-42</b>	<b>-31</b>	<b>-179</b>	<b>-117</b>	<b>-159</b>	
Minority interests	-	-	-	0	0	-	11	11	
<b>Consolidated profit/loss for the year</b>	<b>-61</b>	<b>-66</b>	<b>-52</b>	<b>-42</b>	<b>-31</b>	<b>-179</b>	<b>-106</b>	<b>-148</b>	
<i>Balance sheet</i>	Loans and advances, forward-looking activities	3,457	2,693	2,588	2,585	2,563	3,457	2,563	2,585
	Loans and advances, winding-up activities	1,565	1,762	1,888	2,069	4,196	1,565	4,196	2,069
	Deposits	8,570	9,026	9,274	11,076	10,594	8,570	10,594	11,076
	Shareholders' equity	1,565	1,626	1,692	1,744	1,786	1,565	1,786	1,744
	Total assets	12,276	11,703	12,289	14,411	14,355	12,276	14,355	14,411
<i>Key ratios</i>	Average no. of employees (full-time equivalents)	264	260	256	258	255	260	255	258
	Interest margin (%)	2.0	1.9	1.8	1.7	1.7	1.9	1.6	1.7
	Income/cost ratio	0.61	0.57	0.64	0.56	0.61	0.61	0.63	0.56
	Impairment ratio	0.9	0.8	0.8	2.1	0.3	2.4	1.1	2.1
	Total capital ratio	18.3	18.4	18.3	17.8	18.6	18.3	18.6	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 A/S. In accordance with IFRS 5, Alm. Brand Formue and the related income statement items are consequently recognised in a separate line item in the income statement 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 2015" issued by the Danish Society of Financial Analysts and comprise continuing, discontinued and winding-up activities.

# Report

## Q3 PERFORMANCE

The bank incurred a pre-tax loss of DKK 79 million in Q3 2015, against a loss of DKK 86 million in Q2 2015. The performance was not satisfactory.

The loss was composed of a profit of DKK 3 million on forward-looking activities and a loss of DKK 82 million on winding-up activities, which were impacted in particular by the persistently difficult conditions in the agricultural sector.

The bank's total impairment writedowns amounted to DKK 79 million in Q3 2015, of which DKK 74 million was attributable to winding-up activities.

The interest margin for the banking group was 2.0% in Q3, against 1.9% in Q2 2015.

## FORWARD-LOOKING ACTIVITIES

The forward-looking activities posted a pre-tax profit of DKK 3 million in Q3 2015, against a loss of DKK 8 million in Q2 2015. The performance fell short of expectations.

The improvement from the second to the third quarter was, among other things, due to a smaller loss on the bank's own portfolio of investment assets. The return on the own portfolio was negative in both the second quarter and the third quarter due to the wider credit spread between mortgage bonds and government bonds.

The performance was also impacted by the fact that approximately DKK 1 billion of the bank's liquidity is to be used to repay fixed-term deposits expiring in the period until the beginning of 2016. This liquidity is placed in short-term money market instruments at very low or negative interest rates.

Core earnings amounted to DKK 26 million in Q3, against DKK 14 million in Q2 2015. The improvement was driven by higher net interest and fee income, among other things due to higher trading income and lower deposit rates.

The bank generally experienced an increase in the level of activity in the third quarter. The number of full-service customers increased by 2%, the portfolio of Totalkredit loans for which the bank acted as intermediary grew by 4%, and lending to the bank's

private customers grew by 3%. In addition, both Financial Markets and Leasing experienced an inflow of new customers, and trading activity was in line with expectations in spite of adverse equity market developments and volatile bond markets.

## Income

The bank's income from forward-looking activities amounted to DKK 144 million in Q3, against DKK 135 million in Q2 2015.

Net interest and fee income from the bank's private customers was DKK 56 million in Q3 2015, which was DKK 4 million higher than in Q2 2015. Among other things, the increase was related to higher trading income and lower deposit rates.

Trading income excluding value adjustments was DKK 44 million in Q3, against DKK 42 million in Q2 2015.

Other income, which primarily covers leasing activities, amounted to DKK 44 million, up DKK 3 million on Q2 2015.

## Costs

Costs were in line with expectations and amounted to DKK 87 million in Q3 2015, which was DKK 5 million less than in Q2 2015. Among other things, costs were affected by lower payroll costs in the third quarter of 2015.

## Value adjustments

Value adjustments produced a capital loss of DKK 18 million in Q3, against a loss of DKK 22 million in Q2 2015.

Interest-related value adjustments produced a loss of DKK 26 million in Q3, against a loss of DKK 29 million in Q2 2015. The bank's bond portfolio yielded a negative return of 1.1% p.a. in Q3, compared with a negative return of 1.5% p.a. in Q2 2015. The bond return was not satisfactory relative to the benchmark performance.

Equity-related value adjustments produced a gain of DKK 2 million in Q3, which was on a par with Q2 2015.

Currency-related value adjustments produced a gain of DKK 6 million in Q3, against a gain of DKK 4 million in Q2 2015.

# Report

## Writedowns

Impairment writedowns in the bank's forward-looking activities amounted to DKK 5 million in Q3, against DKK 0 million in Q2 2015. The level of impairment writedowns was in line with expectations.

## BUSINESS ACTIVITIES

### Private

The bank posted a pre-tax loss of DKK 1 million in Q3 2015, which was in line with Q2 2015..

### Private

DKKm	Q3 2015	Q2 2015
Income	56	52
Expenses	-52	-53
<b>Profit/loss before impairment writedowns</b>	<b>4</b>	<b>-1</b>
Impairment writedowns	-5	0
<b>Profit/loss before tax</b>	<b>-1</b>	<b>-1</b>

The increase in income from the second to the third quarter of 2015 was, among other things, due to a higher level of remortgaging activity, lower deposit rates and higher lending.

Impairment writedowns amounted to DKK 5 million in Q3, which was in line with expectations.

In the third quarter, the bank experienced an inflow of new customers and an increase in the number of full-service customers, continuing the positive trend from the first half of the year. Lending to private customers grew by DKK 76 million in Q3, up 3% on Q2 2015. For the year to date, lending to private customers increased by DKK 140 million, or 5%.

The positive trend from the first half of 2015 also continued in the portfolio of Totalkredit loans for which the bank acted as intermediary. The portfolio grew by DKK 233 million to DKK 6.1 billion, or 4%, from the second to the third quarter. For the year to date, the portfolio of Totalkredit loans for which the bank acted as intermediary increased by DKK 898 million, or 17%.

## Financial Markets

The Financial Markets division generated a pre-tax profit of DKK 11 million in Q3, against DKK 1 million in Q2.

### Financial markets

DKKm	Q3 2015	Q2 2015
Income	34	36
Expenses	-24	-25
<b>Core earnings</b>	<b>10</b>	<b>11</b>
Value adjustments	1	-10
<b>Profit/loss before tax</b>	<b>11</b>	<b>1</b>

In spite of an improvement from the second to the third quarter of 2015, the performance of Financial Markets was adversely affected by the return on the investment portfolio, primarily due to the wider credit spread between mortgage bonds and government bonds.

In the third quarter of 2015, Financial Markets experienced an increase in the number of customers but a decline in assets under management.

### Leasing

The Leasing division generated a pre-tax profit of DKK 4 million in Q3, up DKK 2 million on Q2 2015.

