

Interim report - the first quarter

2016

Alm. Brand Bank



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Company information

MANAGEMENT BOARD

Kim Bai Wadstrom, Managing Director

INTERNAL AUDITOR

Poul-Erik Winther, Group Chief Auditor

BOARD OF DIRECTORS

Jorgen H. Mikkelsen, Chairman

Jan Skytte Pedersen, Deputy Chairman

Anette Eberhard

Boris N. Kjeldsen

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

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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 custodian bank for Invest-eringsforeningen Alm. Brand Invest.

OWNERSHIP

The bank is a wholly-owned subsidiary of 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 |
|--|---|----------------------|---------------|---------------|---------------|---------------|---------------|
| DKKkm | | Q1 2016 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | 2015 |
| <i>Income statement</i> | FORWARD-LOOKING ACTIVITIES: | | | | | | |
| | Net interest and fee income, Private | 57 | 53 | 56 | 52 | 57 | 218 |
| | Trading income (excl. value adjustments) | 36 | 55 | 44 | 42 | 40 | 181 |
| | Other income | 51 | 46 | 44 | 41 | 41 | 172 |
| | Total income | 144 | 154 | 144 | 135 | 138 | 571 |
| | Expenses | -88 | -81 | -87 | -92 | -92 | -352 |
| | Depreciation and amortisation | -35 | -33 | -31 | -29 | -28 | -121 |
| | Core earnings | 21 | 40 | 26 | 14 | 18 | 98 |
| | Value adjustments | -14 | -13 | -18 | -22 | -6 | -59 |
| | Profit/loss from investments | - | - | - | - | 0 | 0 |
| | Profit/loss before impairment writedowns | 7 | 27 | 8 | -8 | 12 | 39 |
| | Impairment writedowns | 1 | -10 | -5 | 0 | -6 | -21 |
| | Profit/loss before tax, forward-looking activities | 8 | 17 | 3 | -8 | 6 | 18 |
| | WINDING-UP ACTIVITIES: | | | | | | |
| | Profit/loss before impairment writedowns | 5 | -8 | -8 | -16 | -11 | -43 |
| | Impairment writedowns | 1 | -107 | -74 | -62 | -63 | -306 |
| | Profit/loss before tax, winding-up activities | 6 | -115 | -82 | -78 | -74 | -349 |
| | Total profit/loss before tax | 14 | -98 | -79 | -86 | -68 | -331 |
| | Tax | -3 | 28 | 18 | 20 | 16 | 82 |
| Consolidated profit/loss for the year | 11 | -70 | -61 | -66 | -52 | -249 | |
| <i>Balance sheet</i> | Loans and advances, forward-looking activities | 2,923 | 2,981 | 3,457 | 2,693 | 2,588 | 2,981 |
| | Loans and advances, winding-up activities | 1,184 | 1,317 | 1,565 | 1,762 | 1,888 | 1,317 |
| | Deposits | 7,364 | 8,099 | 7,699 | 9,026 | 9,274 | 8,099 |
| | Shareholders' equity | 1,506 | 1,495 | 1,487 | 1,626 | 1,692 | 1,495 |
| | Total assets | 9,808 | 10,416 | 10,214 | 11,703 | 12,289 | 10,416 |
| <i>Key ratios</i> | Average no. of employees (full-time equivalents) | 260 | 264 | 264 | 260 | 256 | 261 |
| | Interest margin (%) | 2.4 | 2.0 | 2.0 | 1.9 | 1.8 | 1.9 |
| | Income/cost ratio | 1.10 | 0.54 | 0.61 | 0.57 | 0.64 | 0.59 |
| | Impairment ratio | -0.1 | 1.2 | 0.9 | 0.8 | 0.8 | 3.9 |
| | Total capital ratio | 17.9 | 17.2 | 16.5 | 18.4 | 18.3 | 17.2 |

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.

Management's review

Q1 PERFORMANCE

For the first time since the onset of the financial crisis, the bank reported an overall profit for a quarter, posting a pre-tax profit of DKK 14 million in Q1 2016. This was a DKK 82 million improvement from the DKK 68 million loss in Q1 2015. The performance was better than expected and satisfactory.

The profit was composed of a profit of DKK 8 million on forward-looking activities and a profit of DKK 6 million on winding-up activities.

The bank's total impairment writedowns amounted to a reversal of DKK 2 million in Q1 2016.

The interest margin for the banking group was 2.4 % in Q1 2016, against 1.8 % in Q1 2015, being favourably affected by the bank's lower funding costs.

FORWARD-LOOKING ACTIVITIES

The forward-looking activities posted a pre-tax profit of DKK 8 million in Q1 2016 (Q1 2015: DKK 6 million profit).

The profit fell slightly short of expectations, primarily as a result of capital losses in the first quarter due to a widening of the credit spread between mortgage bonds and swap rates, which impacted adversely on the return on the bank's own portfolio.

Core earnings amounted to a profit of DKK 21 million in Q1 2016 (Q1 2015: DKK 18 million). The improvement was driven by greater business volume and fewer costs.

The bank's forward-looking activities generally experienced an increase in the level of activity. Over the past 12 months, the number of full-service customers has increased by 8%, and lending to the bank's private customers has grown by 7%. The portfolio of Totalkredit loans for which the bank acted as intermediary continues to develop favourably, the portfolio totalling DKK 6.6 billion at 31 March 2016, against DKK 5.6 billion a year earlier. In addition, Financial Markets and Leasing both reported customer inflows in Q1 2016.

Income

Income from the bank's forward-looking activities amounted to DKK 144 million in Q1 2016, which was a slight improvement from Q1 2015.

The increase was driven by higher income from the

bank's leasing portfolio, while trading income excluding value adjustments fell. The decline in trading income was related to, among other things, lower interest income due to the reduction of the bank's own portfolio and lower coupons.

Costs

Costs were in line with expectations and amounted to DKK 88 million in Q1 2016, which was DKK 4 million less than in Q1 2015. The decline was due to, among other things, lower IT costs and to the fact that no expenses were incurred for the deposit guarantee scheme.

Value adjustments

Value adjustments produced a capital loss of DKK 14 million in Q1 2016 (Q1 2015: DKK 6 million loss).

Interest-related value adjustments were a loss of DKK 19 million (Q1 2015: DKK 5 million loss) attributable to the bank's bond portfolio, which is predominantly composed of Danish mortgage bonds. In the first months of 2016, the credit spread between mortgage bonds and swap rates widened considerably, which impacted adversely on the return. The bank's bond portfolio thus yielded a return of 0.0 % p.a. in Q1 2016 (Q1 2015: 1.9% p.a.). The bond return was not satisfactory relative to the benchmark performance.

Equity-related value adjustments produced a capital gain of DKK 2 million in Q1 2016 (Q1 2015: 3 million), while currency-related value adjustments produced a capital gain of DKK 3 million in Q1 2016 (Q1 2015: DKK 4 million loss).

Impairment writedowns

Impairment writedowns in the bank's forward-looking activities were favourably affected by reversals and amounted to an income of DKK 1 million in Q1 2016 (Q1 2015: DKK 6 million expense).

BUSINESS ACTIVITIES

Private

Private posted a pre-tax profit of DKK 7 million in Q1 2016, up DKK 9 million year on year. The improvement was mainly driven by a DKK 1 million reversal of writedowns and by fewer costs.

The higher income was a result of increased lending, mortgage credit for which the bank acted as intermedi-

Management's review

ary and investment activities. However, these improvements were offset by the fact that, as a result of the successful reduction of the winding-up portfolio, Private is no longer receiving the same income as before for procuring deposits for the bank's overall funding.

