

Interim report - first half

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

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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							
DKKm		Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	H1 2016	H1 2015	Year 2015
<i>Income statement</i>	FORWARD-LOOKING ACTIVITIES:								
	Net interest and fee income, Private	50	57	53	56	52	107	109	218
	Trading income (excl. value adjustments)	37	36	55	44	42	73	82	181
	Other income	53	51	46	44	41	104	82	172
	Total income	140	144	154	144	135	284	273	571
	Expenses	-91	-88	-81	-87	-92	-179	-184	-352
	Depreciation and amortisation	-36	-35	-33	-31	-29	-71	-57	-121
	Core earnings	13	21	40	26	14	34	32	98
	Value adjustments	-1	-14	-13	-18	-22	-15	-28	-59
	Profit/loss from investments	-	-	-	-	-	-	0	0
	Profit/loss before impairment writedowns	12	7	27	8	-8	19	4	39
	Impairment writedowns	3	1	-10	-5	0	4	-6	-21
	Profit/loss before tax, forward-looking activities	15	8	17	3	-8	23	-2	18
	WINDING-UP ACTIVITIES:								
	Profit/loss before impairment writedowns	13	5	-8	-8	-16	18	-27	-43
	Impairment writedowns	-13	1	-107	-74	-62	-12	-125	-306
	Profit/loss before tax, winding-up activities	0	6	-115	-82	-78	6	-152	-349
	Total profit/loss before tax	15	14	-98	-79	-86	29	-154	-331
	Tax	-4	-3	28	18	20	-7	36	82
	Consolidated profit/loss for the year	11	11	-70	-61	-66	22	-118	-249
<i>Balance sheet</i>	Loans and advances, forward-looking activities	2,859	2,923	2,981	3,457	2,693	2,859	2,693	2,981
	Loans and advances, winding-up activities	1,143	1,184	1,317	1,565	1,762	1,143	1,762	1,317
	Deposits	7,585	7,364	8,099	8,570	9,026	7,585	9,026	8,099
	Shareholders' equity	1,517	1,506	1,495	1,565	1,626	1,517	1,626	1,495
	Total assets	10,099	9,808	10,416	12,276	11,703	10,099	11,703	10,416
<i>Key ratios</i>	Average no. of employees (full-time equivalents)	267	260	264	264	260	264	258	261
	Interest margin (%)	2.6	2.4	2.0	2.0	1.9	2.5	1.8	1.9
	Income/cost ratio	1.10	1.10	0.54	0.61	0.57	1.10	0.60	0.59
	Impairment ratio	0.0	-0.1	1.2	0.9	0.8	-0.1	1.6	3.9
	Total capital ratio	18.7	17.9	17.2	18.3	18.4	18.7	18.4	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

Q2 PERFORMANCE

The bank generated a pre-tax profit of DKK 15 million in Q2 2016, against a loss of DKK 86 million in 2015. Impairment writedowns amounted to DKK 10 million in Q2. The bank's overall performance was better than expected, and the bank is developing satisfactorily. The performance equalled a return on equity of 4.0% p.a. before tax.

The profit was composed of a profit of DKK 15 million on forward-looking activities and a break-even result on winding-up activities.

The interest margin for the banking group was 2.6% in Q2 2016, against 1.9% in Q2 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 15 million in Q2 2016 (Q2 2015: DKK 8 million loss). The performance was in line with expectations.

Core earnings amounted to a profit of DKK 13 million in Q2 2016 and were in line with the same period of last year.

Over the past 12 months, the number of full-service customers has increased by 13%, 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 7.0 billion at 30 June 2016, against DKK 5.8 billion a year earlier. In addition, Financial Markets and Leasing both reported customer inflows in Q2 2016.

Income

The bank's income from forward-looking activities amounted to DKK 140 million in Q2 2016, against DKK 135 million in Q2 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 attributable to 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 91 million, which was DKK 1 million less than in Q2 2015.

Value adjustments

Value adjustments produced a capital loss of DKK 1 million in Q2 2016, against a loss of DKK 22 million in Q2 2015.

Interest-related value adjustments including hedging produced a combined loss of DKK 3 million in Q2 2016, against a capital loss of DKK 29 million in Q2 2015. The bank's bond portfolio and interest-related contracts yielded a return of 1.2% p.a. in Q2, compared with a negative return of 0.8% p.a. in Q2 2015. The bond return was satisfactory.

Impairment writedowns

Impairment writedowns were reversed in Q2 2016, providing an aggregate income of DKK 3 million in Q2, against DKK 0 million in the year-earlier period. The impairment writedowns were favourably affected by income from debt previously written down.

BUSINESS ACTIVITIES

Private

The bank posted a pre-tax loss of DKK 1 million, which was unchanged from the level reported in Q2 2015.

Private

DKKm	Q2 2016	Q2 2015
Income	50	52
Expenses	-54	-53
Profit/loss before impairment writedowns	-4	-1
Impairment writedowns	3	0
Profit/loss before tax	-1	-1

The year-on-year decline in income was mainly due to less income for Private in terms of deposits for the bank's overall funding. A lower level of fee income also contributed to the decline.

Impairment writedowns were favourably affected by income from debt previously written down and amounted to an income of DKK 3 million in Q2 2016, which was better than expected. Equivalent to an impairment ratio of 0.6% p.a., the underlying impairment was at a normal level.

Management's review

In the second 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 quarter. Lending to private customers grew by DKK 54 million in Q2 and by DKK 203 million year on year.

