

Annual Report 2010

Arbejdernes
Landsbank



AKTIESELSKABET

 Arbejdernes Landsbank

CVR-nr. 31 46 70 12, Copenhagen



Gert R. Jonassen
Chief Executive



Ebbe Castella
Executive Bank Director



Jan Walther Andersen
Executive Bank Director
As of 1 January 2011

Agenda

for the annual general meeting of Arbejdernes Landsbank, Monday 7 March 2011.

1. Election of chair,
2. Review of the activities of the Bank in 2010,
3. Submission of the audited annual report and auditors' report, see Article 24(2) of the Articles of Association,
4. Proposed appropriation of profit according to the annual report, see Article 25 of the Articles of Association,
5. Proposals received,
6. Election of members to the Board of Representatives, see Article 18 of the Articles of Association,
7. Election of auditors, see Article 23 of the Articles of Association.

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New challenges and new opportunities



Although the economic crisis is ebbing out, and the economic cycle seems to have turned for the better, 2010 has shown that we are not out of the water yet. We have seen increasing unemployment and so far there are no clear signs of an improvement in jobs. The large deficit on public finances continues, and this has led to proposals for tighter economic policy which will keep growth at the current low levels with somewhat detrimental consequences for employment and the economy in general.

Internationally we have seen the Euro under pressure from inappropriate economic policies in some Euro countries. This means that the financial markets have lost confidence that some Euro countries will be able to solve their problems themselves, and therefore the EU has set up the European Financial Stability Facility (EFSF) in which 16 member states have secured capital to bail out the countries affected; so far Greece and Ireland.

The year 2010 also saw the end of 'Bank Package I' so that the Danish banks – including Arbejdernes Landsbank – no longer have to pay for the government guarantee for deposits. During the year, Arbejdernes Landsbank has made use of the part of 'Bank Package II' which enables us to secure funding for the Bank for a three-year period, supported by a state guarantee. This means we have secured the Bank about DKK 5 bn. in liquidity. This is to help us operate the Bank safely in these uncertain times and it will enable us to plan how we can resolve the issue of attractive funding in the future.

Attractive funding is an important task facing the majority of Danish banks. In this process we have seen some banks with difficulties in obtaining the state guarantee, and we have seen banks having to allow themselves to be swallowed up by the Financial Stability Company, the government winding-up company.

This shows that the financial sector is still under a lot of pressure.

Fortunately, I am in a position to say that this does not apply for Arbejdernes Landsbank. We have a sound business. Customers have voted us the best Danish bank for the second year running. We have a strong capital base which we are aiming to make even stronger, primarily by allowing our shareholders to subscribe to hybrid core capital of up to DKK 750 mill. This type of capital injection is a very satisfactory demonstration of the level of confidence our owners have in the Bank. With this new capital at our disposal we will be able to convince current and potential customers of the exceptional security they have when entrusting their accounts to Arbejdernes Landsbank.

Confidence in Arbejdernes Landsbank was not only manifest from our owners: the government Financial Stability Company also invited us to make an offer for the remaining customers of Roskilde Bank. Having analysed all the material available, we made an offer and concluded an agreement so that in spring 2011 we will take over 4,000 customers. For us it is only right that these customers can now see a way out of their unfortunate financial situation following the failure of Roskilde Bank.

The continuing recession has had its impact on the Bank's figures. Group lending remains unchanged at DKK 16.9 bn., meaning that we have increased lending in line with loan repayments made by customers. The increase in lending is particularly based on loans in cooperative properties, and Arbejdernes Landsbank has developed a good business concept, which has attracted much interest from owners of this type of property. In addition the Group has also increased lending by taking over the Danish assets of Nordisk Factoring.

Deposits have shown a drop of about DKK 0.5 bn., with total deposits at the end of the year amounting to DKK 20.9 bn. This drop is as expected, as in the period up to the expiry of 'Bank Package I', on 30 September 2010, we received a number of large temporary deposits.