Private

| DKKm | Q1 2016 | Q1 2015 |
|--------------------------------------|----------|-----------|
| Income | 57 | 57 |
| Expenses | -51 | -53 |
| Profit/loss before impairment | | |
| writedowns | 6 | 4 |
| Impairment writedowns | 1 | -6 |
| Profit/loss before tax | 7 | -2 |

Impairment writedowns amounted to DKK 1 million in Q1 2016, reflecting that the bank has successfully secured payment of debt collection cases etc. previously written down for impairment. Equivalent to an impairment ratio of 0.7% p.a., the underlying impairment was at a normal level.

In the first quarter of 2016, the bank experienced an inflow of new customers and an increase in the number of full-service customers, continuing the positive trend from 2015. Lending to private customers increased by DKK 18 million in Q1 2016 and by DKK 186 million year on year.

The positive trend also continued in the portfolio of Totalkredit loans for which the bank acted as intermediary. In Q1 2016, the portfolio grew by DKK 0.3 billion, or 6%, to DKK 6.6 billion. Overall, the portfolio increased by DKK 1.1 billion year on year.

Financial Markets

Financial Markets generated a pre-tax profit of DKK 19 million. This was DKK 1 million higher than in the same period of 2015, driven by lower costs and the introduction of Alm. Brand Invest corporate bonds. Moreover, the Q1 2015 performance was adversely affected by a capital loss due to the Swiss franc turmoil.

Financial markets

| DKKm | Q1 2016 | Q1 2015 |
|-------------------------------|-----------|-----------|
| Income | 38 | 40 |
| Expenses | -24 | -26 |
| Core earnings | 14 | 14 |
| Value adjustments | 5 | 4 |
| Profit/loss before tax | 19 | 18 |

In the first quarter of 2016, Financial Markets saw an increase in the number of customers and in assets under management.

Leasing

Leasing generated a pre-tax profit of DKK 6 million in Q1 2016, marking a year-on-year improvement of DKK 3 million. The improvement was driven by growth in the leasing portfolio, which was partly offset by slightly higher costs.

Leasing

| DKKm | Q1 2016 | Q1 2015 |
|-------------------------------|----------|----------|
| Income | 51 | 40 |
| Expenses | -10 | -9 |
| Depreciation and amortisation | -35 | -28 |
| Profit/loss before tax | 6 | 3 |

Due to mounting competition within both commercial and private leasing and longer delivery times for vehicles, growth in the leasing portfolio tailed off. The portfolio increased by DKK 25 million in Q1 2016, compared with an increase of DKK 50 million in Q1 2015.

The leasing portfolio amounted to DKK 680 million at 31 March 2016, which was DKK 121 million higher than at the year-earlier date.

Other

Other activities, consisting primarily of Treasury, reported a pre-tax loss of DKK 24 million in Q1 2016.

Management's review

Other

| DKKm | Q1 2016 | Q1 2015 |
|-------------------------------|------------|------------|
| Income | -2 | 1 |
| Expenses | -3 | -4 |
| Core earnings | -5 | -3 |
| Value adjustments | -19 | -10 |
| Profit/loss before tax | -24 | -13 |

The Q1 results were adversely affected by the combination of the continued low level of interest rates and continued significant excess liquidity. Moreover, the widening of the credit spread between mortgage bonds and swap rates impacted adversely on investment activities.

WINDING-UP ACTIVITIES

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

The performance was a profit of DKK 6 million in Q1 2016, against a loss of DKK 74 million in Q1 2015. Impairment writedowns in a total amount of DKK 1 million were reversed in Q1 2016, marking a significant improvement from Q1 2015 when impairment writedowns amounted to DKK 63 million.

The profit before impairment writedowns was DKK 5 million in Q1 2016, up DKK 16 million year on year. The improvement was mainly driven by the bank's improved funding situation.

The total credit exposure of the winding-up portfolio declined by DKK 173 million to DKK 2,732 million in Q1 2016. Adjusted for losses and writedowns, loans and advances were reduced by DKK 145 million.

The bank's winding-up activities were adversely affected by continued unfavourable conditions for agriculture, while the commercial portfolio continued to benefit from strong demand for prime location rental properties. Overall, the winding-up activities developed better than expected.

Agriculture

The agricultural portfolio amounted to DKK 279 million at 31 March 2016. Excluding impairment writedowns, the portfolio was reduced by DKK 21 million, primarily related to the payout of proceeds from the sale of farms last year which have now been completed.

Impairment writedowns amounted to DKK 9 million in Q1 2016, which was better than expected. However, the level reflects the continuing difficult conditions in the agricultural sector.

Milk settlement prices have dropped even further from the level prevailing in Q4 2015, and no significant increases are anticipated for the upcoming period. The price of pork was unchanged from 31 December 2015 to 31 March 2016, but concerns for a further drop remain, even though current forecasts are predicting the opposite.

Winding-up activities

| DKKm | Credit exposure after writedowns | | | Total losses and writedowns | | |
|--|----------------------------------|--------------|------------------------|-----------------------------|------------|----------------------------|
| | Year 2015 | 31.03.2016 | Share of portfolio (%) | Year 2015 | Q1 2016 | Loss ratio % ^{a)} |
| Agriculture | 308 | 279 | 24 | 274 | 9 | 3 |
| Commercial | 781 | 681 | 57 | -41 | -13 | -2 |
| Mortgage deeds | 228 | 224 | 19 | 29 | -8 | -4 |
| Loans | 1,317 | 1,184 | 100 | 262 | -12 | -1 |
| Option agreement on mortgage deeds ^{b)} | 1,588 | 1,548 | | 44 | 11 | 1 |
| Winding-up activities | 2,905 | 2,732 | | 306 | -1 | 0 |

a) Losses and writedowns as a percentage of the average portfolio in Q1 2016. 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.

Management's review

Commercial

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

Impairment writedowns of DKK 13 million were reversed in Q1 2016. The reversals were primarily related to loans and advances written down which were repaid.

The total portfolio amounted to DKK 681 million at 31 March 2016. Excluding impairment writedowns, the portfolio was reduced by DKK 113 million in Q1 2016. The reduction was primarily related to a few large exposures.

Mortgage deeds

This segment comprises the bank's own portfolio of private mortgage deeds 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 224 million and was reduced in Q1 2016 by DKK 12 million adjusted for losses and writedowns. Reversals on impairment writedowns on the own portfolio amounted to DKK 8 million in Q1 2016. Reversals were mainly due to the bank successfully getting mortgage deed debtors to resume payments on previously delinquent mortgage deeds.

The credit exposure through the option agreement on mortgage deeds amounted to DKK 1,548 million at 31 March 2016. Credit-related capital losses on the option agreement amounted to DKK 11 million in Q1, which was in line with expectations.

BALANCE SHEET

Loans and advances

Loans and advances in the bank fell by DKK 0.2 billion to DKK 4.1 billion.

Excluding intra-group lending, loans and advances in Q1 2016 increased by DKK 23 million for the forward-looking activities, while loans and advances in the winding-up portfolio declined by DKK 133 million.

Deposits

The bank had deposits of DKK 7.4 billion at 31 March 2016, marking a DKK 0.7 billion decline relative to 31 December 2015. The decline was mainly due to the expiry of fixed-rate deposits.

At 31 March 2016, floating-rate deposits represented 84% of total deposits, against 78% at 31 December 2015. The bank's strategy is to reduce fixed-rate deposits further in 2016.

Liquidity

At 31 March 2016, the bank had cash funds of DKK 3.7 billion and excess liquidity of DKK 2.7 billion, equivalent to an excess cover of 260% relative to the statutory requirement.