The positive trend from the first quarter of 2016 also continued for the portfolio of Totalkredit loans for which the bank acted as intermediary. In Q2 2016, the portfolio grew by just over DKK 0.3 billion, or 5%, to DKK 7.0 billion. Overall, the portfolio increased by DKK 1.1 billion year on year.

Financial Markets

The Financial Markets division generated a pre-tax profit of DKK 15 million in Q2 2016, marking a DKK 14 million improvement year on year. The higher profit was driven by favourable price adjustment developments, whereas earnings in the same period of last year were adversely affected by a negative return on the investment portfolio.

Financial markets

DKKm	Q2 2016	Q2 2015
Income	35	36
Expenses	-23	-25
Core earnings	12	11
Value adjustments	3	-10
Profit/loss before tax	15	1

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

Leasing

The Leasing division generated a pre-tax profit of DKK 6 million in Q2 2016, up DKK 4 million on Q2 2015.

Leasing

DKKm	Q2 2016	Q2 2015
Income	52	42
Expenses	-10	-11
Depreciation and amortisation	-36	-29
Profit/loss before tax	6	2

Alm. Brand Leasing continues to experience an increase in the number of new car leases. Accordingly, the portfolio increased by DKK 29 million in Q2 2016, corresponding to an annual increase of 17%. However, due to mounting competition in the market, growth has decelerated compared with previous years.

The leasing portfolio amounted to DKK 708 million at 30 June 2016, which was DKK 117 million higher than at the year-earlier date.

Other activities

Other activities, consisting primarily of Treasury, reported a pre-tax loss of DKK 5 million in Q2 2016, against a loss of DKK 10 million in Q2 2015.

Other

DKKm	Q2 2016	Q2 2015
Income	3	5
Expenses	-4	-3
Core earnings	-1	2
Value adjustments	-4	-12
Profit/loss before tax	-5	-10

The Q2 results were adversely affected by the combination of the continued low level of interest rates and continued significant excess liquidity.

WINDING-UP ACTIVITIES

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

The winding-up activities posted a break-even result in Q2 2016, marking a significant improvement over the DKK 78 million loss reported in Q2 2015.

Writedowns amounted to DKK 13 million in Q2 2016, (Q2 2015: DKK 62 million). The improvement was mainly driven by the fact that no further increase of the total impairment level for agricultural exposures was necessary.

The profit before impairment writedowns was DKK 13 million in Q2 2016, up DKK 29 million year on year. This improvement was mainly driven by the bank's improved funding situation and by positive value adjustments on equities taken over.

Management's review

The total credit exposure of the winding-up portfolio declined by DKK 81 million to DKK 2,651 million in Q2 2016. Adjusted for losses and writedowns, loans and advances were reduced by DKK 36 million, which was in line with expectations.

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 266 million at 30 June 2016. Excluding impairment writedowns, the portfolio was reduced by DKK 3 million in Q2 2016.

Impairment writedowns amounted to DKK 10 million in Q2 2016, which was in line with expectations. However, the level reflects the continuing difficult conditions in the agricultural sector.

Milk settlement prices have dropped even further from the level prevailing in Q1 2016, and no significant increases are anticipated for the upcoming period. Pork prices increased from the first quarter to the second quarter, and forecasts are predicting a price increase in the autumn of 2016.

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 second quarter. The reversal was attributable to several underlying changes, but mainly to better-than-expected agreements with debtors and sales proceeds received.

The total portfolio amounted to DKK 658 million at 30 June 2016. Excluding impairment writedowns, the portfolio was reduced by DKK 29 million as a result of general portfolio reductions.

Mortgage deeds

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

The own portfolio amounted to DKK 218 million and was reduced in Q2 2016 by DKK 4 million adjusted for losses and writedowns. Impairment writedowns of DKK 2 million were reported in Q2 2016, against a DKK 8 million reversal in Q1 2016.

The credit exposure through the option agreement on mortgage deeds amounted to DKK 1,509 million at 30 June 2016. Credit-related capital losses on the option agreement amounted to DKK 7 million in Q2 2016, which was in line with expectations.

H1 PERFORMANCE

The bank posted a pre-tax profit of DKK 29 million in H1 2016, against a loss of DKK 154 million in H1 2015. The performance equalled a return on equity of 3.8% p.a. before tax.

Winding-up activities

DKK m	Credit exposure after writedowns			Total losses and writedowns				Loss ratio % ^{a)}
	Year 2015	30.06.2016	Share of portfolio (%)	Year 2015	Q1 2016	Q2 2016	H1 2016	
Agriculture	308	266	23	274	9	10	19	7
Commercial	781	658	58	-41	-13	-6	-19	-3
Mortgage deeds	228	218	19	29	-8	2	-6	-3
Loans	1,317	1,142	100	262	-12	6	-6	-1
Option agreement on mortgage deeds ^{b)}	1,588	1,509		44	11	7	18	1
Winding-up activities	2,905	2,651		306	-1	13	12	0

a) Losses and writedowns as a percentage of the average portfolio in H1 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

The profit was composed of a profit of DKK 23 million on forward-looking activities and a profit of DKK 6 million on winding-up activities. Compared with the same period of last year, the forward-looking activities increased by DKK 25 million, whereas the winding-up activities improved by DKK 158 million.

The bank's total impairment writedowns amounted to DKK 8 million, against DKK 131 million in the same period of last year. The impairment writedowns are composed of a reversal of DKK 4 million relating to forward-looking activities and impairment writedowns of DKK 12 million relating to winding-up activities.