The recession continues to have an unsatisfactory affect on the size of Group write-downs. Write-downs in 2010 totalled DKK 220.7 mill., corresponding to a rate of 1.1 per cent. Write-downs include our share of the losses of the Financial Stability Company of DKK 45.8 mill. The remaining write-downs of DKK 174.9 mill., corresponding to 0.9 per cent of Group deposits and guarantees, are spread over all customer groups. Write-downs have fallen compared to 2009, but they still exceed our target. The high level of write-downs is an unfortunate reflection of the financial climate the Bank is having to cope with.

In 2011 we expect to be able to keep write-downs below 0.5 per cent of Group loans and guarantees.

Despite the continued economic downturn, Arbejdernes Landsbank has achieved a satisfactory result on the capital markets in general and on investment securities in particular. This means that in 2010 the Group could show a profit of DKK 133.9 mill. Furthermore we continue to see a good influx of new customers. Overall the Board find the Bank's result for the year satisfactory – particularly given the continuing difficult climate. The result achieved for 2010 means that for the first time in its history Arbejdernes Landsbank has equity of more than DKK 3 bn.

So, we have a well consolidated Bank and we are striving hard to strengthen the Bank's capital further in 2011. As we also have a highly educated group of employees and a well managed branch network, there is every opportunity to continue the good development of recent years. At the start of 2011 a new concept is being introduced for the way we work with our private customers. In future we will hold 'value interviews' with customers, under which we will home in on customers' current and future needs. This will enhance customers' possibilities to attain their goals and the Bank will be able to strengthen its position as a financial partner for our private customers. Therefore, we feel that there is a good foundation to meet the challenges of the coming years.

On behalf of the Board of Directors and the Executive Management, I would like to thank the Bank's shareholders, Local Council and customers for their good and constructive cooperation in 2010. I would also like to thank our employees for their excellent work over the year. I have every good reason to be optimistic for our opportunities in the coming year.

On behalf of the Board of Directors

Poul Erik Skov Christensen

Chairman of the Board of Directors



A/S Arbejdernes Landsbank – Group

Key figures*)

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|------------------|------------------|------------------|------------------|----------------|
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Income statement according to the core earnings model | | | | | |
| Net interest income | 932,373 | 930,627 | 766,212 | 674,576 | 604,052 |
| Net fee and commission income etc. | 303,949 | 268,653 | 246,399 | 235,141 | 236,057 |
| Core earnings, excl. trade earnings | 1,236,322 | 1,199,280 | 1,012,611 | 909,717 | 840,109 |
| Trade earnings | 97,721 | 81,670 | 87,153 | 111,421 | 97,817 |
| Core earnings, total | 1,334,043 | 1,280,950 | 1,099,764 | 1,021,138 | 937,926 |
| Staff costs | -627,108 | -574,017 | -518,779 | -495,310 | -485,950 |
| Administrative costs and depreciation/amortisation | -552,649 | -564,253 | -407,921 | -386,896 | -342,748 |
| Core results before write-downs | 154,286 | 142,680 | 173,064 | 138,932 | 109,228 |
| Write-downs on loans, etc. | -220,655 | -308,731 | -146,309 | 24,194 | 68,096 |
| Core results | -66,369 | -166,051 | 26,755 | 163,126 | 177,324 |
| Investment portfolio earnings, excl. investment securities | 80,981 | 369,772 | -169,198 | -5,985 | 44,535 |
| Investment securities | 114,174 | -85,984 | 54,874 | 75,350 | 156,190 |
| Profit before tax | 128,786 | 117,737 | -87,569 | 232,491 | 378,049 |
| Taxes | 5,109 | -42,156 | 27,797 | -39,988 | -59,375 |
| Profit after tax | 133,895 | 75,581 | -59,772 | 192,503 | 318,674 |
| Other key figures | | | | | |
| Net interest and fee income | 1,349,935 | 1,253,601 | 1,045,461 | 960,110 | 903,300 |
| Value adjustments | 27,143 | 276,669 | -71,041 | -2,237 | 140,826 |
| Staff and administration expenses | -1,064,412 | -984,286 | -860,217 | -819,906 | -761,501 |
| Value adjustments for holdings in associated and group companies | 101,433 | -17,866 | -38,053 | 91,845 | 51,272 |
| Loans and other receivables at amortised cost | 16,933,065 | 16,943,243 | 17,351,571 | 13,222,594 | 11,143,320 |
| Bonds at fair value | 10,464,216 | 8,722,428 | 8,723,912 | 5,551,720 | 4,690,168 |
| Deposits, incl. pools | 20,946,291 | 21,398,966 | 19,069,192 | 14,542,896 | 12,626,814 |
| Issued bonds at amortised cost | 3,614,444 | 813,663 | 499,487 | 0 | 0 |
| Equity | 3,118,224 | 2,939,710 | 2,847,539 | 2,951,311 | 2,826,009 |
| Total assets | 32,385,274 | 30,533,702 | 31,834,076 | 25,709,125 | 22,283,628 |
| Total contingent liabilities | 4,180,600 | 4,506,195 | 4,413,303 | 6,789,351 | 6,072,020 |

| | | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-----|---------|-------|--------|-------|---------|
| Financial ratios | | | | | | |
| Solvency | | | | | | |
| Solvency ratio, | % | 13.1 | 13.0 | 12.0 | 12.1 | 12.2 |
| Core capital ratio**) | % | 12.0 | 12.1 | 11.2 | 12.1 | 14.8 |
| Solvency need | % | 9.0 | 8.0 | 8.0 | 8.0 | 8.3 |
| Earnings | | | | | | |
| Return on equity before tax | % | 4.3 | 4.1 | -3.0 | 8.0 | 14.0 |
| Return on equity after tax | % | 4.4 | 2.6 | -2.1 | 6.7 | 11.8 |
| Ratio of operating income to operating expenses | DKK | 1.09 | 1.08 | 0.92 | 1.27 | 1.49 |
| Earnings per DKK 1,000 nominal share value | DKK | 446.2 | 251.9 | -199.2 | 641.7 | 1,062.3 |
| Market risk | | | | | | |
| Interest-rate risk **) | % | 3.3 | 4.1 | 5.6 | 3.9 | 4.9 |
| Currency position **) | % | 8.0 | 6.7 | 15.7 | 13.2 | 8.8 |
| Exchange-rate risk **) | % | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 |
| Liquidity | | | | | | |
| Loans plus write-downs in relation to deposits | % | 84.2 | 81.8 | 92.8 | 92.2 | 89.9 |
| Excess liquidity in relation to statutory requirements for liquidity | % | 232.2 | 218.9 | 104.3 | 121.8 | 41.2 |
| Credit | | | | | | |
| Sum of large exposures ***) | % | 65.5 | 52.1 | 67.2 | 35.9 | 72.9 |
| Write-down rate for the year | % | 1.1 | 1.4 | 0.7 | -0.1 | -0.4 |
| Growth in loans for the year | % | -0.1 | -2.4 | 31.2 | 18.7 | 21.6 |
| Loans in relation to equity | | 5.4 | 5.8 | 6.1 | 4.5 | 3.9 |
| Equity | | | | | | |
| Equity value | DKK | 1,039.4 | 979.9 | 949.2 | 983.8 | 942.0 |
| Proposed dividend per DKK 1,000 nominal share value | DKK | 80.0 | 0.0 | 0.0 | 200.0 | 200.0 |
| Employees | | | | | | |
| Average number of employees converted to full-time employees | | 1,040 | 1,035 | 963 | 953 | 939 |

*) Transition to IFRS as approved by the EU has not had any impact on 2010 or on comparative figures for 2006-2009.

***) The rules for calculating core capital after deductions changed in 2007. Comparative figures have not been adjusted.

****) The definition of large exposures changed in 2010. Comparative figures have been adjusted.



2010 for Arbejdernes Landsbank Group

Profit after tax was DKK 133.9 mill. This result was seriously affected by the costs of 'Bank Package I' as well as write-downs on loans, and these are primarily attributable to the poor economic climate, which has also hit a number of our customers.

Management considers the size of the write-downs on loans as unsatisfactory, although core results before write-downs are considered satisfactory.

On the basis of the core earnings model, see page 4, the main points for the net profit for the year in the annual report are:

- Increase in core earnings of 4.1 per cent.
- Increase in costs of 3.6 per cent.
- Write-downs on loans of DKK 220.7 mill.
- Investment portfolio earnings of DKK 195.2 mill.
- Sector-related costs of DKK 107.3 mill.

In 2010 the Group's core profit before write-downs was DKK 154.3 mill. and on a par with 2009.