The excess cover was reduced by approximately DKK 0.4 billion in Q1 2016, and the bank expects to reduce it further in 2016.

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. The requirement for excess coverage will be increased gradually from 60% to 100% in the period until 1 January 2018. The LCR affects the management and composition of bank liquidity, including in particular the proportion of extremely liquid assets such as government bonds. At 31 March 2016, Alm. Brand Bank A/S had an LCR of 287%.

Capitalisation

The bank's equity stood at DKK 1.5 billion at 31 March 2016. The excess cover increased in the first quarter and is developing satisfactorily.

Capitalisation

| DKKbn | Parent company | Group |
|--------------------------|----------------|-------|
| Total capital | 1.4 | 1.4 |
| Risk exposure amount | 7.2 | 7.6 |
| Total capital ratio | 19.3 | 17.9 |
| Tier 1 capital ratio | 19.3 | 17.9 |
| Individual solvency need | 14.3 | 14.3 |
| Excess cover | 5.0 | 3.6 |

Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 2,728 million at 31 March 2016, against DKK 2,953 million at 31 December 2015. The capital reservation equalled 36% of the credit exposure, which was on a par with the level at 31 December 2015.

Management's review

The capital reservation for the forward-looking portfolio represented 22% of gross loans and advances, and the capital reservation for the winding-up portfolio represented 46% of the credit exposure.

At 31 March 2016, accumulated writedowns amounted to DKK 1,324 million, against DKK 1,440 million at 31 December 2015. Accumulated writedowns broke down as follows at 31 March 2016: DKK 307 million on the forward-looking portfolio and DKK 1,017 million on the winding-up portfolio. To this should be added credit-related value adjustments of mortgage deeds of DKK 689 million.

SUPERVISORY DIAMOND

At 31 March 2016, the bank was in compliance with all five threshold values of the Danish FSA's Supervisory Diamond. The performance was in line with expectations.

Large exposures

Threshold value < 125%

31 March 2016 2015

18% 28%

Growth in lending

Threshold value < 20%

31 March 2016 2015

-5% -9%

Funding ratio

Threshold value < 1

31 March 2016 2015

0.55 0.52

Property exposure

Threshold value < 25%

31 March 2016 2015

13% 14%

Excess liquidity coverage

Threshold value > 50%

31 March 2016 2015

260% 272%

MAJOR EVENTS

Change of the current account limit

In early 2016, the current account limit with Danmarks Nationalbank was reduced by 50% to DKK 125 million. The current account limit is thus lower than it was before the currency crisis at the beginning of 2015, even though the currency reserves of Danmarks Nationalbank have been restored to a level of just over DKK 400 billion, which was also the level at end-2014. As a result, the bank will now be placing an even greater share of its cash funds in certificates of deposits with Danmarks Nationalbank at a substantial negative rate of interest of minus 0.65% or in the money market at a negative rate of interest. The negative interest rate setting is significantly impacting the bank's earnings.

OUTLOOK

The guidance for the bank's forward-looking activities is maintained at a profit of DKK 70 million before tax. After a turbulent first quarter of 2016 in the financial markets, normal returns are expected for the rest of the year.

The guidance for the group's winding-up activities is maintained at a loss of DKK 50-75 million before tax.

Developments in the agricultural sector remain subject to significant uncertainty, and a further deterioration of conditions in the agricultural sector could have an adverse effect on the outlook.

Expectations for the reduction of the winding-up portfolio are raised by DKK 50 million to DKK 250 million.

Capital reservation for credit risk

| DKKm | 31.03.2016 | | | | | | 31.12.2015 | |
|--|--------------|-------------------------------|--------------------------------------|------------------|-------------------|-------------------------------|-------------------|-------------------------------|
| | Balance | Credit exposure ^{a)} | Accumulated writedowns ^{b)} | Required capital | Total reservation | Reservation / credit exposure | Total reservation | Reservation / credit exposure |
| Forward-looking portfolio | 2,707 | 3,014 | 307 | 361 | 668 | 22% | 663 | 22% |
| Winding-up portfolio | 1,184 | 4,438 | 1,706 | 342 | 2,048 | 46% | 2,271 | 48% |
| Total - excl. Reverse transactions | 3,891 | 7,452 | 2,013 | 703 | 2,716 | 36% | 2,934 | 38% |
| Reverse transactions incl. intercompany transactions | 216 | 216 | - | 12 | 12 | 5% | 19 | 6% |
| Total group | 4,107 | 7,668 | 2,013 | 715 | 2,728 | 36% | 2,953 | 37% |

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

b) Inclusive value adjustments of the mortgage deeds.

Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the interim report of Alm. Brand Bank A/S for the three months ended 31 March 2016.

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

ments for the interim financial statements of listed financial enterprises.

In our opinion, the consolidated financial statements and the interim financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 March 2016 and of the group's cash flows for the three months ended 31 March 2016.

In our opinion, the management's review contains a fair review of developments in the group's and the parent company's activities and financial position and fairly describes principal risks and uncertainties that may affect the group and the bank.

MANAGEMENT BOARD
Copenhagen, 11 May 2016

Kim Bai Wadstrøm
Managing Director

BOARD OF DIRECTORS
Copenhagen, 11 May 2016

Jørgen H. Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Boris N. Kjeldsen

Ebbe Castella

Søren Boe Mortensen

Christian Bundgaard

Torben Jensen

Pia Støjfer

Income and comprehensive income statement

| DKK '000 | Note | Parent company | | |
|--|------|----------------|----------------|-----------------|
| | | Q1 2016 | Q1 2015 | Year 2015 |
| Interest receivable | 1 | 66,585 | 89,207 | 306,596 |
| Interest payable | 2 | 11,403 | 35,860 | 95,087 |
| Net interest income | | 55,182 | 53,347 | 211,509 |
| Dividend on shares, etc. | | 6 | 851 | 2,370 |
| Fees and commissions receivable | | 55,625 | 46,646 | 206,028 |
| Fees and commissions payable | | 6,779 | 5,449 | 26,618 |
| Net interest and fee income | | 104,034 | 95,395 | 393,289 |
| Value adjustments | 3 | -8,710 | -15,161 | -104,608 |
| Other operating income | | 523 | 1,320 | 7,226 |
| Profit before expenses | | 95,847 | 81,554 | 295,907 |
| Staff costs and administrative expenses | 4 | 93,577 | 96,304 | 361,829 |
| Other operating expenses | | 515 | 7,424 | 28,693 |
| Impairment of loans, advances and receivables, etc. | 5 | -4,791 | 51,080 | 253,613 |
| Profit/loss from investments in associates and group enterprises | | 5,867 | 5,177 | 17,436 |
| Profit/loss before tax | | 12,413 | -68,077 | -330,792 |
| Tax | | 1,284 | -16,250 | -81,939 |
| Total profit/loss for the period | | 11,129 | -51,827 | -248,853 |
| Items that may be recycled to profit or loss | | - | - | - |
| Items that not may be recycled to profit or loss | | - | - | - |
| Total comprehensive income for the period | | 11,129 | -51,827 | -248,853 |
| PROFIT/LOSS ALLOCATION | | | | |
| Share attributable to Alm. Brand Bank | | 11,129 | -51,827 | -248,853 |
| Share attributable to minority interests | | - | - | - |
| Transferred to Total shareholders' equity | | 11,129 | -51,827 | -248,853 |