The interest margin for the banking group was 2.5% in H1 2016, compared with 1.8% in H1 2015.

Core earnings for the forward-looking activities amounted to a profit of DKK 34 million in H1 2016, up DKK 2 million year on year.

Value adjustments in the forward-looking activities amounted to a capital loss of DKK 15 million in H1 2016, marking a DKK 13 million improvement year on year.

For the forward-looking activities, costs amounted to DKK 179 million in H1 2016 (H1 2015: DKK 184 million). The decline was primarily driven by the fact that no expenses were incurred for the Guarantee Fund for Depositors and Investors in the first half of 2016.

BALANCE SHEET

Loans and advances

The bank's loans and advances totalled DKK 4.0 billion at 30 June 2016, against DKK 4.3 billion at 31 December 2015, corresponding to a decline of DKK 0.3 billion.

For the forward-looking activities, loans and advances, excluding intra-group lending, fell by DKK 52 million in Q2 2016, while loans and advances in the winding-up portfolio declined by DKK 41 million. The decline in the forward-looking activities was due to the repayment of large lending exposures related to Financial Markets.

Deposits

The bank had deposits of DKK 7.6 billion at 30 June 2016, against DKK 8.1 billion at 31 December 2015. The decline was expected due to the expiry of fixed-rate deposits.

At 30 June 2016, floating-rate deposits represented 87% of total deposits, against 78% at 31 December 2015.

The bank's strategy is to reduce fixed-rate deposits further in 2016.

Liquidity

At 30 June 2016, the bank's liquidity amounted to DKK 4.1 billion, and the bank expects to reduce liquidity further during the second half of 2016.

The excess liquidity was DKK 3.0 billion, equivalent to 288% of the statutory requirement. The excess cover increased by DKK 0.3 billion in Q2 2016.

At 30 June 2016, Alm. Brand Bank had a liquidity coverage ratio (LCR) of 330%.

Capitalisation

The bank's total capital amounted to DKK 1.4 billion at 30 June 2016. The excess cover relative to the individual solvency need increased in the second quarter and is developing satisfactorily.

Capitalisation

DKKbn	Parent company	Group
Total capital	1.4	1.4
Risk exposure amount	7.0	7.4
Total capital ratio	20.1	18.7
Tier 1 capital ratio	20.1	18.7
Individual solvency need	13.8	13.5
Excess cover	6.3	5.2

Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 2,672 million at 30 June 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.

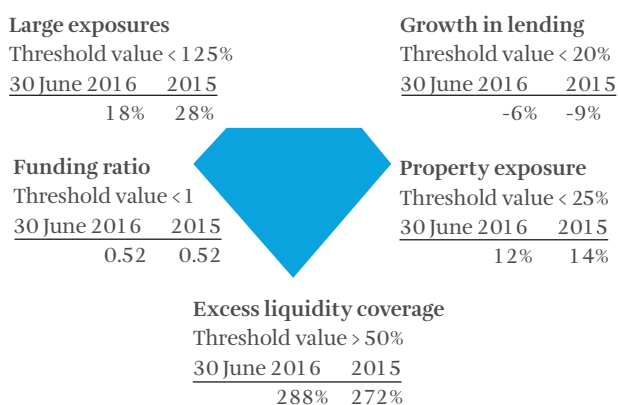
The capital reservation for the forward-looking portfolio represented 22% of gross loans and advances, and the capital reservation for the winding-up portfolio represented 46% of the credit exposure.

At 30 June 2016, accumulated writedowns amounted to DKK 1,318 million, against DKK 1,440 million at 31 December 2015. Accumulated writedowns broke down as follows at 30 June 2016: DKK 307 million on the forward-looking portfolio and DKK 1,011 million on the winding-up portfolio. To this should be added credit-related value adjustments of mortgage deeds of DKK 651 million.

Management's review

SUPERVISORY DIAMOND

At 30 June 2016, 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.

MAJOR EVENTS

Change of the current account limit

The current account limit with Danmarks Nationalbank was increased by DKK 50 million at 30 May 2016 to total DKK 175 million for Alm. Brand Bank.

OUTLOOK

The guidance for the bank's forward-looking activities is lowered by DKK 20 million to a profit of DKK 50 million before tax. The lower guided profit is due to a market adjustment of the price structure of investment associations and the continued low interest rate market with negative money-market rates affecting the return on the bank's excess liquidity.

The guidance for the group's winding-up activities is lifted by DKK 25 million to a loss of DKK 25-50 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.

The expected reduction of the winding-up portfolio remains at DKK 250 million.

Capital reservation for credit risk

DKKkm	30.06.2016						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	2,655	2,962	307	352	659	22%	663	22%
Winding-up portfolio	1,142	4,313	1,662	340	2,002	46%	2,271	48%
Total - excl. Reverse transactions	3,797	7,275	1,969	692	2,661	37%	2,934	38%
Reverse transactions incl. intercompany transactions	204	204	-	11	11	5%	19	6%
Total group	4,001	7,479	1,969	703	2,672	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 six months ended 30 June 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 requirements 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 30 June 2016 and of the group’s cash flows for the six months ended 30 June 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, 25 August 2016