Core earnings have been affected by increasing net interest income and fee income compared with 2009, owing to growth in both the number of customers and activity.

Therefore, in 2010 the balance sheet shows

- lending unchanged at DKK 16.9 bn.
- deposits, including pools dropped by DKK 0.5 bn. to DKK 20.9 bn.
- bonds in issue increased by DKK 2.8 bn. to DKK 3.6 bn.

Solvency is 13.1 per cent against 13.0 per cent in 2009, of which the core capital ratio is 12.0 per cent compared with 12.1 per cent in 2009.

Compared with the budget for 2010, core results before write-downs were DKK 33 mill. less than expected, and this can be attributed to lower growth in lending than budgeted. The fact that despite this the profit more than doubled is due to the very positive earnings from investment portfolios, which more than outweighed the poorer than expected increase in net interest income and the greater need for write-downs.

Distribution of profit

In 2009, the Bank applied for and received a state guarantee from the Financial Stability Company for

bond issues of up to DKK 5.6 bn. and therefore the Bank is subject to a dividend cap in 2010. As a result the Bank can pay a maximum dividend corresponding to the result for Q4 2010 in isolation. The Board has recommended to the General Meeting a dividend of 8 per cent, amounting to DKK 24.0 mill.

Outlook for 2011

The uncertain economic cycle means that the Bank's earning expectations are also subject to uncertainty. The Bank expects that the interest-rate will remain unchanged, but that core earnings will increase slightly as a result of greater activity. During 2011 the Bank will focus on costs as part of a strategy to improve the core result before write-downs.

The Bank will continue to grant loans to good and reliable customers, with an emphasis on sustainability. We also want to exploit our financial strengths and competencies to focus on activities which can help improve core profit after write-downs. For 2011 as a whole, the Bank expects a core profit before write-downs of around DKK 150-180 mill. The Bank expects continued uncertainty regarding the level of write-downs for 2011. The level will depend on general trends in society.

Investment portfolio earnings will depend on trends in the financial markets. The Bank has relatively large liquidity reserves, partly due to accepting the state-guaranteed 3-year funding, and partly as a result of our traditional policy to maintain cash resources which can be made available to the trade union movement for collective bargaining purposes.

Profit before tax is expected to be around DKK 110-140 mill., given the current expected changes in interest-rates.

Income statement

On the basis of the core earnings model, see page 4 of the annual report, the main points for the operating profit for 2010 at Group level are as follows:

Profit after tax amounted to DKK 133.9 mill. and reflects a satisfactory core profit before write-downs of DKK 154.3 mill. and investment portfolio earnings of DKK 195.2 mill. However, an unsatisfactorily high level of write-downs of DKK 220.7 mill. has pulled profits in the opposite direction. An additional factor for 2010 was that the Bank incurred sector-related costs of DKK 107.3 mill. pursuant to 'Bank Package I'.

Core income

Core earnings amounted to DKK 1,334.0 mill.; an increase of 4.1 per cent compared with 2009. Net interest income increased by DKK 1.7 mill. to DKK 932.4 mill. The development in net interest has been influenced by an unchanged loan portfolio, tough price competition and increasing costs for longer-term funding. Net fee and commission income increased by 13.1 per cent to DKK 303.9 mill. The changes in fee income arise from a large number of loan conversions and our continued success in the cooperative property sector.

Trading earnings increased by 19.7 per cent to DKK 97.7 mill., partly due to an increasing willingness amongst our customers to trade in securities.

Staff and administration expenses etc.

Staff and administration expenses totalled DKK 1,179.8 mill.; an increase of DKK 41.5 mill. compared with 2009, which is solely attributable to increasing staff costs, including a modest increase in the number of staff from 1,035 in 2009 to 1,040.

Administrative expenses have been reduced by DKK 11.6 mill. and this is because commission payments to the Private Contingency Association stopped on 30 September 2010 with the expiry of 'Bank Package I'.

Write-downs on loans etc.

Write-downs on loans etc. amounted to DKK 220.7 mill. against DKK 308.7 mill. in 2009. Write-downs for the year correspond to 1.1 per cent of total loans and guarantees, and this is still considered too high, given that the goal is to get write-downs to less than 0.5 per cent.