Income and comprehensive income statement

Group

| DKK '000 | Note | Q1 2016 | Q1 2015 | Year 2015 |
|---|------|----------------|----------------|-----------------|
| Interest receivable | 1 | 63,558 | 86,511 | 293,773 |
| Interest payable | 2 | 11,811 | 35,868 | 95,107 |
| Net interest income | | 51,747 | 50,643 | 198,666 |
| Dividend on shares, etc. | | 6 | 852 | 2,370 |
| Fees and commissions receivable | | 57,191 | 48,470 | 213,380 |
| Fees and commissions payable | | 6,779 | 5,450 | 26,803 |
| Net interest and fee income | | 102,165 | 94,515 | 387,613 |
| Value adjustments | 3 | -8,710 | -15,161 | -104,608 |
| Other operating income | | 54,232 | 43,801 | 188,930 |
| Profit before expenses | | 147,687 | 123,155 | 471,935 |
| Staff costs and administrative expenses | 4 | 102,524 | 105,367 | 397,357 |
| Depreciation, amortisation and impairment of property, plant and equipment | | 34,552 | 27,894 | 121,420 |
| Other ordinary expenses | | 1,766 | 7,983 | 31,502 |
| Impairment of loans, advances and receivables, etc. | 5 | -4,831 | 50,662 | 253,211 |
| Profit/loss from investments in associates and group enterprises | | 52 | 348 | 941 |
| Profit/loss before tax | | 13,728 | -68,403 | -330,614 |
| Tax | | 2,599 | -16,576 | -81,761 |
| Total profit/loss for the period | | 11,129 | -51,827 | -248,853 |
| Items that may be recycled to profit or loss | | - | - | - |
| Items that not may be recycled to profit or loss | | - | - | - |
| Total comprehensive income for the period | | 11,129 | -51,827 | -248,853 |
| PROFIT/LOSS ALLOCATION | | | | |
| Share attributable to Alm. Brand Bank | | 11,129 | -51,827 | -248,853 |
| Share attributable to minority interests | | - | - | - |
| Transferred to Total shareholders' equity | | 11,129 | -51,827 | -248,853 |

Balance sheet

| DKK '000 | Note | Parent company | | | Group | | |
|--|------|------------------|-------------------|---------------------|------------------|-------------------|---------------------|
| | | 31 March 2016 | 31 March 2015 | 31 December 2015 | 31 March 2016 | 31 March 2015 | 31 December 2015 |
| ASSETS | | | | | | | |
| Cash in hand and balances at call with central banks | | 32,694 | 448,805 | 262,281 | 32,694 | 448,805 | 262,281 |
| Balances due from credit institutions and central banks | | 322,199 | 629,725 | 301,235 | 322,199 | 629,725 | 301,235 |
| Loans, advances and other receivables at fair value | | 224,416 | 286,132 | 227,516 | 224,416 | 286,132 | 227,516 |
| Loans, advances and other receivables at amortised cost | 6 | 4,513,357 | 4,814,457 | 4,725,340 | 3,882,972 | 4,190,406 | 4,071,077 |
| Bonds at fair value | | 3,745,404 | 5,120,781 | 3,954,390 | 3,745,404 | 5,120,781 | 3,954,390 |
| Shares etc. | | 205,437 | 210,811 | 214,422 | 205,437 | 210,810 | 214,422 |
| Investments in associates | | 12,485 | 42,716 | 12,423 | 12,485 | 42,716 | 12,423 |
| Investments in group enterprises | | 157,294 | 89,770 | 151,436 | 43 | - | - |
| Investment properties | | 10,651 | 40,330 | 10,818 | 144,951 | 177,830 | 145,118 |
| Other property, plant and equipment | | - | - | - | 679,571 | 558,772 | 655,233 |
| Current tax assets | | 130,361 | 143,837 | 119,067 | 171,150 | 188,606 | 156,271 |
| Deferred tax assets | | 189,055 | 185,367 | 201,598 | 232,065 | 277,778 | 249,508 |
| Assets held temporarily | | 6,840 | - | - | 6,840 | 1,117 | - |
| Other assets | | 119,388 | 127,955 | 136,066 | 141,127 | 130,168 | 159,677 |
| Prepayments | | 7,143 | 25,614 | 6,665 | 7,143 | 25,614 | 6,666 |
| Total assets | | 9,676,724 | 12,166,300 | 10,323,257 | 9,808,497 | 12,289,260 | 10,415,817 |

Balance sheet

| DKK '000 | Note | Parent company | | | Group | | |
|--|------|------------------|-------------------|---------------------|------------------|-------------------|---------------------|
| | | 31 March 2016 | 31 March 2015 | 31 December 2015 | 31 March 2016 | 31 March 2015 | 31 December 2015 |
| LIABILITIES AND EQUITY | | | | | | | |
| Payables | | | | | | | |
| Payables to credit institutions and central banks | | 375,706 | 551,559 | 268,507 | 466,134 | 643,713 | 359,367 |
| Deposits and other payables | | 7,364,250 | 9,274,034 | 8,132,356 | 7,364,250 | 9,274,034 | 8,098,677 |
| Liabilities temporarily acquired | | 582 | 616 | - | 582 | 616 | - |
| Other liabilities | | 244,968 | 461,211 | 242,953 | 286,313 | 492,017 | 278,332 |
| Prepayments | | - | 9 | 6 | - | 9 | 6 |
| Total payables | | 7,985,506 | 10,287,429 | 8,643,822 | 8,117,279 | 10,410,389 | 8,736,382 |
| Provisions | | | | | | | |
| Provisions for pensions and similar liabilities | | 2,061 | 1,922 | 1,850 | 2,061 | 1,922 | 1,850 |
| Provisions for losses on guarantees | | 8,141 | 10,036 | 7,698 | 8,141 | 10,036 | 7,698 |
| Total provisions | | 10,202 | 11,958 | 9,548 | 10,202 | 11,958 | 9,548 |
| Subordinated debt | | | | | | | |
| Tier 2 capital | 7 | - | - | - | - | - | - |
| Additional tier 1 capital | 7 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| Total subordinated debt | | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| Shareholders' equity | | | | | | | |
| Share capital | 8 | 1,021,000 | 1,021,000 | 1,021,000 | 1,021,000 | 1,021,000 | 1,021,000 |
| Other reserves | | 98,436 | 86,770 | 98,436 | - | - | - |
| Retained earnings | | 386,580 | 584,143 | 375,451 | 485,016 | 670,913 | 473,887 |
| Minority interests | | - | - | - | - | - | - |
| Total shareholders' equity | | 1,506,016 | 1,691,913 | 1,494,887 | 1,506,016 | 1,691,913 | 1,494,887 |
| Total liabilities and equity | | 9,676,724 | 12,166,300 | 10,323,257 | 9,808,497 | 12,289,260 | 10,415,817 |

See note 10 for a specification of off-balance sheet items.