### Leasing

DKKm	Q3 2015	Q2 2015
Income	43	42
Expenses	-8	-11
Depreciation and amortisation	-31	-29
<b>Profit/loss before tax</b>	<b>4</b>	<b>2</b>

Due to mounting competition within both corporate and private leasing and extended delivery times for vehicles, growth in the leasing portfolio tailed off. The portfolio increased by DKK 26 million compared with an increase of DKK 32 million in Q2 2015. In the third quarter, costs pulled back to a normalised level after spiking in the second quarter.



The leasing portfolio continued to develop favourably, with total assets amounting to DKK 617 million, against DKK 432 million in the same period of 2014.

#### *Other*

Other activities, consisting primarily of Treasury, reported a pre-tax loss of DKK 11 million in Q3, against a loss of DKK 10 million in Q2 2015.

#### *Other*

<b>DKKm</b>	<b>Q3 2015</b>	<b>Q2 2015</b>
Income	11	5
Expenses	-3	-3
<b>Core earnings</b>	<b>8</b>	<b>2</b>
Value adjustments	-19	-12
<b>Profit/loss before tax</b>	<b>-11</b>	<b>-10</b>

The Q3 performance was impacted by a combination of a negative return on bonds and related hedging arrangements and substantial excess liquidity.

A part of the liquidity is placed in short-term money market products at very low or negative interest rates, as it is to be used to repay fixed-term deposits expiring in the period until the beginning of 2016.

#### **WINDING-UP ACTIVITIES**

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

The winding-up activities produced a loss of DKK 82 million in Q3, against a loss of DKK 78 million in Q2 2015, of which impairment writedowns totalled DKK 74 million and DKK 62 million, respectively.

The total credit exposure of the winding-up portfolio declined by DKK 251 million to DKK 3,251 million in Q3 2015. Adjusted for losses and writedowns, loans and advances were reduced by DKK 177 million, which was better than expected.

The bank's winding-up activities were impacted by persistently unfavourable conditions for the agricultural sector. Overall, the winding-up activities developed in line with expectations.

#### *Agriculture*

The agricultural portfolio amounted to DKK 463 million at 30 September 2015. Excluding impairment writedowns, the portfolio declined by DKK 12 million in Q3, primarily due to the sale of a farm.

Impairment writedowns were DKK 68 million in the third quarter, reflecting the extremely difficult conditions in the agricultural sector.

In the third quarter, the agricultural sector remained under pressure from the ongoing trade crisis with Russia and a fall in dairy exports to China. The price level of dairy and pork products was unchanged from the second quarter.

After Russia's extension of the ban on meat imported from the EU for an additional 12 months until summer 2016 and the continued slowdown of China's imports of dairy products, conditions for the agricultural sector seemed to deteriorate even further in the third quarter. As a result, the bank expects to continue to see major impairment writedowns on the portfolio for the rest of 2015.

#### *Commercial*

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

Impairment writedowns of DKK 6 million were reversed in the third quarter of 2015. The reversal was mainly due to better selling prices and settlement in connection with property sales.

The total portfolio amounted to DKK 842 million at 30 September 2015. Excluding impairment writedowns, the portfolio was reduced by DKK 104 million in Q3 2015. The reduction was primarily related to a few large exposures.

# Report

## 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 A/S. The own portfolio consists primarily of delinquent mortgage deeds.

The own portfolio amounted to DKK 260 million and was reduced in Q3 2015 by DKK 16 million adjusted for losses and writedowns. Impairment writedowns on the own portfolio amounted to DKK 3 million in Q3 2015.

The credit exposure through the option agreement on mortgage deeds amounted to DKK 1,686 million at 30 September 2015. Credit-related capital losses on the option agreement amounted to DKK 9 million in the third quarter.

## Q1-Q3 PERFORMANCE

The bank incurred a pre-tax loss of DKK 233 million in the first nine months of 2015, against a loss of DKK 162 million in the year-earlier period.

The loss was composed of a profit of DKK 1 million on forward-looking activities and a loss of DKK 234 million on winding-up activities. The performance was not satisfactory.

The forward-looking activities declined by DKK 74 million year on year. The main reason for the decline was that the bank incurred a capital loss of DKK 46 million in 9M 2015, compared with a capital gain of DKK 7 million in 9M 2014. Moreover, the 2014 performance was lifted by a DKK 17 million adjustment for accounting purposes related to the solvent liquidation of Alm. Brand Formue.

Core earnings amounted to a profit of DKK 58 million in 9M 2015, against DKK 72 million in 9M 2014, when a part of the income was attributable to activities of a non-recurring nature.

For the year to date, costs amounted to DKK 271 million, up DKK 13 million on the same period of 2014. The increase was primarily attributable to the employment of additional staff to accommodate the greater demand.

The bank's total impairment writedowns amounted to DKK 210 million, against DKK 196 million in the same period of last year. Impairment writedowns on the forward-looking activities amounted to DKK 11 million, while impairment writedowns on winding-up activities amounted to DKK 199 million.

## BALANCE SHEET

### Loans and advances

The bank's loans and advances totalled DKK 5.0 billion at 30 September 2015, against DKK 4.7 billion at 31 December 2014, corresponding to an increase of DKK 367 million. The increase was composed of an increase on the forward-looking portfolio of DKK 586 million, an increase in reverse transactions and a decline of DKK 504 million on the winding-up portfolio.

Excluding reverse transactions and intra-group lending, lending in the forward-looking activities increased by DKK 539 million in Q3 2015, of which DKK 450 million is a money market investment expiring in November. Lending in the winding-up activities fell by DKK 197 million.

### Deposits

The bank had deposits of DKK 8.7 billion at 30 September 2015, against DKK 11.1 billion at 31

## Winding-up activities

DKKm	Credit exposure after writedowns			Total losses and writedowns					Loss ratio % <sup>a)</sup>
	Year 2014	30.09.2015	Share of portfolio (%)	Year 2014	Q1 2015	Q2 2015	Q3 2015	Q1-Q3 2015	
Agriculture	668	463	30%	115	57	60	68	185	33%
Commercial	1,094	842	54%	8	-12	-4	-6	-22	-2%
Mortgage deeds	307	260	16%	136	6	-4	3	5	2%
<b>Loans</b>	<b>2,069</b>	<b>1,565</b>	<b>100%</b>	<b>259</b>	<b>51</b>	<b>52</b>	<b>65</b>	<b>168</b>	<b>9%</b>
Option agreement on mortgage deeds <sup>b)</sup>	1,874	1,686		1	12	10	9	31	2%
<b>Winding-up activities</b>	<b>3,943</b>	<b>3,251</b>		<b>260</b>	<b>63</b>	<b>62</b>	<b>74</b>	<b>199</b>	<b>6%</b>

a) Losses and writedowns as a percentage of the average portfolio in Q1-Q3 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.

December 2014. The decline was due to the expiry of a substantial part of the bank's fixed-rate deposits in the 9M 2015 period.

At 30 September 2015, floating-rate deposits represented 72% of total deposits, against 46% at 31 December 2014. The bank's strategy is to reduce fixed-rate deposits further in 2015.

#### Liquidity

At 30 September 2015, the bank had cash funds of DKK 4.2 billion and excess liquidity of DKK 3.0 billion, equivalent to an excess cover of 252% relative to the statutory requirement. The excess cover was reduced by DKK 0.7 billion in Q3 2015. The bank expects to reduce the excess cover by approximately DKK 0.3 billion in the rest of 2015.