Kim Bai Wadstrøm

Managing Director

BOARD OF DIRECTORS

Copenhagen, 25 August 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

							Parent company
DKK '000	Note	Q2 2016	Q2 2015	H1 2016	H1 2015	Year 2015	
Interest receivable	1	66,271	75,297	132,856	164,504	306,596	
Interest payable	2	10,014	23,219	21,417	59,079	95,087	
Net interest income		56,257	52,078	111,439	105,425	211,509	
Dividend on shares, etc.		2,989	1,501	2,995	2,353	2,370	
Fees and commissions receivable		45,298	48,165	100,923	94,812	206,028	
Fees and commissions payable		5,900	6,097	12,679	11,547	26,618	
Net interest and fee income		98,644	95,647	202,678	191,043	393,289	
Value adjustments	3	4,634	-25,029	-4,076	-40,191	-104,608	
Other operating income		1,036	769	1,559	2,088	7,226	
Profit before expenses		104,314	71,387	200,161	152,940	295,907	
Staff costs and administrative expenses	4	94,763	95,586	188,340	191,889	361,829	
Other operating expenses		521	6,780	1,036	14,204	28,693	
Impairment of loans, advances and receivables, etc.	5	994	55,935	-3,797	107,016	253,613	
Profit/loss from investments in associates and group enterprises		5,760	912	11,627	6,090	17,436	
Profit/loss before tax		13,709	-86,002	26,122	-154,079	-330,792	
Tax		2,803	-19,788	4,087	-36,038	-81,939	
Total profit/loss for the period		10,906	-66,214	22,035	-118,041	-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		10,906	-66,214	22,035	-118,041	-248,853	
PROFIT/LOSS ALLOCATION							
Share attributable to Alm. Brand Bank		10,906	-66,214	22,035	-118,041	-248,853	
Share attributable to minority interests		-	-	-	-	-	
Transferred to Total shareholders' equity		10,906	-66,214	22,035	-118,041	-248,853	

Income and comprehensive income statement

Group

DKK '000	Note	Q2 2016	Q2 2015	H1 2016	H1 2015	Year 2015
Interest receivable	1	63,139	72,060	126,697	158,572	293,773
Interest payable	2	10,218	23,224	22,029	59,092	95,107
Net interest income		52,921	48,836	104,668	99,480	198,666
Dividend on shares, etc.		2,989	1,501	2,995	2,353	2,370
Fees and commissions receivable		47,399	49,755	104,590	98,225	213,380
Fees and commissions payable		5,900	6,098	12,679	11,548	26,803
Net interest and fee income		97,409	93,994	199,574	188,510	387,613
Value adjustments	3	4,634	-25,029	-4,076	-40,191	-104,608
Other operating income		55,971	42,829	110,203	86,630	188,930
Profit before expenses		158,014	111,794	305,701	234,949	471,935
Staff costs and administrative expenses	4	104,202	104,973	206,726	210,340	397,357
Depreciation, amortisation and impairment of property, plant and equipment		36,203	29,199	70,755	57,093	121,420
Other ordinary expenses		1,857	7,349	3,623	15,332	31,502
Impairment of loans, advances and receivables, etc.	5	796	55,925	-4,035	106,587	253,211
Profit/loss from investments in associates and group enterprises		1	132	53	480	941
Profit/loss before tax		14,957	-85,520	28,685	-153,923	-330,614
Tax		4,051	-19,306	6,650	-35,882	-81,761
Total profit/loss for the period		10,906	-66,214	22,035	-118,041	-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		10,906	-66,214	22,035	-118,041	-248,853
PROFIT/LOSS ALLOCATION						
Share attributable to Alm. Brand Bank		10,906	-66,214	22,035	-118,041	-248,853
Transferred to Total shareholders' equity		10,906	-66,214	22,035	-118,041	-248,853

Balance sheet

DKK '000	Note	Parent company			Group		
		30 June 2016	30 June 2015	31 December 2015	30 June 2016	30 June 2015	31 December 2015
ASSETS							
Cash in hand and balances at call with central banks		217,337	526,769	262,281	217,337	526,769	262,281
Balances due from credit institutions and central banks		397,548	671,301	301,235	397,548	671,301	301,235
Loans, advances and other receivables at fair value		218,267	278,539	227,516	218,267	278,539	227,516
Loans, advances and other receivables at amortised cost	6	4,437,433	4,821,885	4,725,340	3,783,626	4,176,546	4,071,077
Bonds at fair value		3,881,846	4,361,560	3,954,390	3,881,846	4,361,560	3,954,390
Shares etc.		205,494	206,624	214,422	205,494	206,624	214,422
Investments in associates		12,504	11,982	12,423	12,504	11,982	12,423
Investments in group enterprises		163,009	90,550	151,436	-	-	-
Investment properties		10,651	35,437	10,818	144,951	170,937	145,118
Other property, plant and equipment		1,651	-	-	710,070	591,109	655,233
Current tax assets		140,113	150,802	119,067	186,407	218,028	156,271
Deferred tax assets		176,465	198,165	201,598	212,722	267,637	249,508
Assets held temporarily		-	-	-	-	50	-
Other assets		100,630	200,499	136,066	120,711	202,412	159,677
Prepayments		7,293	19,307	6,665	7,293	19,307	6,666
Total assets		9,970,241	11,573,420	10,323,257	10,098,776	11,702,801	10,415,817