Statement of changes in equity

| | Group | | | |
|---|----------------------|-----------------------|--------------------------|------------------|
| DKK '000 | Share capital | Other reserves | Retained earnings | Total |
| Shareholders' equity at 1 January 2015 | 1,021,000 | 81,941 | 640,799 | 1,743,740 |
| Changes in equity in Q1 2015 | | | | |
| Profit/loss for the period | | 4,829 | -56,656 | -51,827 |
| Comprehensive income in Q1 2015 | - | 4,829 | -56,656 | -51,827 |
| Total changes in equity in Q1 2015 | - | 4,829 | -56,656 | -51,827 |
| Shareholders' equity at 31 March 2015 | 1,021,000 | 86,770 | 584,143 | 1,691,913 |
| Shareholders' equity at 1 January 2015 | 1,021,000 | 81,941 | 640,799 | 1,743,740 |
| Changes in equity in 2015 | | | | |
| Profit/loss for the year | | 16,495 | -265,348 | -248,853 |
| Comprehensive income 2015 | - | 16,495 | -265,348 | -248,853 |
| Total changes in equity in 2015 | - | 16,495 | -265,348 | -248,853 |
| Shareholders' equity at 31 December 2015 | 1,021,000 | 98,436 | 375,451 | 1,494,887 |
| Shareholders' equity at 1 January 2016 | 1,021,000 | 98,436 | 375,451 | 1,494,887 |
| Changes in equities in Q1 2016 | | | | |
| Profit/loss for the period | | - | 11,129 | 11,129 |
| Comprehensive income in Q1 2016 | - | - | 11,129 | 11,129 |
| Other capital movements | | - | - | - |
| Total equity movements in Q1 2016 | - | - | 11,129 | 11,129 |
| Shareholders' equity at 31 March 2016 | 1,021,000 | 98,436 | 386,580 | 1,506,016 |

Cash flow statement

| DKK '000 | Group | | |
|--|-----------------|------------------|-----------------|
| | Q1 2016 | Q1 2015 | Year 2015 |
| Operating activities | | | |
| Profit for the period before tax | 13,728 | -68,403 | -330,614 |
| Tax paid during the period | - | -27 | 125,761 |
| Adjustment for amounts with no cash flow impact: | | | |
| Depreciation, amortisation and impairment of property, plant and equipment | 34,552 | 27,894 | 121,420 |
| Impairment of loans, advances and receivables, etc. | 14,986 | 52,951 | 273,600 |
| Other adjustments to cash flows from operating activities | -17,420 | 4,265 | -39,926 |
| Total, operating activities | 45,846 | 16,680 | 150,241 |
| Working capital | | | |
| Loans and advances | 160,068 | 126,492 | 83,364 |
| Deposits | -734,426 | -1,802,409 | -2,977,766 |
| Bonds | 255,474 | 2,389,823 | 3,353,188 |
| Shares | 16,936 | 25,638 | 38,897 |
| Total, working capital | -301,948 | 739,544 | 497,683 |
| Investing activities | | | |
| Investments in associates | - | - | 30,872 |
| Investments in group enterprises | -43 | 1,000 | 1,000 |
| Investment properties | 167 | - | 34,572 |
| Property, plant and equipment | -59,594 | -78,658 | -267,705 |
| Total, investing activities | -59,470 | -77,658 | -201,261 |
| Financing activities | | | |
| Payables to credit institutions | 106,949 | -555,171 | -838,282 |
| Total, financing activities | 106,949 | -555,171 | -838,282 |
| Change in cash and cash equivalents | -208,623 | 123,395 | -391,619 |
| Cash and cash equivalents, beginning of year | 563,516 | 955,135 | 955,135 |
| Change in cash and cash equivalents | -208,623 | 123,395 | -391,619 |
| Cash and cash equivalents, end of period | 354,893 | 1,078,530 | 563,516 |
| Cash and cash equivalents, end of period | | | |
| Cash in hand and balances at call with central banks | 32,694 | 448,805 | 262,281 |
| Balances due from credit institutions less than 3 months | 322,199 | 629,725 | 301,235 |
| Cash and cash equivalents, end of period | 354,893 | 1,078,530 | 563,516 |

Segment information

| | | | | | | | Group |
|---|-----------|---------|----------------------|-----------|---|--------------------------|------------------|
| DKK '000 | | | | | | | Q1 2016 |
| | Private | Leasing | Financial Markets | Other | Total forward- looking activities before winding up | Winding-up activities | Total |
| Net interest and fee income | 57,126 | - | - | - | 57,126 | 10,884 | 68,010 |
| Trading income (excl. value adjustments) | - | - | 37,498 | -1,474 | 36,024 | - | 36,024 |
| Other income | - | 50,677 | 274 | - | 50,951 | 249 | 51,200 |
| Total income | 57,126 | 50,677 | 37,772 | -1,474 | 144,101 | 11,133 | 155,234 |
| Expenses | 51,966 | 10,199 | 23,501 | 3,365 | 89,031 | 15,259 | 104,290 |
| Depreciation | - | 34,552 | - | - | 34,552 | - | 34,552 |
| Core earnings | 5,160 | 5,926 | 14,271 | -4,839 | 20,518 | -4,126 | 16,392 |
| Value adjustments | 93 | - | 5,147 | -18,905 | -13,665 | 8,017 | -5,648 |
| Profit/loss from investments | - | - | -10 | - | -10 | 1,227 | 1,217 |
| Profit/loss before impairment writedowns | 5,253 | 5,926 | 19,408 | -23,744 | 6,843 | 5,118 | 11,961 |
| Writedowns and credit-related value adjustments | -1,261 | -39 | -12 | 3 | -1,309 | -458 | -1,767 |
| Profit/loss before tax | 6,514 | 5,965 | 19,420 | -23,747 | 8,152 | 5,576 | 13,728 |
| Tax | | | | | | | 2,599 |
| Profit/loss for the period | | | | | | | 11,129 |
| Loans and advances | 2,570,562 | 27,583 | 109,303 | 215,557 | 2,923,005 | 1,184,383 | 4,107,388 |
| Bonds | - | - | 1,649,117 | 2,096,287 | 3,745,404 | - | 3,745,404 |
| Lease assets | - | 679,571 | - | - | 679,571 | - | 679,571 |
| Other assets | 4,430 | 105,578 | 48,174 | 996,084 | 1,154,266 | 121,868 | 1,276,134 |
| Total assets | 2,574,992 | 812,732 | 1,806,594 | 3,307,928 | 8,502,246 | 1,306,251 | 9,808,497 |

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 2015

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

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. Markets handles all of the bank's financial market activities, providing advisory services on and performing 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.

Notes

| DKK '000 | Parent company | | | Group | | |
|--|----------------|----------------|-----------------|---------------|----------------|-----------------|
| | Q1 2016 | Q1 2015 | Year 2015 | Q1 2016 | Q1 2015 | Year 2015 |
| NOTE 1 Interest receivable | | | | | | |
| Balances due from credit institutions and central banks | -242 | -167 | -1,547 | -242 | -167 | -1,547 |
| Loans, advances and other receivables | 56,285 | 62,923 | 242,097 | 53,258 | 60,227 | 229,274 |
| Bonds | 14,043 | 28,551 | 83,021 | 14,043 | 28,551 | 83,021 |
| Total derivatives | -3,501 | -2,078 | -16,960 | -3,501 | -2,078 | -16,960 |
| Of which: | | | | | | |
| Foreign exchange contracts | -3,631 | -1,402 | - | -3,631 | -1,402 | - |
| Interest rate contracts | 130 | -676 | -16,960 | 130 | -676 | -16,960 |
| Other interest income | - | -22 | -15 | - | -22 | -15 |
| Total interest receivable | 66,585 | 89,207 | 306,596 | 63,558 | 86,511 | 293,773 |
| Interest receivable from genuine purchase and resale transactions: | | | | | | |
| Balances due from credit institutions and central banks | -125 | -157 | -1,142 | -125 | -157 | -1,134 |
| Loans, advances and other receivables | -155 | -7 | -249 | -155 | -7 | -249 |
| NOTE 2 Interest payable | | | | | | |
| Credit institutions and central banks | 226 | 252 | 1,248 | 226 | 252 | 1,248 |
| Deposits and other payables | 8,575 | 33,013 | 83,464 | 8,575 | 33,013 | 83,464 |
| Bonds issued | - | - | - | - | - | - |
| Total subordinated debt | 2,548 | 2,526 | 10,246 | 2,548 | 2,526 | 10,246 |
| Other interest expenses | 54 | 69 | 129 | 462 | 77 | 149 |
| Total interest payable | 11,403 | 35,860 | 95,087 | 11,811 | 35,868 | 95,107 |
| Interest payable on genuine sale and repurchase transactions: | | | | | | |
| Payables to credit institutions and central banks | 143 | 205 | 154 | 143 | 205 | 154 |
| Deposits and other payables | 22 | 2 | 98 | 22 | 2 | 98 |
| NOTE 3 Value adjustments | | | | | | |
| Loans, advances and other receivables at fair value | 9,507 | -4,981 | -28,504 | 9,507 | -4,981 | -28,504 |
| Bonds | 29,210 | 5,397 | -98,532 | 29,210 | 5,397 | -98,532 |
| Shares, etc. | 2,640 | 4,463 | 8,228 | 2,640 | 4,463 | 8,228 |
| Investment properties | 0 | - | -1,266 | 0 | - | -1,266 |
| Foreign currency | 3,290 | -4,437 | 10,402 | 3,290 | -4,437 | 10,402 |
| Total derivatives | -53,146 | -15,441 | 5,154 | -53,146 | -15,441 | 5,154 |
| Other liabilities | -211 | -162 | -90 | -211 | -162 | -90 |
| Total value adjustments | -8,710 | -15,161 | -104,608 | -8,710 | -15,161 | -104,608 |