Denmark implemented the new European Liquidity Coverage Ratio (LCR) with effect from 1 October 2015. At some point in the future, the LCR will replace the existing section 152 key ratio. The LCR expresses whether the bank has a sufficient buffer of liquid high-quality assets to meet its liquidity needs in a short-term period of liquidity stress, and the requirement for excess coverage will be increased gradually from 60% to 100% in the period until 1 January 2018. The LCR will affect the management and composition of bank liquidity, including in particular the proportion of extremely liquid assets such as government bonds. At 30 September 2015, Alm. Brand Bank A/S had an LCR of 192%.

#### Capitalisation

The bank's equity stood at DKK 1.6 billion at 30 September 2015. The total capital amounted to DKK 1.5 billion, and the total risk exposure was DKK 7.6 billion at 30 September 2015.

Accordingly, the solvency ratio was 19.5, and the tier 1 capital ratio was 19.5. The bank's individual solvency need was calculated at 13.0%, which means that the total capital ratio exceeded the individual solvency need by 6.5 percentage points.

At 30 September 2015, total capital of the banking group amounted to DKK 1.4 billion, and the total risk exposure was DKK 7.8 billion.

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 12.7%, which means that the total capital ratio exceeded the individual solvency need by 5.6 percentage points.

#### Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 2,981 million at 30 September 2015, against DKK 3,239 million at 31 December 2014. The capital reservation equalled 34% of the credit exposure, which was slightly below the level at 31 December 2014.

The capital reservation for the forward-looking portfolio represented 18% of gross loans and advances, and the capital reservation for the winding-up portfolio represented 46% of the credit exposure.

At 30 September 2015, accumulated writedowns amounted to DKK 1,444 million, against DKK 1,458 million at 31 December 2014. Accumulated writedowns broke down as follows at 30 September 2015: DKK 288 million on the forward-looking portfolio and DKK 1,155 million on the winding-up portfolio. To this should be added credit-related value adjustments of mortgage deeds of DKK 701 million.

### Capital reservation for credit risk

DKKkm	30.09.2015						31.12.2014	
	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	3,126	3,414	288	332	620	18%	583	21%
Winding-up portfolio	1,565	5,108	1,856	492	2,348	46%	2,648	45%
<b>Total - excl. Reverse transactions</b>	<b>4,691</b>	<b>8,522</b>	<b>2,144</b>	<b>824</b>	<b>2,968</b>	<b>35%</b>	<b>3,231</b>	<b>37%</b>
Reverse transactions incl. intercompany transactions	330	330	-	13	13	4%	8	18%
<b>Total group</b>	<b>5,021</b>	<b>8,852</b>	<b>2,144</b>	<b>837</b>	<b>2,981</b>	<b>34%</b>	<b>3,239</b>	<b>37%</b>

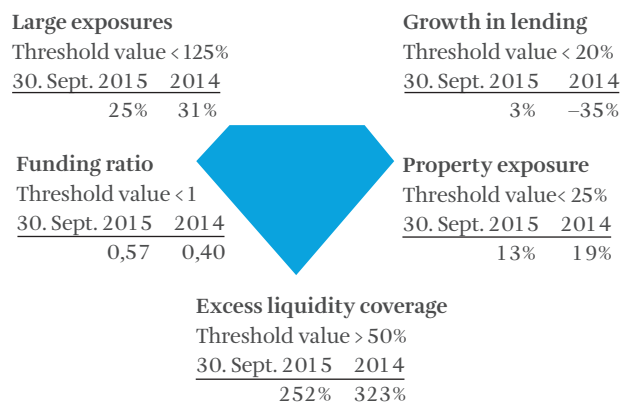
a) Loans, remaining debts of mortgage deeds and credit exposure through the option contract with Alm. Brand Forsikring/Insurance.

b) Inclusive value adjustments of the mortgage deeds.

# Report

## SUPERVISORY DIAMOND

At 30 September 2015, the bank was in compliance with all five threshold values of the Danish FSA's supervisory diamond as shown in the figure below:



Developments in the bank's supervisory diamond values were in line with expectations.

## OUTLOOK

The full-year guidance for the forward-looking activities is unchanged from the second quarter of 2015 at a pre-tax profit of about DKK 20 million after impairment writedowns, which are still expected to be at the level of DKK 20 million.

The bank's winding-up activities are expected to post a loss of about DKK 350 million.

The guidance for the reduction in 2015 of the bank's winding-up portfolio excluding losses and writedowns is lifted by DKK 100 million to about DKK 400 million.

# Statement by the Management Board and the Board of Directors

The Board of Directors and the Management Board have today considered and adopted the interim report for the nine months ended 30 September 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 and of the results of the group’s and the parent company’s operations and the cash flows of the group for the nine months ended 30 September 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, 11 November 2015

*Kim Bai Wadstrøm*

Chief Executive

## BOARD OF DIRECTORS

Copenhagen, 11 November 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	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Year 2014
Interest receivable	1	73,466	110,902	237,970	343,951	452,386
Interest payable	2	19,582	51,347	78,661	165,344	217,520
<b>Net interest income</b>		<b>53,884</b>	<b>59,555</b>	<b>159,309</b>	<b>178,607</b>	<b>234,866</b>
Dividend on shares, etc.		18	-	2,370	1,116	1,117
Fees and commissions receivable		49,230	38,619	144,042	126,170	168,758
Fees and commissions payable		7,010	6,616	18,556	19,082	25,601
<b>Net interest and fee income</b>		<b>96,122</b>	<b>91,558</b>	<b>287,165</b>	<b>286,811</b>	<b>379,140</b>
Value adjustments	3	-22,877	-33,196	-63,068	-93,970	-165,133
Other operating income		4,513	1,534	6,601	5,102	6,003
<b>Profit before expenses</b>		<b>77,758</b>	<b>59,896</b>	<b>230,698</b>	<b>197,943</b>	<b>220,010</b>
Staff costs and administrative expenses	4	89,793	84,384	281,682	265,888	355,962
Depreciation, amortisation and impairment of property, plant and equipment		-	12	-	36	36
Other operating expenses		6,156	6,996	20,360	26,159	35,142
Impairment of loans, advances and receivables, etc.	5	66,721	30,570	173,737	97,068	141,432
Profit/loss from investments in associates and group enterprises		5,195	-510	11,285	10,329	24,265
<b>Profit/loss before tax, continuing activities</b>		<b>-79,717</b>	<b>-62,576</b>	<b>-233,796</b>	<b>-180,879</b>	<b>-288,297</b>
Tax on continuing activities		-18,939	-14,697	-54,977	-47,414	-112,208
<b>Profit/loss for the period, continuing activities</b>		<b>-60,778</b>	<b>-47,879</b>	<b>-178,819</b>	<b>-133,465</b>	<b>-176,089</b>
Profit/loss for the period, discontinued activities	6	-	17,496	-	16,917	16,917
<b>Total profit/loss for the period</b>		<b>-60,778</b>	<b>-30,383</b>	<b>-178,819</b>	<b>-116,548</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>-60,778</b>	<b>-30,383</b>	<b>-178,819</b>	<b>-116,548</b>	<b>-159,172</b>
<b>PROFIT/LOSS ALLOCATION</b>						
Share attributable to Alm. Brand Bank		-60,778	-30,383	-178,819	-116,548	-159,172
Share attributable to minority interests		-	-	-	-	-
<b>Transferred to Total shareholders' equity</b>		<b>-60,778</b>	<b>-30,383</b>	<b>-178,819</b>	<b>-116,548</b>	<b>-159,172</b>