Balance sheet

DKK '000	Note	Parent company			Group		
		30 June 2016	30 June 2015	31 December 2015	30 June 2016	30 June 2015	31 December 2015
LIABILITIES AND EQUITY							
Payables							
Payables to credit institutions and central banks		403,540	377,101	268,507	493,539	468,813	359,367
Deposits and other payables		7,584,805	9,026,216	8,132,356	7,584,805	9,026,216	8,098,677
Liabilities temporarily acquired		574	607	-	574	610	-
Other liabilities		280,825	358,222	242,953	319,361	395,888	278,332
Prepayments		-	2	6	-	2	6
Total payables		8,269,744	9,762,148	8,643,822	8,398,279	9,891,529	8,736,382
Provisions							
Provisions for pensions and similar liabilities		2,080	1,740	1,850	2,080	1,740	1,850
Provisions for losses on guarantees		6,495	8,833	7,698	6,495	8,833	7,698
Total provisions		8,575	10,573	9,548	8,575	10,573	9,548
Subordinated debt							
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		110,010	87,550	98,436	-	-	-
Retained earnings		385,912	517,149	375,451	495,922	604,699	473,887
Total shareholders' equity		1,516,922	1,625,699	1,494,887	1,516,922	1,625,699	1,494,887
Total liabilities and equity		9,970,241	11,573,420	10,323,257	10,098,776	11,702,801	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 H1 2015				
Profit/loss for the period		5,609	-123,650	-118,041
Comprehensive income in H1 2015	-	5,609	-123,650	-118,041
Total changes in equity in H1 2015	-	5,609	-123,650	-118,041
Shareholders' equity at 30 June 2015	1,021,000	87,550	517,149	1,625,699
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 H1 2016				
Profit/loss for the period		11,574	10,461	22,035
Comprehensive income in H1 2016	-	11,574	10,461	22,035
Other capital movements		-	-	-
Total equity movements in H1 2016	-	11,574	10,461	22,035
Shareholders' equity at 30 June 2016	1,021,000	110,010	385,912	1,516,922

Cash flow statement

DKK '000	Group		
	H1 2016	H1 2015	Year 2015
Operating activities			
Profit for the period before tax	28,685	-153,923	-330,614
Tax paid during the period	-	-2	125,761
Adjustment for amounts with no cash flow impact:			
Depreciation, amortisation and impairment of property, plant and equipment	70,755	57,093	121,420
Impairment of loans, advances and receivables, etc.	9,024	111,014	273,600
Other adjustments to cash flows from operating activities	-45,468	59,241	-39,926
Total, operating activities	62,996	73,423	150,241
Working capital			
Loans and advances	263,050	89,167	83,364
Deposits	-513,872	-2,050,227	-2,977,766
Bonds	200,400	2,935,737	3,353,188
Shares	29,462	31,141	38,897
Total, working capital	-20,960	1,005,818	497,683
Investing activities			
Investments in associates	-	32,242	30,872
Investments in group enterprises	-	1,000	1,000
Investment properties	167	-	34,572
Property, plant and equipment	-125,394	-139,725	-267,705
Total, investing activities	-125,227	-106,483	-201,261
Financing activities			
Payables to credit institutions	134,560	-729,823	-838,282
Total, financing activities	134,560	-729,823	-838,282
Change in cash and cash equivalents	51,369	242,935	-391,619
Cash and cash equivalents, beginning of year	563,516	955,135	955,135
Change in cash and cash equivalents	51,369	242,935	-391,619
Cash and cash equivalents, end of period	614,885	1,198,070	563,516
Cash and cash equivalents, end of period			
Cash in hand and balances at call with central banks	217,337	526,769	262,281
Balances due from credit institutions less than 3 months	397,548	671,301	301,235
Cash and cash equivalents, end of period	614,885	1,198,070	563,516

Segment information

Group

DKK '000

H1 2016

	Private	Leasing	Financial Markets	Other	Total forward-looking activities before winding up	Winding-up activities	Total
Net interest and fee income	106,817	-	-	-	106,817	22,154	128,971
Trading income (excl. value adjustments)	-	-	72,350	1,357	73,707	-	73,707
Other income	15	103,009	547	4	103,575	994	104,569
Total income	106,832	103,009	72,897	1,361	284,099	23,148	307,247
Expenses	104,702	20,972	47,044	6,588	179,306	31,043	210,349
Depreciation	87	70,668	-	-	70,755	-	70,755
Core earnings	2,043	11,369	25,853	-5,227	34,038	-7,895	26,143
Value adjustments	242	-	7,264	-23,008	-15,502	23,384	7,882
Profit/loss from investments	-	-	-29	-	-29	2,611	2,582
Profit/loss before impairment writedowns	2,285	11,369	33,088	-28,235	18,507	18,100	36,607
Writedowns and credit-related value adjustments	-4,034	-238	-459	-18	-4,749	12,671	7,922
Profit/loss before tax	6,319	11,607	33,547	-28,217	23,256	5,429	28,685
Tax							6,650
Profit/loss for the period							22,035
Loans and advances	2,623,206	28,946	3,080	203,875	2,859,107	1,142,786	4,001,893
Bonds	-	-	1,582,360	2,299,486	3,881,846	-	3,881,846
Lease assets	-	708,419	-	-	708,419	-	708,419
Other assets	4,290	102,826	37,144	1,237,069	1,381,329	125,289	1,506,618
Total assets	2,627,496	840,191	1,622,584	3,740,430	8,830,701	1,268,075	10,098,776

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 forward-looking activities and winding-up activities. Forward-looking activities comprise areas in which the bank wishes to expand its business volume. Winding-up 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