Notes

| DKK '000 | Parent company | | | Group | | |
|---|----------------|---------------|----------------|----------------|----------------|----------------|
| | Q1 2016 | Q1 2015 | Year 2015 | Q1 2016 | Q1 2015 | Year 2015 |
| NOTE 4 Staff costs and administrative expenses | | | | | | |
| Remuneration to the Management Board and Board of Directors: | | | | | | |
| Remuneration to the Management Board: | | | | | | |
| Salaries and wages | 666 | 709 | 2,720 | 666 | 709 | 2,720 |
| Share-based payment | 86 | 38 | 344 | 86 | 38 | 344 |
| Pensions | 74 | 74 | 298 | 74 | 74 | 298 |
| Total remuneration to the Management Board | 826 | 821 | 3,362 | 826 | 821 | 3,362 |
| Remuneration to the Board of Directors: | | | | | | |
| Fees | 320 | 320 | 1,280 | 320 | 320 | 1,280 |
| Total remuneration to the Management Board and Board of Directors | 1,146 | 1,141 | 4,642 | 1,146 | 1,141 | 4,642 |
| Staff costs: | | | | | | |
| Salaries and wages | 39,971 | 39,282 | 155,047 | 39,971 | 39,282 | 155,047 |
| Share-based payment | 132 | 52 | 2,679 | 132 | 52 | 2,679 |
| Pensions | 4,546 | 4,373 | 18,145 | 4,546 | 4,373 | 18,145 |
| Social security costs | 5,568 | 4,990 | 19,402 | 5,568 | 4,990 | 19,402 |
| Total staff costs | 50,217 | 48,697 | 195,273 | 50,217 | 48,697 | 195,273 |
| Other administrative expenses | 42,214 | 46,466 | 161,914 | 51,161 | 55,529 | 197,442 |
| Total staff costs and administrative expenses | 93,577 | 96,304 | 361,829 | 102,524 | 105,367 | 397,357 |
| Number of employees | | | | | | |
| Average number of employees during the financial year, full-time equivalents | | | | | | |
| | 260 | 256 | 261 | 260 | 256 | 261 |
| NOTE 5 Impairment of loans, advances and receivables, etc. | | | | | | |
| Individual assessment: | | | | | | |
| Impairment and value adjustments, respectively, during the year | | | | | | |
| | 103,596 | 87,619 | 386,748 | 103,604 | 87,619 | 386,813 |
| Reversal of impairment in previous years | | | | | | |
| | 108,472 | 46,724 | 146,062 | 108,502 | 47,063 | 146,262 |
| Total individual assessment | -4,876 | 40,895 | 240,686 | -4,898 | 40,556 | 240,551 |
| Group assessment: | | | | | | |
| Impairment and value adjustments, respectively, during the year | | | | | | |
| | 10,138 | 21,642 | 44,268 | 10,238 | 21,716 | 44,565 |
| Reversal of impairment in previous years | | | | | | |
| | 1,090 | 2,315 | 11,070 | 1,190 | 2,834 | 11,827 |
| Total group assessment | 9,048 | 19,327 | 33,198 | 9,048 | 18,882 | 32,738 |
| Losses not previously provided for | | | | | | |
| | 3,496 | 2,437 | 24,021 | 3,646 | 2,568 | 24,671 |
| Bad debts recovered | | | | | | |
| | 12,459 | 11,580 | 44,292 | 12,627 | 11,656 | 44,749 |
| Total impairment of loans, advances and receivables, etc., end of period | -4,791 | 51,080 | 253,613 | -4,831 | 50,662 | 253,211 |

Notes

| DKK '000 | Parent company | | | Group | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | Q1 2016 | Q1 2015 | Year 2015 | Q1 2016 | Q1 2015 | Year 2015 |
| NOTE 6 Udlån og andre tilgodehavender til amortiseret kostpris | | | | | | |
| Loans and advances | 5,828,313 | 6,233,174 | 6,156,991 | 5,171,026 | 5,564,364 | 5,475,021 |
| Leases | - | - | - | 27,833 | 45,896 | 28,713 |
| Total before impairment, etc. | 5,828,313 | 6,233,174 | 6,156,991 | 5,198,859 | 5,610,260 | 5,503,734 |
| Impairment, etc. | 1,314,956 | 1,418,717 | 1,431,651 | 1,315,887 | 1,419,854 | 1,432,657 |
| Loans, advances and other receivables at amortised cost, end of period | 4,513,357 | 4,814,457 | 4,725,340 | 3,882,972 | 4,190,406 | 4,071,077 |
| NOTE 7 Subordinated debts | | | | | | |
| 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 |
| Subordinated debt, end of period | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| Interest on subordinated debt | 2,548 | 2,526 | 10,246 | 2,548 | 2,526 | 10,246 |
| Of this, amortisation of costs incurred on raising the debt | - | - | - | - | - | - |
| Extraordinary instalments | - | - | - | - | - | - |
| NOTE 8 Share capital | | | | | | |
| 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