## Income statement and comprehensive income

						Group
DKK '000	Note	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Year 2014
Interest receivable	1	70,251	107,993	228,822	340,308	450,453
Interest payable	2	19,587	49,773	78,678	163,771	216,063
<b>Net interest income</b>		<b>50,664</b>	<b>58,220</b>	<b>150,144</b>	<b>176,537</b>	<b>234,390</b>
Dividend on shares, etc.		18	-	2,370	1,116	1,117
Fees and commissions receivable		51,459	38,642	149,684	129,773	174,224
Fees and commissions payable		7,011	4,590	18,559	17,057	23,579
<b>Net interest and fee income</b>		<b>95,130</b>	<b>92,272</b>	<b>283,639</b>	<b>290,369</b>	<b>386,152</b>
Value adjustments	3	-24,877	-33,196	-65,068	-93,970	-162,333
Other operating income		52,242	37,653	138,873	103,316	143,865
<b>Profit before expenses</b>		<b>122,495</b>	<b>96,729</b>	<b>357,444</b>	<b>299,715</b>	<b>367,684</b>
Staff costs and administrative expenses	4	98,148	98,814	308,488	297,211	395,720
Depreciation, amortisation and impairment of property, plant and equipment		31,167	23,387	88,260	60,620	91,342
Other ordinary expenses		6,574	7,304	21,906	27,056	36,168
Impairment of loans, advances and receivables, etc.	5	66,529	30,071	173,116	96,720	140,742
Profit/loss from investments in associates and group enterprises		401	444	881	3,452	4,017
<b>Profit/loss before tax, continuing activities</b>		<b>-79,522</b>	<b>-62,403</b>	<b>-233,445</b>	<b>-178,440</b>	<b>-292,271</b>
Tax on continuing activities		-18,744	-14,524	-54,626	-44,975	-116,182
<b>Profit/loss for the period, continuing activities</b>		<b>-60,778</b>	<b>-47,879</b>	<b>-178,819</b>	<b>-133,465</b>	<b>-176,089</b>
Profit/loss for the period, discontinued activities	6	-	17,692	-	28,028	28,028
<b>Total profit/loss for the period</b>		<b>-60,778</b>	<b>-30,187</b>	<b>-178,819</b>	<b>-105,437</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>-60,778</b>	<b>-30,187</b>	<b>-178,819</b>	<b>-105,437</b>	<b>-148,061</b>
<b>PROFIT/LOSS ALLOCATION</b>						
Share attributable to Alm. Brand Bank		-60,778	-30,383	-178,819	-116,548	-159,172
Share attributable to minority interests		-	196	-	11,111	11,111
<b>Transferred to Total shareholders' equity</b>		<b>-60,778</b>	<b>-30,187</b>	<b>-178,819</b>	<b>-105,437</b>	<b>-148,061</b>

## Balance sheet

DKK '000	Note	Parent company			Group		
		30 September	30 September	31 December	30 September	30 September	31 December
		2015	2014	2014	2015	2014	2014
<b>ASSETS</b>							
Cash in hand and balances at call with central banks		513,618	53,830	198,496	513,618	53,830	198,496
Balances due from credit institutions and central banks		268,447	707,387	756,639	268,447	707,387	756,639
Loans, advances and other receivables at fair value		260,079	2,296,216	306,640	260,079	2,296,216	306,640
Loans, advances and other receivables at amortised cost	7	5,431,659	4,963,099	4,938,918	4,761,281	4,463,519	4,347,422
Bonds at fair value		4,804,835	5,171,681	7,200,622	4,804,835	5,171,681	7,200,622
Shares etc.		223,558	228,672	236,294	223,558	228,672	236,294
Investments in associates		12,391	43,650	44,224	12,391	43,650	44,224
Investments in group enterprises		95,445	71,570	85,941	101	-	1,000
Investment properties		14,773	33,275	22,581	150,273	167,975	160,081
Other property, plant and equipment		-	183	-	617,070	432,332	508,946
Current tax assets		199,877	287,722	98,508	276,853	251,951	150,069
Deferred tax assets		168,029	146,344	214,419	227,556	294,903	299,712
Assets held temporarily		-	23,582	20,874	-	27,895	30,165
Other assets		141,612	167,308	160,444	146,932	202,022	163,103
Prepayments		12,898	13,060	7,232	12,898	13,060	7,232
Discontinued activities		-	-	-	-	-	-
<b>Total assets</b>		<b>12,147,221</b>	<b>14,207,579</b>	<b>14,291,832</b>	<b>12,275,892</b>	<b>14,355,093</b>	<b>14,410,645</b>



# Balance sheet

DKK '000	Note	Parent company			Group		
		30 September	30 September	31 December	30 September	30 September	31 December
		2015	2014	2014	2015	2014	2014
<b>LIABILITIES AND EQUITY</b>							
<b>Payables</b>							
Payables to credit institutions and central banks		1,532,764	1,197,440	1,106,677	1,624,055	1,290,446	1,199,258
Deposits and other payables		8,569,642	10,593,515	11,076,443	8,569,642	10,593,515	11,076,443
Liabilities temporarily acquired		599	2,293	624	599	2,293	624
Other liabilities		292,840	440,548	176,571	330,220	495,056	202,803
Prepayments		5	154	1	5	154	1
<b>Total payables</b>		<b>10,395,850</b>	<b>12,233,950</b>	<b>12,360,316</b>	<b>10,524,521</b>	<b>12,381,464</b>	<b>12,479,129</b>
<b>Provisions</b>							
Provisions for pensions and similar liabilities		1,854	1,699	1,760	1,854	1,699	1,760
Provisions for losses on guarantees		9,595	10,566	11,016	9,595	10,566	11,016
<b>Total provisions</b>		<b>11,449</b>	<b>12,265</b>	<b>12,776</b>	<b>11,449</b>	<b>12,265</b>	<b>12,776</b>
<b>Subordinated debt</b>							
Tier 2 capital	8	-	-	-	-	-	-
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>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</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		92,344	61,139	81,941	-	-	-
Retained earnings		451,577	704,225	640,799	543,921	765,364	722,740
Minority interests		-	-	-	-	-	-
<b>Total shareholders' equity</b>		<b>1,564,921</b>	<b>1,786,364</b>	<b>1,743,740</b>	<b>1,564,921</b>	<b>1,786,364</b>	<b>1,743,740</b>
<b>Total liabilities and equity</b>		<b>12,147,221</b>	<b>14,207,579</b>	<b>14,291,832</b>	<b>12,275,892</b>	<b>14,355,093</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>	<b>1,021,000</b>	<b>61,641</b>	<b>420,271</b>	<b>1,502,912</b>	<b>193,034</b>	<b>1,695,946</b>
<b>Changes in equity in Q1-Q3 2014</b>						
Profit/loss for the period		-502	-116,046	-116,548	11,111	-105,437
<b>Comprehensive income in Q1-Q3 2014</b>	<b>-</b>	<b>-502</b>	<b>-116,046</b>	<b>-116,548</b>	<b>11,111</b>	<b>-105,437</b>
Capital injection from Alm. Brand A/S			400,000	400,000		400,000
Other capital movements		-	-	-	-204,145	-204,145
<b>Total changes in equity in Q1-Q3 2014</b>	<b>-</b>	<b>-502</b>	<b>283,954</b>	<b>283,452</b>	<b>-193,034</b>	<b>90,418</b>
<b>Shareholders' equity at 30 June 2014</b>	<b>1,021,000</b>	<b>61,139</b>	<b>704,225</b>	<b>1,786,364</b>	<b>-</b>	<b>1,786,364</b>
<b>Shareholders' equity at 1 January 2014</b>	<b>1,021,000</b>	<b>61,641</b>	<b>420,271</b>	<b>1,502,912</b>	<b>193,034</b>	<b>1,695,946</b>
<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>	<b>-</b>	<b>16,520</b>	<b>-175,692</b>	<b>-159,172</b>	<b>11,111</b>	<b>-148,061</b>
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>	<b>-</b>	<b>20,300</b>	<b>220,528</b>	<b>240,828</b>	<b>-193,034</b>	<b>47,794</b>
<b>Shareholders' equity at 31 December 2014</b>	<b>1,021,000</b>	<b>81,941</b>	<b>640,799</b>	<b>1,743,740</b>	<b>-</b>	<b>1,743,740</b>
<b>Shareholders' equity at 1 January 2015</b>	<b>1,021,000</b>	<b>81,941</b>	<b>640,799</b>	<b>1,743,740</b>	<b>-</b>	<b>1,743,740</b>
<b>Changes in equities in Q1-Q3 2015</b>						
Profit/loss for the period		10,403	-189,222	-178,819	-	-178,819
<b>Comprehensive income in Q1-Q3 2015</b>	<b>-</b>	<b>10,403</b>	<b>-189,222</b>	<b>-178,819</b>	<b>-</b>	<b>-178,819</b>
Other capital movements		-	-	-	-	-
<b>Total equity movements in Q1-Q3 2015</b>	<b>-</b>	<b>10,403</b>	<b>-189,222</b>	<b>-178,819</b>	<b>-</b>	<b>-178,819</b>
<b>Shareholders' equity at 31 March 2015</b>	<b>1,021,000</b>	<b>92,344</b>	<b>451,577</b>	<b>1,564,921</b>	<b>-</b>	<b>1,564,921</b>