The Group's accumulated write-downs and provisions on loans and guarantees, etc. including provisions for the Private Contingency Association, total DKK 847.1 mill. The poor economic climate has naturally affected the Bank's customers so that a large number of them have been registered as objective evidence of impairment.

Investment portfolio earnings, excl. investment securities

Investment portfolio earnings excluding investment securities amounted to DKK 81.0 mill. against DKK 369.8 mill. in 2009. Positive earnings from investment portfolios can primarily be attributed to the Bank's bond holdings. In 2010 the Bank increasingly utilised derivatives to hedge the interest-rate risk on bond holdings and this has counteracted the violent fluctuations in market prices. The Bank only has a modest risk on listed shares.

Investment securities

The profit on investment securities amounted to DKK 114.2 mill. against a loss of DKK 86.0 mill. in 2009 and this is primarily attributable to the development in the operating profits of ALKA Forsikring and LR Realkredit, who showed a gross surplus of DKK 147.5 mill. compared with a gross loss in 2009 of DKK 14.9 mill.

Net profit for the year

The profit before tax was DKK 128.8 mill. against a profit of DKK 117.7 million in 2009. Calculated tax shows a net tax credit of DKK 5.1 million against a tax expense of DKK 42.2 million in 2009.

After this, the net profit for the year was DKK 133.9 mill. against a profit of DKK 75.6 million in 2009.

Balance Sheet

Total assets at the end of December 2010 amounted to DKK 32.4 bn. and this is an increase of DKK 1.9 bn. compared with December 2009. The increase is primarily attributable to bonds issued with a state guarantee and the proceeds have primarily been placed in bonds as part of the Bank's cash resources.

Total deposits

Total deposits, including savings in pooled schemes amounted to DKK 20.9 bn. and this is a drop of DKK 0.5 bn. compared with December 2009. At the end of 2009 deposits were subject to a positive influence



from funding by professional players and this has now partly been replaced by an international loan agreement of EUR 2.2 bn. based on individual state guarantees via the Financial Stability Company.

In addition to this the Bank continues to see a positive development in deposits from private customers.

Loans

Group loans amount to DKK 16.9 bn. This level is unchanged compared with December 2009 and this shows that new lending matches repayments of the loan portfolio and the write-downs made during the year. The Bank does not, at its own initiative, grant investment loans in the form of loan packages and individual investment loans in which the borrower himself composes his portfolio.

Liquidity

On 31 December 2010 excess liquidity amounted to 232.2 per cent, corresponding to DKK 7.7 bn. The level of excess liquidity reflects the Bank's traditionally high level of cash resources, and these have been reinforced by the uncertainty regarding the consequences of the cessation of 'Bank Package I' and the new rules for the Guarantee Fund for Depositors and Investors. In addition to this, the Bank wants a certain degree of liquidity to cover the trade union movement's needs during negotiation of new collective agreements in spring 2011.

On the basis of an individual state guarantee for loans, the Bank has carried out two rounds to secure funding on the international loans market. In part this has been as senior capital of EUR 2.2 bn. and in the form of a bond issue via the London Stock Exchange of USD 2.7 bn. Both of these have terms ending in 2013.

On the basis of the Bank's liquidity forecast, the Bank expects to continue with a high level of cash resources throughout 2011. Management assess that the Bank's funding need will be covered up to Q2 in 2013.

Danish Financial Supervisory Authority benchmarks

As a result of the financial crisis, the Danish FSA has launched a new tool, comprising five benchmarks, as part of their monitoring::

- Growth in lending
- Large exposures
- Property exposure
- Stable funding
- Excess liquidity

These benchmarks must have been fully implemented in credit institutions by the end of 2012, and it is expected that after this date the Board of Directors will have to plan and implement a strategy to counteract any breaches, if the Bank is to prevent a supervision reaction.

The benchmarks are reviewed in the following, with the general observation that, at present, the Bank and the Group have no problems with regard to meeting the Danish FSA's benchmarks.