| DKK '000 | Parent company | | | Group | | |
|--|----------------|-----------|-----------|-----------|-----------|-----------|
| | Q1 2016 | Q1 2015 | Year 2015 | Q1 2016 | Q1 2015 | Year 2015 |
| NOTE 9 Total capital | | | | | | |
| Shareholders' equity | 1,506,016 | 1,691,913 | 1,494,887 | 1,506,016 | 1,691,913 | 1,494,887 |
| Total profit/loss for the period in financial institution | -11,129 | - | - | -11,129 | - | - |
| Deferred tax assets | -189,055 | -185,367 | -201,598 | -232,065 | -277,778 | -249,508 |
| Prudent valuation | -4,240 | -5,694 | -4,470 | -4,240 | -5,694 | -4,470 |
| Common equity tier 1 capital | 1,299,944 | 1,500,852 | 1,283,027 | 1,254,411 | 1,408,441 | 1,233,415 |
| Additional tier 1 capital | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| Reduction additional tier 1 capital | -74,375 | -56,875 | -70,000 | -74,375 | -56,875 | -70,000 |
| Deduction of ownership interest in financial institution | -1,162 | - | -10,513 | -2,940 | - | -13,602 |
| Tier 1 capital | 1,399,407 | 1,618,977 | 1,377,514 | 1,352,096 | 1,526,566 | 1,324,813 |
| Total capital | 1,399,407 | 1,618,977 | 1,377,514 | 1,352,096 | 1,526,566 | 1,324,813 |
| Total risk exposure amount: | | | | | | |
| Weighted items involving credit risk | 5,933,096 | 6,522,996 | 6,167,989 | 5,980,998 | 6,434,966 | 6,200,849 |
| Weighted items involving market risk | 894,621 | 1,273,081 | 827,135 | 894,621 | 1,273,081 | 827,135 |
| Weighted items involving operational risk | 406,177 | 356,382 | 406,177 | 694,179 | 618,699 | 694,179 |
| Total risk exposure amount, end of period | 7,233,894 | 8,152,459 | 7,401,301 | 7,569,798 | 8,326,746 | 7,722,163 |
| The solvency requirement represents 8% of the total risk exposure amount | | | | | | |
| | 578,712 | 652,197 | 592,104 | 605,584 | 666,140 | 617,773 |
| 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). | | | | | | |
| NOTE 10 Off-balance sheet items | | | | | | |
| Contingent liabilities: | | | | | | |
| Financial guarantees | 44,923 | 63,864 | 44,505 | 44,923 | 63,864 | 44,505 |
| Loss guarantees for mortgage loans | 363,424 | 256,689 | 328,536 | 363,424 | 256,689 | 328,536 |
| Registration and conversion guarantees | 57,745 | 64,975 | 52,207 | 57,745 | 64,975 | 52,207 |
| Other contingent liabilities | 403,762 | 375,329 | 389,199 | 403,762 | 375,329 | 389,199 |
| Contingent liabilities, end of period | 869,854 | 760,857 | 814,447 | 869,854 | 760,857 | 814,447 |
| Other commitments: | | | | | | |
| Irrevocable loan commitments | 16,400 | 8,000 | 36,313 | 16,400 | 8,000 | 36,313 |
| Other miscellaneous commitments | - | - | - | - | - | - |
| Other commitments, end of period | 16,400 | 8,000 | 36,313 | 16,400 | 8,000 | 36,313 |
| Off-balance sheet items, end of period | 886,254 | 768,857 | 850,760 | 886,254 | 768,857 | 850,760 |

| DKK '000 | Parent company | | | Group | | |
|----------|----------------|---------|-----------|---------|---------|-----------|
| | Q1 2016 | Q1 2015 | Year 2015 | Q1 2016 | Q1 2015 | Year 2015 |

NOTE 10 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 7 million at 31 March 2016 (31 March 2015: DKK 7 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 31 March 2016 in the form of bonds representing a nominal value of DKK 441 million (Q1 2015: DKK 590 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 157 million was paid at Q1 2016 (Q1 2015: DKK 0 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 | 246,475 | 347,931 | 186,500 | 246,475 | 347,931 | 186,500 |
| Shares, etc. | - | - | - | - | - | - |

Liabilities sold in connection with reverse agreements:

| | | | | | | |
|---------------------|---------|---------|---------|---------|---------|---------|
| Bonds at fair value | 281,668 | 262,141 | 267,966 | 281,668 | 262,141 | 267,966 |
| Shares, etc. | - | - | - | - | - | - |

Notes

| | Group | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| DKK '000 | Q1 2016 | Q1 2015 | Q1 2014 | Q1 2013 | Q1 2012 |
| NOTE 11 Financial highlights and key ratios | | | | | |
| Net interest and fee income | 102,165 | 94,515 | 90,249 | 78,615 | 99,910 |
| Value adjustments | -8,710 | -15,161 | -21,076 | -56,375 | -15,032 |
| Staff costs and administrative expenses | -102,524 | -105,367 | -98,833 | -101,437 | -114,425 |
| Impairment of loans, advances and receivables, etc. | 4,831 | -50,662 | -42,184 | -42,239 | -64,506 |
| Profit/loss from investments in associates group enterprises | 52 | 348 | 2,402 | -2,503 | 292 |
| Profit for the year | 11,129 | -51,827 | -46,407 | -99,762 | -76,214 |
| Profit/loss for the period, discontinued activities | - | - | 11,565 | 19,718 | 32,756 |
| Total profit/loss for the period | 11,129 | -51,827 | -34,842 | -80,044 | -43,458 |
| Loans and advances | 4,107,388 | 4,476,538 | 7,082,442 | 8,131,874 | 10,029,374 |
| Shareholders' equity | 1,506,016 | 1,691,913 | 2,061,105 | 1,792,253 | 1,486,831 |
| Total assets | 9,808,497 | 12,289,260 | 15,302,930 | 17,722,104 | 22,155,315 |
| Solvency ratio | 17.9 | 18.3 | 21.6 | 19.9 | 18.6 |
| Tier 1 ratio | 17.9 | 18.3 | 21.6 | 18.0 | 15.2 |
| Return on equity before tax (%) | 0.9 | -4.0 | -3.0 | -10.7 | -4.8 |
| Return on equity after tax (%) | 0.7 | -3.0 | -2.0 | -7.7 | -3.2 |
| Income/cost ratio | 1.10 | 0.64 | 0.62 | 0.34 | 0.66 |
| Interest rate risk (%) | 0.4 | 1.4 | 3.7 | 2.6 | -4.4 |
| Foreign exchange position (%) | 7.9 | 3.7 | 10.1 | 8.5 | 28.5 |
| Foreign exchange risk (%) | 0.0 | 0.0 | 0.2 | 0.1 | 0.3 |
| Loans and advances as a percentage of deposits (%) | 73.6 | 63.6 | 82.8 | 85.1 | 115.8 |
| Gearing of loans and advances | 2.7 | 2.6 | 3.4 | 4.5 | 6.7 |
| Annual growth in lending (%) | -4.8 | -3.8 | -3.5 | -3.1 | -1.8 |
| Excess cover relative to statutory liquidity requirement (%) | 258.0 | 319.8 | 235.2 | 220.7 | 347.2 |
| Total amount of large exposures (%) | 44.9 | 42.1 | 31.8 | 44.3 | 40.9 |
| Impairment ratio for the year | -0.1 | 0.8 | 0.5 | 0.4 | 0.5 |
| Return on capital employed (%) | 0.1 | -0.4 | -0.2 | -0.5 | -0.2 |

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.