# Cash flow statement

DKK '000	Group		
	Q1-Q3 2015	Q1-Q3 2014	Year 2014
<b>Operating activities</b>			
Profit for the period before tax	-233,445	-150,412	-264,243
Tax paid during the period	-2	-	168,280
Adjustment for amounts with no cash flow impact:			
Depreciation, amortisation and impairment of property, plant and equipment	88,260	53,846	91,342
Impairment of loans, advances and receivables, etc.	171,598	74,804	128,116
Other adjustments to cash flows from operating activities	-4,712	-29,433	-75,500
<b>Total, operating activities</b>	<b>21,699</b>	<b>-51,195</b>	<b>47,995</b>
<b>Working capital</b>			
Loans and advances	-557,646	539,489	2,605,119
Deposits	-2,506,802	-342,928	140,000
Bonds	2,586,198	528,479	-1,731,589
Shares	21,123	382,868	383,426
<b>Total, working capital</b>	<b>-457,127</b>	<b>1,107,908</b>	<b>1,396,956</b>
<b>Investing activities</b>			
Investments in associates	31,833	-	-
Investments in group enterprises	899	-	-1,000
Property, plant and equipment	-196,371	-185,837	-299,750
<b>Total, investing activities</b>	<b>-163,639</b>	<b>-185,837</b>	<b>-300,750</b>
<b>Financing activities</b>			
Net proceeds from capital increase	-	400,000	400,000
Distribution of dividends	-	-526,447	-525,949
Payables to credit institutions	425,997	-906,222	-997,238
<b>Total, financing activities</b>	<b>425,997</b>	<b>-1,032,669</b>	<b>-1,123,187</b>
<b>Change in cash and cash equivalents</b>	<b>-173,070</b>	<b>-161,793</b>	<b>21,014</b>
Cash and cash equivalents, beginning of year	955,135	934,121	934,121
Change in cash and cash equivalents	-173,070	-161,793	21,014
<b>Cash and cash equivalents, end of period</b>	<b>782,065</b>	<b>772,328</b>	<b>955,135</b>
<b>Cash and cash equivalents, end of period</b>			
Cash in hand and balances at call with central banks	513,618	53,830	198,496
Balances due from credit institutions less than 3 months	268,447	707,387	756,639
<b>Cash and cash equivalents, end of period</b>	<b>782,065</b>	<b>761,217</b>	<b>955,135</b>

See note 6 for influence on discontinued activities.

# Segment information

Group

DKK '000

Q1-Q3 2015

	Private	Leasing	Financial Markets	Other	Total continuing activities		Total continuing activities	Dis-continued activities	Total
					before winding up	Winding-up activities			
Net interest and fee income	164,787	-	-	-	164,787	-3,879	160,908	-	160,908
Trading income (excl. value adjustments)	-	-	109,374	16,871	126,245	-	126,245	-	126,245
Other income	-	124,832	745	-	125,577	5,869	131,446	-	131,446
<b>Total income</b>	<b>164,787</b>	<b>124,832</b>	<b>110,119</b>	<b>16,871</b>	<b>416,609</b>	<b>1,990</b>	<b>418,599</b>	<b>-</b>	<b>418,599</b>
Expenses	157,562	28,352	74,466	10,087	270,467	59,927	330,394	-	330,394
Depreciation	0	88,260	-	-	88,260	-	88,260	-	88,260
Core earnings	7,225	8,220	35,653	6,784	57,882	-57,937	-55	-	-55
Value adjustments	530	-	-5,514	-41,200	-46,184	20,425	-25,759	-	-25,759
Profit/loss from investments	-	-	-30	-	-30	2,824	2,794	-	2,794
Profit/loss before impairment writedowns	7,755	8,220	30,109	-34,416	11,668	-34,688	-23,020	-	-23,020
Writedowns and credit-related value adjustments	11,353	-621	-269	12	10,475	199,950	210,425	-	210,425
Profit/loss before tax	-3,598	8,841	30,378	-34,428	1,193	-234,638	-233,445	-	-233,445
Tax							-54,626	-	-54,626
Profit/loss for the period							-178,819	-	-178,819
Of which share attributable to minority interests									-
Loans and advances	2,518,005	49,212	559,251	330,296	3,456,764	1,564,596	5,021,360	-	5,021,360
Bonds	-	-	1,952,562	2,852,273	4,804,835	-	4,804,835	-	4,804,835
Lease assets	-	617,070	-	-	617,070	-	617,070	-	617,070
Other assets	4,420	141,800	59,773	1,491,499	1,697,492	135,135	1,832,627	-	1,832,627
<b>Total assets</b>	<b>2,522,425</b>	<b>808,082</b>	<b>2,571,586</b>	<b>4,674,068</b>	<b>10,576,161</b>	<b>1,699,731</b>	<b>12,275,892</b>	<b>-</b>	<b>12,275,892</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. Treasury 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

