

## **Announcement no. 4/2016**

11 May 2016

# **Alm. Brand Bank A/S – Interim report Q1 2016**

## **Highlights**

- **The bank posted a pre-tax profit of DKK 14 million in Q1 2016, against a loss of DKK 68 million in Q1 2015. The performance was satisfactory.**
- **Core earnings in the forward-looking activities amounted to DKK 21 million (Q1 2015: DKK 18 million). The forward-looking activities reported a pre-tax profit of DKK 8 million, which was below the expected level. The DKK 2 million increase relative to Q1 2015 was driven primarily by greater business volume and fewer costs.**
- **Impairment writedowns on private customers amounted a reversal of DKK 1 million in Q1 2016, compared with an expense of DKK 6 million in Q1 2015.**
- **The bank's underlying activities continue to develop favourably with an increase in the level of activity. Year on year, the number of full-service customers increased by 8%, and the portfolio of Totalkredit loans for which the bank acted as intermediary grew by 19%.**
- **The winding-up activities reported a profit of DKK 6 million in Q1 2016, marking a significant improvement of DKK 80 million from a loss of DKK 74 million in Q1 2015. The performance was better than expected.**
- **Impairment writedowns on the winding-up portfolio amounted to a reversal of DKK 1 million in Q1 2016. The favourable trend was driven by reversals on commercial customers and mortgage deeds and a lower level of impairment on agricultural customers.**
- **The forward-looking activities are expected to generate pre-tax profit of about DKK 70 million in 2016. The winding-up activities are expected to report a pre-tax loss of DKK 50-75 million.**

## **Other highlights**

- **Income from the forward-looking activities increased by 4% to DKK 144 million in Q1 2016 (Q1 2015: DKK 138 million). The improvement was attributable to higher income from the bank's leasing portfolio.**
- **Costs related to the forward-looking activities amounted to DKK 88 million in Q1 2016, which was 4% or DKK 4 million lower than the DKK 92 million reported in Q1 2015.**

- Value adjustments produced a loss of DKK 14 million in Q1 2016, against a loss of DKK 6 million in Q1 2015, being strongly impacted by a negative return on the own portfolio due to a widening of the credit spread between mortgage bonds and swap rates.
- In Q1 2016, the bank reduced the winding-up portfolio by DKK 145 million adjusted for losses and writedowns. The reduction of the winding-up portfolio is generally progressing better than expected.
- At 31 March 2016, the bank had excess liquidity of DKK 3.7 billion, corresponding to an excess cover of 260% relative to the statutory requirement. The excess cover was reduced by DKK 0.4 billion in the first quarter, and efforts will be made to reduce it further in 2016.
- At 31 March 2016, the bank's total capital stood at DKK 1.4 billion, and the total capital ratio was 19.3. The bank's individual solvency need was calculated at 14.3%, and the bank thus had an excess cover of 5.0 percentage points. The banking group had a total capital ratio of 17.9, and the individual solvency need was calculated at 14.3%. The banking group thus had an excess cover of 3.6 percentage points.

## **Contact**

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