| DKK '000 | Q1 2016 | Q1 2015 | Q1 2014 | Q1 2013 | Q1 2012 |
|---|-----------|------------|------------|------------|------------|
| NOTE 11 Financial highlights and key ratios - continued | | | | | |
| Net interest and fee income | 104,034 | 95,395 | 88,562 | 75,781 | 95,251 |
| Value adjustments | -8,710 | -15,161 | -21,076 | -56,375 | -15,032 |
| Staff costs and administrative expenses | -93,577 | -96,304 | -90,318 | -93,749 | -106,007 |
| Impairment of loans, advances and receivables, etc. | 4,791 | -51,080 | -42,405 | -42,041 | -65,625 |
| Profit/loss from investments in associates group enterprises | 5,867 | 5,177 | 9,232 | -3,522 | 1,729 |
| Profit for the year | 11,129 | -51,827 | -46,406 | -99,763 | -76,215 |
| Profit/loss for the period, discontinued activities | - | - | 14 | 3,842 | 8,619 |
| Total profit/loss for the period | 11,129 | -51,827 | -46,392 | -95,921 | -67,596 |
| Loans and advances | 4,737,773 | 5,100,589 | 7,498,837 | 8,995,301 | 10,331,118 |
| Shareholders' equity | 1,506,016 | 1,691,913 | 1,856,520 | 1,598,630 | 1,323,775 |
| Total assets | 9,676,724 | 12,166,300 | 14,970,833 | 17,203,713 | 21,597,359 |
| Solvency ratio | 19.3 | 19.9 | 20.2 | 21.2 | 18.5 |
| Tier 1 ratio | 19.3 | 19.9 | 20.2 | 19.1 | 14.8 |
| Return on equity before tax (%) | 0.8 | -4.0 | -4.1 | -14.8 | -9.7 |
| Return on equity after tax (%) | 0.7 | -3.0 | -3.0 | -11.2 | -7.3 |
| Income/cost ratio | 1.14 | 0.56 | 0.55 | 0.14 | 0.50 |
| Interest rate risk (%) | 0.3 | 1.6 | 4.0 | -0.5 | -5.8 |
| Foreign exchange position (%) | 7.6 | 2.3 | 10.5 | 11.9 | 34.5 |
| Foreign exchange risk (%) | 0.0 | 0.0 | 0.2 | 0.2 | 0.2 |
| Loans and advances as a percentage of deposits (%) | 82.2 | 70.3 | 86.7 | 92.6 | 118.7 |
| Gearing of loans and advances | 3.1 | 3.0 | 4.0 | 5.6 | 7.8 |
| Annual growth in lending (%) | -4.6 | -2.8 | -7.4 | -1.6 | -1.8 |
| Excess cover relative to statutory liquidity requirement (%) | 260.2 | 306.6 | 224.9 | 227.3 | 350.7 |
| Total amount of large exposures (%) | 43.3 | 30.4 | 33.0 | 45.7 | 40.9 |
| Impairment ratio for the year | -0.1 | 0.7 | 0.4 | 0.4 | 0.5 |
| Return on capital employed (%) | 0.1 | -0.4 | -0.3 | -0.6 | -0.3 |

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

Financial highlights and key ratios are based on the definitions and guidelines of the Danish FSA and on "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

| DKK '000 | 31 March | | | | 31 December | | | |
|----------|----------|--|--|--|-------------|--|--|--|
| | 2016 | | | | 2015 | | | |

NOTE 12 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 | - | - | 224,416 | 224,416 | - | - | 227,516 | 227,516 |
| Bonds at fair value | 3,745,404 | - | - | 3,745,404 | 3,954,390 | - | - | 3,954,390 |
| Shares, etc. | 23,308 | 102,169 | 79,960 | 205,437 | 14,881 | 121,758 | 77,783 | 214,422 |
| Derivatives | - | 29,359 | - | 29,359 | - | 35,021 | - | 35,021 |
| Investment properties | - | - | 144,951 | 144,951 | - | - | 145,118 | 145,118 |
| Assets temporarily | | | | | | | | |
| acquired | - | - | 6,840 | 6,840 | - | - | - | - |
| Other assets | - | 35,134 | - | 35,134 | - | 38,384 | - | 38,384 |
| Financial assets | | | | | | | | |
| at fair value, year-end: | 3,768,712 | 166,661 | 456,167 | 4,391,540 | 3,969,271 | 195,163 | 450,417 | 4,614,851 |
| Financial liabilities | | | | | | | | |
| at fair value: | | | | | | | | |
| Derivatives | - | 122,304 | 9,785 | 132,089 | - | 105,843 | 16,489 | 122,332 |
| Liabilities temporarily | | | | | | | | |
| acquired | - | 582 | - | 582 | - | - | - | - |
| Other liabilities | - | 16,747 | - | 16,747 | - | 20,703 | - | 20,703 |
| Financial liabilities | | | | | | | | |
| at fair value, year-end: | - | 139,633 | 9,785 | 149,418 | - | 126,546 | 16,489 | 143,035 |

The fair value is the price obtained in a sale of an asset or paid for transferring a liability in an arm's length transaction at the time of measurement. The fair value may be identical to the net asset value if the net asset value is calculated on the basis of underlying assets and liabilities measured at fair value. There are three levels of fair value measurement:

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

Level 2 is used where no quoted price is available but where the use of another official price is deemed to best reflect the fair value.

Level 3 is used for financial assets and liabilities for which a quoted price or other official price is not available or is deemed not to reflect the fair value. Instead, measurement techniques and other observable market data are used to determine the fair value. In the cases in which observable prices based on market data are not available or are not deemed to be usable for the determination of fair value, recognised techniques, including discounted cash flows, and internal models and assumptions are used for the determination of fair value. The assumptions may include recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc. The bank's unlisted shares that are not measured at a redistribution price belong to this category.

The process for recognising fair values has been structured so that effective segregation of duties has been set up between the departments in the bank that report, monitor and effect the transactions. Reconciliation procedures have been set up for the purpose of identifying material discrepancies across the various reports and source systems used.

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement. There have been no transfers between categories in the fair value hierarchy in 2016.

Group

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31 March 2016

NOTE 12 Fair value measurement of financial instruments, continued

| Level 3: | Shares | Loans and other receivables at fair value | Investment properties | Assets temporarily acquired | Derivatives | Total |
|---|--------|---|-----------------------|-----------------------------|-------------|---------|
| Carrying amount, beginning of year | 77,783 | 227,516 | 145,118 | - | 16,489 | 466,906 |
| Additions during the year | 1,997 | 9,008 | - | 6,840 | - | 17,845 |
| Disposals during the year | - | -21,615 | -167 | - | - | -21,782 |
| Value adjustment through profit or loss total | 180 | 9,507 | - | - | -6,704 | 2,983 |
| Carrying amount, year-end | 79,960 | 224,416 | 144,951 | 6,840 | 9,785 | 465,952 |

Value adjustments for the year are composed as follows:

| | | | | | | |
|---|-----|--------|---|---|--------|--------|
| Realised value adjustments | - | -6,644 | - | - | - | -6,644 |
| Unrealised value adjustments | 180 | 16,151 | - | - | -6,704 | 9,627 |
| Value adjustment through profit or loss total | 180 | 9,507 | - | - | -6,704 | 2,983 |

Group

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2015

| Level 3: | Shares | Loans and other receivables at fair value | Investment properties | Assets temporarily acquired | Derivatives | Total |
|---|--------|---|-----------------------|-----------------------------|-------------|----------|
| Carrying amount, beginning of year | 77,820 | 306,640 | 160,081 | 30,165 | 1,430 | 576,136 |
| Additions during the year | 5,003 | 16,751 | 20,875 | - | - | 42,629 |
| Disposals during the year | - | -67,371 | -34,572 | -30,165 | - | -132,108 |
| Value adjustment through profit or loss total | -5,040 | -28,504 | -1,266 | - | -15,059 | -49,869 |
| Carrying amount, year-end | 77,783 | 227,516 | 145,118 | - | 16,489 | 436,788 |

Value adjustments for the year are composed as follows:

| | | | | | | |
|---|--------|---------|--------|---|---------|---------|
| Realised value adjustments | - | -27,009 | -1,009 | - | - | -28,018 |
| Unrealised value adjustments | -5,040 | -1,495 | -257 | - | -15,059 | -21,851 |
| Value adjustment through profit or loss total | -5,040 | -28,504 | -1,266 | - | -15,059 | -49,869 |

Notes

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 2015.

The interim financial statements are unaudited.

DISCLAIMER

The forecast is based on the interest rate and price levels that prevailed at the end of April 2016. All forward-looking statements are based exclusively on the information available when this report was released.

The performance may be affected by major changes in a number of factors. Such impacts include changes in economic conditions, changes in the financial markets, 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.