DKK '000

Q1-Q3 2014

	Private	Leasing	Financial Markets	Other	Total continuing activities		Total continuing activities	Dis- continued activities	Total
					before winding up	Winding-up activities			
Net interest and fee income	135,831	-	-	-	135,831	-5,731	130,100	-	130,100
Trading income (excl. value adjustments)	-	-	106,362	50,350	156,712	-	156,712	3,593	160,305
Other income	62	94,392	737	2	95,193	4,250	99,443	-	99,443
<b>Total income</b>	<b>135,893</b>	<b>94,392</b>	<b>107,099</b>	<b>50,352</b>	<b>387,736</b>	<b>-1,481</b>	<b>386,255</b>	<b>3,593</b>	<b>389,848</b>
Expenses	151,560	32,219	70,341	3,798	257,918	66,349	324,267	-	324,267
Depreciation	36	60,584	-	-	60,620	-	60,620	-	60,620
Core earnings	-15,703	1,589	36,758	46,554	69,198	-67,830	1,368	3,593	4,961
Value adjustments	469	-	2,823	4,046	7,338	-1,339	5,999	2,747	8,746
Profit/loss from investments	-	-	525	-452	73	10,810	10,883	21,687	32,570
Profit/loss before impairment writedowns	-15,234	1,589	40,106	50,148	76,609	-58,359	18,250	28,027	46,277
Writedowns and credit- related value adjustments	18,336	-348	-603	-	17,385	179,304	196,689	-	196,689
Profit/loss before tax	-33,570	1,937	40,709	50,148	59,224	-237,663	-178,439	28,027	-150,412
Tax							-44,975	0	-44,975
Profit/loss for the period							-133,464	28,027	-105,437
Of which share attributable to minority interests									11,111
Loans and advances	2,377,245	67,139	94,295	24,640	2,563,319	4,196,416	6,759,735	-	6,759,735
Bonds	-	-	1,997,032	3,174,649	5,171,681	-	5,171,681	-	5,171,681
Lease assets	-	432,148	-	-	432,148	-	432,148	-	432,148
Other assets	4,416	187,776	79,372	1,531,569	1,803,133	188,396	1,991,529	-	1,991,529
<b>Total assets</b>	<b>2,381,661</b>	<b>687,063</b>	<b>2,170,699</b>	<b>4,730,858</b>	<b>9,970,281</b>	<b>4,384,812</b>	<b>14,355,093</b>	<b>-</b>	<b>14,355,093</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

## Parent company

## Group

DKK '000	Q1-Q3 2015	Q1-Q3 2014	Year 2014	Q1-Q3 2015	Q1-Q3 2014	Year 2014
<b>NOTE 1 Interest receivable</b>						
Balances due from credit institutions and central banks	-1,119	613	776	-1,119	609	773
Loans, advances and other receivables	184,697	292,203	380,694	175,549	288,564	378,764
Bonds	67,192	74,678	101,850	67,192	74,678	101,850
Total derivatives	-12,778	-23,830	-31,221	-12,778	-23,830	-31,221
Of which:						
Foreign exchange contracts	-11,224	-24,241	-	-11,224	-24,241	-
Interest rate contracts	-1,554	411	-31,221	-1,554	411	-31,221
Other interest income	-22	287	287	-22	287	287
<b>Total interest receivable</b>	<b>237,970</b>	<b>343,951</b>	<b>452,386</b>	<b>228,822</b>	<b>340,308</b>	<b>450,453</b>

Interest receivable from genuine purchase and resale transactions:

Balances due from credit institutions and central banks	-865	-	-153	-865	-	-153
Loans, advances and other receivables	-103	-	-2	-103	-	-2

### NOTE 2 Interest payable

Credit institutions and central banks	174	2,081	2,723	174	511	1,153
Deposits and other payables	70,723	146,251	195,118	70,723	146,248	195,115
Bonds issued	-	-	-	-	-	-
Total subordinated debt	7,664	16,491	19,074	7,664	16,491	19,074
Other interest expenses	100	521	605	117	521	721
<b>Total interest payable</b>	<b>78,661</b>	<b>165,344</b>	<b>217,520</b>	<b>78,678</b>	<b>163,771</b>	<b>216,063</b>

Interest payable on genuine sale and repurchase transactions:

Payables to credit institutions and central banks	562	-	147	562	-	147
Deposits and other payables	53	-	3	53	-	3

### NOTE 3 Value adjustments

Loans, advances and other receivables at fair value	-5,020	-43,378	-60,948	-5,020	-43,378	-60,948
Bonds	-89,854	-898	-39,769	-89,854	-897	-39,769
Shares, etc.	4,158	14,718	20,573	4,158	14,718	20,573
Investment properties	-800	-2,342	-8,906	-2,800	-2,342	-6,106
Foreign currency	5,141	10,586	9,837	5,141	10,586	9,837
Total derivatives	23,401	-72,369	-85,572	23,401	-72,370	-85,572
Other liabilities	-94	-287	-348	-94	-287	-348
<b>Total value adjustments</b>	<b>-63,068</b>	<b>-93,970</b>	<b>-165,133</b>	<b>-65,068</b>	<b>-93,970</b>	<b>-162,333</b>

# Notes to the financial statements

DKK '000	Parent company			Group		
	Q1-Q3 2015	Q1-Q3 2014	Year 2014	Q1-Q3 2015	Q1-Q3 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	2,317	2,245	2,773	2,317	2,245	2,773
Share-based payment	-	-	229	-	-	229
Pensions	223	232	306	223	232	306
<b>Total remuneration to the Management Board</b>	<b>2,540</b>	<b>2,477</b>	<b>3,308</b>	<b>2,540</b>	<b>2,477</b>	<b>3,308</b>
Remuneration to the Board of Directors:						
Fees	961	960	1,280	961	960	1,280
<b>Total remuneration to the Management Board and Board of Directors</b>	<b>3,501</b>	<b>3,437</b>	<b>4,588</b>	<b>3,501</b>	<b>3,437</b>	<b>4,588</b>
Staff costs:						
Salaries and wages	124,746	118,419	155,733	124,746	118,419	155,733
Share-based payment	-	-	499	-	-	499
Pensions	13,522	12,817	17,488	13,522	12,817	17,488
Social security costs	14,848	13,619	17,690	14,848	13,619	17,690
<b>Total staff costs</b>	<b>153,116</b>	<b>144,855</b>	<b>191,410</b>	<b>153,116</b>	<b>144,855</b>	<b>191,410</b>
Other administrative expenses	125,065	117,596	159,964	151,871	148,919	199,722
<b>Total staff costs and administrative expenses</b>	<b>281,682</b>	<b>265,888</b>	<b>355,962</b>	<b>308,488</b>	<b>297,211</b>	<b>395,720</b>
<b>Number of employees</b>						
Average number of employees during the financial year, full-time equivalents						
	260	255	258	260	255	258
<b>NOTE 5 Impairment of loans, advances and receivables, etc.</b>						
Individual assessment:						
Impairment and value adjustments, respectively, during the year						
	276,814	177,551	330,752	276,974	178,182	331,383
Reversal of impairment in previous years	96,304	102,247	204,657	96,468	102,731	205,212
<b>Total individual assessment</b>	<b>180,510</b>	<b>75,304</b>	<b>126,095</b>	<b>180,506</b>	<b>75,451</b>	<b>126,171</b>
Group assessment:						
Impairment and value adjustments, respectively, during the year						
	18,985	81,091	117,565	19,136	81,216	118,064
Reversal of impairment in previous years	8,119	45,812	81,938	8,859	46,291	82,694
<b>Total group assessment</b>	<b>10,866</b>	<b>35,279</b>	<b>35,627</b>	<b>10,277</b>	<b>34,925</b>	<b>35,060</b>
Losses not previously provided for	13,622	20,052	24,498	13,945	20,910	25,573
Bad debts recovered	31,261	33,567	44,788	31,612	34,566	46,062
<b>Total impairment of loans, advances and receivables, etc., end of period</b>	<b>173,737</b>	<b>97,068</b>	<b>141,432</b>	<b>173,116</b>	<b>96,720</b>	<b>140,742</b>