H1 2015

	Private	Leasing	Financial Markets	Other	Total forward-looking activities before winding up	Winding-up activities	Total
Net interest and fee income	109,055	-	-	-	109,055	27	109,082
Trading income (excl. value adjustments)	-	-	75,683	6,277	81,960	-	81,960
Other income	-	81,376	501	3	81,880	1,584	83,464
Total income	109,055	81,376	76,184	6,280	272,895	1,611	274,506
Expenses	105,847	19,579	51,051	7,079	183,556	42,116	225,672
Depreciation	0	57,093	-	-	57,093	-	57,093
Core earnings	3,208	4,704	25,133	-799	32,246	-40,505	-8,259
Value adjustments	360	-	-6,436	-21,782	-27,858	12,376	-15,482
Profit/loss from investments	-	-	-22	0	-22	1,135	1,113
Profit/loss before impairment writedowns	3,568	4,704	18,675	-22,581	4,366	-26,994	-22,628
Writedowns and credit-related value adjustments	6,635	-429	-176	5	6,035	125,260	131,295
Profit/loss before tax	-3,067	5,133	18,851	-22,586	-1,669	-152,254	-153,923
Tax							-35,882
Profit/loss for the period							-118,041
Loans and advances	2,450,606	47,457	89,097	106,303	2,693,463	1,761,622	4,455,085
Bonds	-	-	1,249,117	3,112,443	4,361,560	-	4,361,560
Lease assets	-	591,109	-	-	591,109	-	591,109
Other assets	4,370	138,858	91,501	1,889,554	2,124,283	170,764	2,295,047
Total assets	2,454,976	777,424	1,429,715	5,108,300	9,770,415	1,932,386	11,702,801

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		
	H1 2016	H1 2015	Year 2015	H1 2016	H1 2015	Year 2015
NOTE 1 Interest receivable						
Balances due from credit institutions and central banks	-572	-815	-1,547	-572	-815	-1,547
Loans, advances and other receivables	110,392	124,370	242,097	104,233	118,438	229,274
Bonds	28,831	48,837	83,021	28,831	48,837	83,021
Total derivatives	-6,144	-7,866	-16,960	-6,144	-7,866	-16,960
Of which:						
Foreign exchange contracts	-6,395	-5,996	-	-6,394	-5,996	-
Interest rate contracts	250	-1,870	-16,960	250	-1,870	-16,960
Other interest income	349	-22	-15	349	-22	-15
Total interest receivable	132,856	164,504	306,596	126,697	158,572	293,773
Interest receivable from genuine purchase and resale transactions:						
Balances due from credit institutions and central banks	-328	-615	-1,142	-328	-615	-1,142
Loans, advances and other receivables	-270	-72	-249	-270	-72	-249
NOTE 2 Interest payable						
Credit institutions and central banks	460	299	1,248	460	299	1,248
Deposits and other payables	15,769	53,618	83,464	15,769	53,618	83,464
Bonds issued	-	-	-	-	-	-
Total subordinated debt	5,095	5,081	10,246	5,095	5,081	10,246
Other interest expenses	93	81	129	705	94	149
Total interest payable	21,417	59,079	95,087	22,029	59,092	95,107
Interest payable on genuine sale and repurchase transactions:						
Payables to credit institutions and central banks	251	165	150	251	165	150
Deposits and other payables	57	46	-92	57	46	-92
NOTE 3 Value adjustments						
Loans, advances and other receivables at fair value	8,715	-2,971	-28,504	8,715	-2,971	-28,504
Bonds	57,229	-84,827	-98,532	57,229	-84,827	-98,532
Shares, etc.	9,806	2,124	8,228	9,806	2,124	8,228
Investment properties	0	-	-1,266	0	-	-1,266
Foreign currency	4,742	-703	10,402	4,742	-703	10,402
Total derivatives	-84,338	46,166	5,154	-84,338	46,166	5,154
Other liabilities	-230	20	-90	-230	20	-90
Total value adjustments	-4,076	-40,191	-104,608	-4,076	-40,191	-104,608

Notes

DKK '000	Parent company			Group		
	H1 2016	H1 2015	Year 2015	H1 2016	H1 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	1,546	1,398	2,720	1,546	1,398	2,720
Share-based payment	86	172	344	86	172	344
Pensions	154	149	298	154	149	298
Total remuneration to the Management Board	1,786	1,719	3,362	1,786	1,719	3,362
Remuneration to the Board of Directors:						
Fees	640	640	1,280	640	640	1,280
Total remuneration to the Management Board and Board of Directors	2,426	2,359	4,642	2,426	2,359	4,642
Staff costs:						
Salaries and wages	83,953	84,375	155,047	83,953	84,375	155,047
Share-based payment	-	-	2,679	-	-	2,679
Pensions	9,227	8,924	18,145	9,227	8,924	18,145
Social security costs	11,489	10,133	19,402	11,489	10,133	19,402
Total staff costs	104,669	103,432	195,273	104,669	103,432	195,273
Other administrative expenses	81,245	86,098	161,914	99,631	104,549	197,442
Total staff costs and administrative expenses	188,340	191,889	361,829	206,726	210,340	397,357
Number of employees						
Average number of employees during the financial year, full-time equivalents						
	264	258	261	264	258	261
NOTE 5 Impairment of loans, advances and receivables, etc.						
Individual assessment:						
Impairment and value adjustments, respectively, during the year						
	172,442	188,621	386,748	172,452	188,920	386,813
Reversal of impairment in previous years	149,825	73,491	146,062	149,855	73,956	146,262
Total individual assessment	22,617	115,130	240,686	22,597	114,964	240,551
Group assessment:						
Impairment and value adjustments, respectively, during the year						
	4,623	18,755	44,268	4,756	18,871	44,565
Reversal of impairment in previous years	18,112	9,481	11,070	18,458	10,163	11,827
Total group assessment	-13,489	9,274	33,198	-13,702	8,708	32,738
Losses not previously provided for	12,414	3,672	24,021	12,701	3,885	24,671
Bad debts recovered	25,339	21,061	44,292	25,632	21,280	44,749
Total impairment of loans, advances and receivables, etc., end of period	-3,797	107,016	253,613	-4,035	106,587	253,211