# Notes to the financial statements

DKK '000	Parent company			Group		
	Q1-Q3 2015	Q1-Q3 2014	Year 2014	Q1-Q3 2015	Q1-Q3 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	-	3,594	3,594	-	3,594	3,594
Value adjustment	-	2,747	2,747	-	2,747	2,747
Profit/loss of Alm. Brand Formue A/S	-	10,576	10,576	-	21,687	21,687
Profit/loss on discontinued activities	-	16,917	16,917	-	28,028	28,028
<b>Cash flows</b>						
Cash flows from operating activities				-	27,554	27,554
Cash flows from investing activities				-	1,054,636	1,054,636
Cash flows from financing activities				-	-507,627	-507,627
Total cash flows				-	574,563	574,563
<b>NOTE 7 Loans, advances and other receivables at amortised cost</b>						
Loans and advances	6,864,628	6,447,207	6,383,736	6,145,949	5,882,401	5,745,702
Leases	-	-	-	49,310	67,139	48,240
Total before impairment, etc.	6,864,628	6,447,207	6,383,736	6,195,259	5,949,540	5,793,942
Impairment, etc.	1,432,969	1,484,108	1,444,818	1,433,978	1,486,021	1,446,520
<b>Loans, advances and other receivables at amortised cost, end of period</b>	<b>5,431,659</b>	<b>4,963,099</b>	<b>4,938,918</b>	<b>4,761,281</b>	<b>4,463,519</b>	<b>4,347,422</b>
<b>NOTE 8 Subordinated debts</b>						
Additional tier 1 capital:						
Fixed rate bullet loans in DKK with indefinite terms	175,000	175,000	175,000	175,000	175,000	175,000
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>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>
Interest on subordinated debt	7,664	16,491	19,074	7,664	16,491	19,074
Of this, amortisation of costs incurred on raising the debt	-	51	51	-	51	51
Extraordinary instalments	-	526,000	425,949	-	526,000	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

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



# Notes to the financial statements

DKK '000	Parent company			Group		
	Q1-Q3 2015	Q1-Q3 2014	Year 2014	Q1-Q3 2015	Q1-Q3 2014	Year 2014
<b>NOTE 10 Total capital</b>						
Shareholders' equity	1,564,921	1,786,364	1,743,740	1,564,921	1,786,364	1,743,740
in financial institution	-5,043	-115	-1,400	-7,315	-2,996	-3,106
Deferred tax assets	-168,029	-146,344	-214,419	-227,556	-294,903	-299,712
Prudent valuation	-5,387	-	-7,854	-5,387	-	-7,854
Common equity tier 1 capital	1,386,462	1,639,905	1,520,067	1,324,663	1,488,465	1,433,068
Additional tier 1 capital	175,000	175,000	175,000	175,000	175,000	175,000
Reduction additional tier 1 capital	-65,625	-48,125	-52,500	-65,625	-48,125	-52,500
in financial institution	-8,175	-478	-5,601	-11,856	-12,452	-12,425
Tier 1 capital	1,487,662	1,766,302	1,636,966	1,422,182	1,602,888	1,543,143
Total capital	1,487,662	1,766,302	1,636,966	1,422,182	1,602,888	1,543,143
Total risk exposure amount:						
Weighted items involving credit risk	6,316,518	6,864,621	6,733,157	6,216,194	6,796,286	6,645,806
Weighted items involving market risk	942,824	1,370,695	1,412,861	942,824	1,370,695	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	7,615,724	8,518,404	8,502,400	7,777,717	8,618,272	8,677,366
The solvency requirement represents 8% of the total risk exposure amount						
	609,258	681,472	680,192	622,217	689,462	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).						
<b>NOTE 11 Off-balance sheet items</b>						
Contingent liabilities:						
Financial guarantees	58,151	73,283	73,266	58,151	73,283	73,266
Loss guarantees for mortgage loans	289,860	221,920	226,291	289,860	221,920	226,291
Registration and conversion guarantees	76,239	29,808	53,039	76,239	29,808	53,039
Other contingent liabilities	394,015	378,372	376,054	394,015	378,372	376,054
Contingent liabilities, end of period	818,265	703,383	728,650	818,265	703,383	728,650
Other commitments:						
Irrevocable loan commitments	8,000	8,000	8,000	8,000	8,000	8,000
Other miscellaneous commitments	-	-	-	-	-	-
Other commitments, end of period	8,000	8,000	8,000	8,000	8,000	8,000
Off-balance sheet items, end of period	826,265	711,383	736,650	826,265	711,383	736,650

# Notes to the financial statements

DKK '000	Parent company			Group		
	Q1-Q3 2015	Q1-Q3 2014	Year 2014	Q1-Q3 2015	Q1-Q3 2014	Year 2014

## NOTE 11 Off-balance sheet items - continued

### Other contingent liabilities

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

Alm. Brand Bank has entered into operating leases with Alm. Brand Leasing A/S. The residual value of future lease payments under these operating leases totalled DKK 6 million at 30 September 2015 (30 September 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.

### Collateral security

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

As part of its current operations, the bank provided collateral security to Danmarks Nationalbank at 30 September 2015 in the form of bonds representing a nominal value of DKK 425 million (Q3 2014: DKK 1,943 million).

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 29 million was received and cash in the amount of DKK 179 million was paid at Q3 2015 (Q3 2014: DKK 4 million and DKK 204 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	1,404,938	41,660	-	1,404,938	41,660	-
Shares, etc.	-	-	-	-	-	-

Liabilities sold in connection with reverse agreements:

Bonds at fair value	360,478	62,510	-	360,478	62,510	-
Shares, etc.	-	-	-	-	-	-

# Notes to the financial statements

Group

DKK '000	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2012	Q1-Q3 2011
<b>NOTE 12 Financial highlights and key ratios</b>					
Net interest and fee income	283,639	290,369	279,538	287,766	376,687
Value adjustments	-65,068	-93,970	-173,075	-66,912	-211,372
Staff costs and administrative expenses	-308,488	-297,211	-303,517	-346,850	-349,811
Impairment of loans, advances and receivables, etc.	-173,116	-96,720	-140,894	-237,885	-287,889
Profit/loss from investments in associates group enterprises	881	3,452	-609	-1,089	-472
Profit for the year	-178,819	-133,465	-309,113	-288,811	-374,491
Profit/loss for the period, discontinued activities	-	28,028	8,343	41,585	-46,017
Total profit/loss for the period	-178,819	-105,437	-300,770	-247,226	-420,508
Loans and advances	5,021,360	6,759,735	7,531,959	8,959,516	11,060,734
Shareholders' equity	1,564,921	1,786,364	1,760,976	1,277,237	1,766,434
Total assets	12,275,892	14,355,093	16,417,910	19,510,291	23,420,065
Solvency ratio	18.3	18.6	19.1	18.2	20.6
Tier 1 ratio	18.3	18.6	17.7	13.6	18.0
Return on equity before tax (%)	-14.1	-9.5	-26.9	-28.5	-37.9
Return on equity after tax (%)	-10.8	-6.9	-23.0	-20.8	-29.2
Income/cost ratio	0.61	0.63	0.33	0.47	0.21
Interest rate risk (%)	1.0	6.6	2.7	0.5	-2.2
Foreign exchange position (%)	2.1	5.1	8.5	8.0	5.0
Foreign exchange risk (%)	0.0	0.1	0.1	0.1	0.1
Loans and advances as a percentage of deposits (%)	75.3	77.8	82.8	99.5	159.5
Gearing of loans and advances	3.2	3.8	4.3	7.0	6.3
Annual growth in lending (%)	1.8	-7.9	-10.3	-12.3	-11.4
Excess cover relative to statutory liquidity requirement (%)	250.3	182.8	180.8	201.5	336.8
Total amount of large exposures (%)	56.4	29.0	62.3	57.9	44.2
Impairment ratio for the year	2.4	1.1	1.4	2.1	2.2
Return on capital employed (%)	-1.5	-0.7	-1.8	-1.3	-1.8

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 2015" issued by the Danish Society of Financial Analysts.

# Notes to the financial statements

Parent company

DKK '000	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2012	Q1-Q3 2011
<b>NOTE 12 Financial highlights and key ratios - continued</b>					
Net interest and fee income	287,165	286,811	269,546	275,066	359,642
Value adjustments	-63,068	-93,970	-173,076	-66,912	-211,372
Staff costs and administrative expenses	-281,682	-265,888	-279,025	-325,688	-328,406
Impairment of loans, advances and receivables, etc.	-173,737	-97,068	-141,300	-238,328	-284,256
Profit/loss from investments in associates group enterprises	11,285	10,329	-9,559	-80	-491
Profit for the year	-178,819	-133,465	-309,113	-288,812	-374,448
Profit/loss for the period, discontinued activities	-	16,917	-5,855	7,781	-3,839
Total profit/loss for the period	-178,819	-116,548	-314,968	-281,031	-378,287
Loans and advances	5,691,738	7,259,315	8,225,617	9,339,351	11,329,794
Shareholders' equity	1,564,921	1,786,364	1,579,403	1,107,018	1,633,281
Total assets	12,147,221	14,207,579	15,729,138	19,009,262	22,861,686
Solvency ratio	19.5	20.7	19.7	18.9	20.3
Tier 1 ratio	19.5	20.7	18.2	13.6	17.8
Return on equity before tax (%)	-14.1	-10.2	-33.1	-36.1	-39.6
Return on equity after tax (%)	-10.8	-7.3	-27.9	-27.1	-29.7
Income/cost ratio	0.51	0.54	0.18	0.37	0.23
Interest rate risk (%)	1.2	6.3	1.1	-2.0	-3.0
Foreign exchange position (%)	2.0	4.6	1.7	2.4	1.9
Foreign exchange risk (%)	0.0	0.1	0.0	0.1	0.1
Loans and advances as a percentage of deposits (%)	83.1	82.5	89.1	103.0	162.5
Gearing of loans and advances	3.6	4.1	5.2	8.4	6.9
Annual growth in lending (%)	3.1	-10.4	-10.0	-11.2	-11.8
Excess cover relative to statutory liquidity requirement (%)	252.0	184.1	187.6	207.2	345.6
Total amount of large exposures (%)	53.9	36.3	96.8	59.1	48.1
Impairment ratio for the year	2.2	1.0	1.3	2.0	2.1
Return on capital employed (%)	-1.5	-0.8	-2.0	-1.5	-1.7

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 2015" issued by the Danish Society of Financial Analysts.

# Notes to the financial statements

DKK '000	September				Group			
	2015				December			
	2015				2014			

## NOTE 13 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	-	-	260,079	260,079	-	-	306,640	306,640
Bonds at fair value	4,804,835	-	-	4,804,835	7,200,622	-	-	7,200,622
Shares, etc.	90,653	120,042	12,863	223,558	83,449	138,592	14,253	236,294
Investment properties	-	-	150,273	150,273	-	-	160,081	160,081
Assets temporarily								
acquired	-	-	-	-	-	-	30,165	30,165
Other assets	-	98,283	-	98,283	-	110,538	-	110,538
Financial assets								
at fair value, year-end:	4,895,488	218,325	423,215	5,537,028	7,284,071	249,130	511,139	8,044,340
Financial liabilities								
at fair value:								
Liabilities temporarily								
acquired	-	599	-	599	-	624	-	624
Other liabilities	-	117,007	11,249	128,256	-	71,608	1,430	73,038
Financial liabilities								
at fair value, year-end:	-	117,606	11,249	128,855	-	72,232	1,430	73,662

The table above shows the fair value hierarchy for financial assets and liabilities recognised at fair value.

Level 1 includes assets and liabilities measured on the basis of quoted prices in an active market, including the bond portfolio, which is mainly composed of mortgage bonds, and shares listed on recognised stock exchanges.

Level 2 includes assets and liabilities for which observable prices exist other than prices quoted on recognised stock exchanges. Sector equities subject to redistribution are included within level 2. Level 2 also includes derivative financial instruments measured on the basis of quoted prices in an active market and on the basis of generally accepted valuation models.

Level 3 includes assets and liabilities for which no quoted price or other public price is available, or for which the price is not assessed to reflect the fair value. The bank's mortgage deed portfolio and the loss option on mortgage deeds provided to Alm. Brand Forsikring are included within level 3. The mortgage deed portfolio is measured on the basis of a valuation model which uses both observable market data (interest rates) and non-observable market data in the form of expected future redemption and loss rates. Also included are the bank's unlisted shares and investment properties, comprising single-family houses and rental properties which are not expected to be sold within 12 months.

There have been no transfers between categories in the fair value hierarchy in 2015.

# Notes to the financial statements

DKK '000	September					Group				
	2015					December				
	Shares	Loans and other receivables at fair value	Investment properties	Assets temporarily acquired	Total	Shares	Loans and other receivables at fair value	Investment properties	Assets temporarily acquired	Total
Niveau 3:										

## NOTE 13 Fair value measurement of financial instruments - continued

Carrying amount, beginning of year	14,253	306,640	160,081	30,165	511,139	14,171	2,497,207	36,960	204,971	2,753,309
Additions during the year	-	-	20,874	-	20,874	-	-	134,700	2,840	137,540
Disposals during the year	-	-41,541	-27,866	-30,165	-99,572	-379	-2,129,619	-5,473	-174,197	-2,309,668
Value adjustment through profit or loss total	-1,390	-5,020	-2,816	-	-9,226	462	-60,948	-6,106	-3,449	-70,041
Carrying amount, year-end	12,863	260,079	150,273	-	423,215	14,253	306,640	160,081	30,165	511,139

Value adjustments for the year are composed as follows:

Realised value adjustments	-	-21,774	-318	-	-22,092	359	-135,238	-1,142	-645	-136,666
Unrealised value adjustments	-1,390	16,754	-2,498	-	12,866	102	74,290	-4,964	-2,804	66,624
Value adjustment through profit or loss total	-1,390	-5,020	-2,816	-	-9,226	462	-60,948	-6,106	-3,449	-70,041

## NOTE 14 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.

# Notes to the financial statements

## DISCLAIMER

The forecast is based on the interest rate and price levels that prevailed in early November 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.

*Since 1792*