Notes

DKK '000	Parent company			Group		
	H1 2016	H1 2015	Year 2015	H1 2016	H1 2015	Year 2015
NOTE 6 Udlån og andre tilgodehavender til amortiseret kostpris						
Loans and advances	5,748,039	6,240,648	6,156,991	5,065,942	5,548,983	5,475,021
Leases	-	-	-	29,025	47,515	28,713
Total before impairment, etc.	5,748,039	6,240,648	6,156,991	5,094,967	5,596,498	5,503,734
Impairment, etc.	1,310,606	1,418,763	1,431,651	1,311,341	1,419,952	1,432,657
Loans, advances and other receivables at amortised cost, end of period	4,437,433	4,821,885	4,725,340	3,783,626	4,176,546	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	5,095	5,081	10,246	5,095	5,081	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		
	H1 2016	H1 2015	Year 2015	H1 2016	H1 2015	Year 2015
NOTE 9 Total capital						
Shareholders' equity	1,516,922	1,625,699	1,494,887	1,516,922	1,625,699	1,494,887
Total profit/loss for the period in financial institution	-22,035	-	-	-22,035	-	-
Deferred tax assets	-	-	-5,792	-	-2,140	-7,494
Prudent valuation	-176,465	-198,165	-201,598	-212,722	-267,637	-249,508
Common equity tier 1 capital	-4,369	-4,974	-4,470	-4,369	-4,974	-4,470
Additional tier 1 capital	1,314,053	1,422,560	1,283,027	1,277,796	1,350,948	1,233,415
Reduction additional tier 1 capital	175,000	175,000	175,000	175,000	175,000	175,000
Deduction of ownership interest in financial institution	-78,750	-61,250	-70,000	-78,750	-61,250	-70,000
Tier 1 capital	-	-	-10,513	-	-3,306	-13,602
Total capital	1,410,303	1,536,310	1,377,514	1,374,046	1,461,392	1,324,813
Total risk exposure amount:						
Weighted items involving credit risk	5,816,561	6,582,805	6,167,989	5,862,476	6,473,024	6,200,849
Weighted items involving market risk	794,279	833,676	827,135	794,279	833,676	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	7,017,017	7,772,863	7,401,301	7,350,934	7,925,399	7,722,163
The solvency requirement represents 8% of the total risk exposure amount						
	561,361	621,829	592,104	588,075	634,032	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	40,371	58,472	44,505	40,371	58,472	44,505
Loss guarantees for mortgage loans	375,086	286,298	328,536	375,086	286,298	328,536
Registration and conversion guarantees	54,775	91,535	52,207	54,775	91,535	52,207
Other contingent liabilities	483,081	409,748	389,199	483,081	409,748	389,199
Contingent liabilities, end of period	953,313	846,053	814,447	953,313	846,053	814,447
Other commitments:						
Irrevocable loan commitments	-	8,000	36,313	-	8,000	36,313
Other miscellaneous commitments	-	-	-	-	-	-
Other commitments, end of period	-	8,000	36,313	-	8,000	36,313
Off-balance sheet items, end of period	953,313	854,053	850,760	953,313	854,053	850,760

DKK '000	Parent company			Group		
	H1 2016	H1 2015	Year 2015	H1 2016	H1 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 30 June 2016 (H1 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 30 June 2016 in the form of bonds representing a nominal value of DKK 438 million (H1 2015: DKK 485 million).

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 4 million was received and cash in the amount of DKK 203 million was paid at 30 June 2016 (H1 2015: DKK 39 million and DKK 188 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	200,500	111,110	186,500	200,500	111,110	186,500
Shares, etc.	-	-	-	-	-	-

Liabilities sold in connection with reverse agreements:

Bonds at fair value	363,356	300,883	267,966	363,356	300,883	267,966
Shares, etc.	-	-	-	-	-	-

Notes

	Group				
DKK '000	H1 2016	H1 2015	H1 2014	H1 2013	H1 2012
NOTE 11 Financial highlights and key ratios					
Net interest and fee income	199,574	188,510	198,099	179,209	186,757
Value adjustments	-4,076	-40,191	-60,773	-126,624	-27,314
Staff costs and administrative expenses	-206,726	-210,340	-198,397	-208,062	-247,203
Impairment of loans, advances and receivables, etc.	4,035	-106,587	-66,650	-85,143	-103,156
Profit/loss from investments in associates group enterprises	53	480	3,008	-528	-55
Profit for the year	22,035	-118,041	-85,585	-233,726	-155,209
Profit/loss for the period, discontinued activities	-	-	10,336	-4,091	21,726
Total profit/loss for the period	22,035	-118,041	-75,249	-237,817	-133,483
Loans and advances	4,001,893	4,455,085	6,849,666	7,838,468	9,377,201
Shareholders' equity	1,516,922	1,625,699	2,020,697	1,623,873	1,393,036
Total assets	10,098,776	11,702,801	14,462,323	18,261,385	22,461,228
Solvency ratio	18.7	18.4	21.5	18.5	17.0
Tier 1 ratio	18.7	18.4	21.5	17.1	13.6
Return on equity before tax (%)	1.9	-9.1	-5.9	-22.4	-15.0
Return on equity after tax (%)	1.5	-7.0	-4.2	-20.2	-11.0
Income/cost ratio	1.10	0.60	0.64	0.24	0.53
Interest rate risk (%)	0.3	-1.2	5.1	0.9	0.3
Foreign exchange position (%)	2.2	5.9	3.9	14.1	30.2
Foreign exchange risk (%)	0.0	0.0	0.0	0.3	0.1
Loans and advances as a percentage of deposits (%)	70.1	65.1	80.2	83.9	105.7
Gearing of loans and advances	2.6	2.7	3.4	4.8	6.7
Annual growth in lending (%)	-7.4	-4.9	-6.7	-6.6	-8.2
Excess cover relative to statutory liquidity requirement (%)	285.4	294.7	191.0	182.6	230.7
Total amount of large exposures (%)	42.1	41.2	26.8	80.2	52.0
Impairment ratio for the year	-0.1	1.6	0.7	0.8	0.9
Return on capital employed (%)	0.2	-1.0	-0.5	-1.3	-0.6

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.

Parent company

DKK '000	H1 2016	H1 2015	H1 2014	H1 2013	H1 2012
NOTE 11 Financial highlights and key ratios - continued					
Net interest and fee income	202,678	191,043	195,255	173,172	177,775
Value adjustments	-4,076	-40,191	-60,773	-126,625	-27,314
Staff costs and administrative expenses	-188,340	-191,889	-181,504	-191,964	-233,312
Impairment of loans, advances and receivables, etc.	3,797	-107,016	-66,498	-85,629	-103,833
Profit/loss from investments in associates group enterprises	11,627	6,090	10,839	-11,023	1,158
Profit for the year	22,035	-118,041	-85,584	-233,733	-155,208
Profit/loss for the period, discontinued activities	-	-	-580	-2,603	6,720
Total profit/loss for the period	22,035	-118,041	-86,164	-236,336	-148,488
Loans and advances	4,655,700	5,100,424	7,309,092	8,824,619	9,728,988
Shareholders' equity	1,516,922	1,625,699	1,816,748	1,458,044	1,241,256
Total assets	9,970,241	11,573,420	14,149,210	17,607,535	21,952,898
Solvency ratio	20.1	19.8	20.2	19.0	17.4
Tier 1 ratio	20.1	19.8	20.2	17.5	13.7
Return on equity before tax (%)	1.7	-9.1	-7.4	-26.9	-18.5
Return on equity after tax (%)	1.5	-7.0	-5.4	-23.5	-13.9
Income/cost ratio	1.14	0.51	0.56	0.12	0.45
Interest rate risk (%)	0.2	-0.4	5.4	-1.5	-1.3
Foreign exchange position (%)	2.2	5.6	4.1	14.5	33.2
Foreign exchange risk (%)	0.0	0.0	0.0	0.2	0.1
Loans and advances as a percentage of deposits (%)	78.7	72.2	84.5	92.7	109.0
Gearing of loans and advances	3.1	3.1	4.0	6.1	7.8
Annual growth in lending (%)	-6.4	-3.3	-9.8	-3.5	-7.5
Excess cover relative to statutory liquidity requirement (%)	287.5	296.4	180.4	190.5	236.4
Total amount of large exposures (%)	41.0	39.1	27.7	82.1	62.3
Impairment ratio for the year	-0.1	1.5	0.7	0.8	0.8
Return on capital employed (%)	0.2	-1.0	-0.6	-1.3	-0.7

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.

DKK '000	30 June				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	-	-	218,267	218,267	-	-	227,516	227,516
Bonds at fair value	3,881,846	-	-	3,881,846	3,954,390	-	-	3,954,390
Shares, etc.	14,003	104,190	87,301	205,494	14,881	121,758	77,783	214,422
Derivatives	-	34,444	-	34,444	-	35,021	-	35,021
Investment properties	-	-	144,951	144,951	-	-	145,118	145,118
Assets temporarily								
acquired	-	-	-	-	-	-	-	-
Other assets	-	28,386	-	28,386	-	38,384	-	38,384
Financial assets								
at fair value, year-end:	3,895,849	167,020	450,519	4,513,387	3,969,271	195,163	450,417	4,614,851
Financial liabilities								
at fair value:								
Derivatives	-	154,823	7,662	162,484	-	105,843	16,489	122,332
Liabilities temporarily								
acquired	-	574	-	574	-	-	-	-
Other liabilities	-	22,335	-	22,335	-	20,703	-	20,703
Financial liabilities								
at fair value, year-end:	-	177,732	7,662	185,393	-	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

DKK '000

30 June 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	3,323	11,173	-	6,840	-	21,336
Disposals during the year	-	-29,137	-167	-7,007	-	-36,311
Value adjustment through profit or loss total	6,195	8,715	-	167	-8,827	6,250
Carrying amount, year-end	87,301	218,267	144,951	-	7,662	458,181

Value adjustments for the year are composed as follows:

Realised value adjustments	-	-15,911	-	167	-	-15,744
Unrealised value adjustments	6,195	24,625	-	-	-8,827	21,993
Value adjustment through profit or loss total	6,195	8,715	-	167	-8,827	6,250

Group

DKK '000

31 December 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 outlook is based on the interest rate and price levels prevailing in mid-August 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.

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