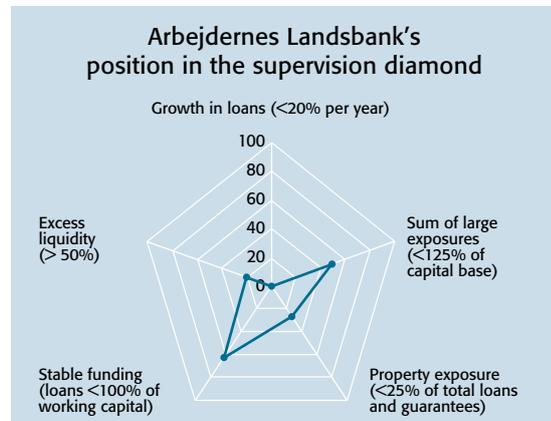
Growth in lending must stay below a maximum of 20 per cent. With zero growth in 2010, the Group is far from this critical value.

Large exposures, which amount to more than 10 per cent of capital base, calculated on the basis of exposures granted, amount to 66 per cent on the basis of the regulations for large exposures after deductions. The change in the number as well as the total amount is primarily attributable to the Bank's stronger capital base. The benchmark is calculated exclusively from positions with other credit institutions, and the Group is far from the critical value set by the Danish FSA of 125 per cent as a maximum.

The Group's property-related exposures (defined as loans and guarantees to sectors associated with real estate and construction projects, see Statistics Denmark DB07) before write-downs amount to 7 per cent of loans and guarantees. The Danish FSA has set this critical value at a maximum of 25 per cent.

Another of the Danish FSA's benchmarks measures the degree of stable funding, defined as lending that must not exceed working capital. Working capital is defined as the sum of deposits, issued bonds with remaining term of more than 1 year, subordinated debt and equity. With a key figure of 63 per cent, the Group has a good margin to the critical value of 100 per cent.

The Danish FSA has also selected excess liquidity as a benchmark, and with a key figure of 232 per cent the Group is nowhere near the critical value of excess liquidity of 50 per cent more than the statutory requirement.



Capital situation

Capital base

The Group's capital base as at 31 December 2010 amounted to DKK 2,890.4 mill., of which core capital after deductions accounted for DKK 2,650.0 mill. The Bank intends to borrow hybrid core capital of up to DKK 750 mill. in Q2 2011 as the issue will only be offered to the Bank's shareholders and pension companies affiliated with the trade union movement. The issue will emphasise the Bank's robust capital base and high credit rating, and it will serve as security to implement sustainable activity initiatives.

Equity

Equity amounted to DKK 3,118.2 mill. at the end of 2010; an increase of DKK 178.5 mill. since 1 January 2010. The change relates to the profit for the year of DKK 133.9 mill., as well as the change in revaluation reserves on properties of DKK 44.6 mill.

Solvency

Group solvency is 13.1 per cent of which the core capital ratio amounts to 12.0 per cent. At the end of 2009 solvency amounted to 13.0 per cent, of which the core capital ratio was 12.1 per cent. At the end of December 2010, risk-weighted items totalled DKK 22.0 bn. and this is an increase of DKK 1.1 bn. compared with 31 December 2009. See note 5 for more details on risk-weighted items. The individual solvency requirement was calculated at 9.0 per cent at the end of December 2010.

Other matters

The Bank's Executive Management as at 1 January 2011 expanded with the arrival of Jan Walther Andersen, executive bank director, who joined as part of the planned generation change when Ebbe Castella, executive bank director, retires in January 2012.

Rating

The Bank is considering whether to set up a rating process with a view to meeting expected requirements from the established funding markets in future years.

Events after expiry of the accounting period

Effective from 31 March 2011, the Bank expects to take over a loans portfolio of about DKK 800 mill. from the Financial Stability Company. This relates to about 4,000 private customers from the former Roskilde Bank, including a small number of employees. The consequence of this is recognised in budget expectations.

At the same time, it has been decided to invite shareholders and pension companies affiliated with the trade union movement to subscribe for hybrid core capital of up to DKK 750 mill.

Business foundation

Branch network

The Bank's customers are primarily serviced through its branch network of 65 branches located throughout Denmark. The Bank will be opening a new branch in Køge in March 2011.

With advanced netbanking solutions, customers can also carry out a number of bank transactions online, such as payments, transfers, purchase and sale of securities, correspondence with the Bank etc. The Bank does not utilise call centres and it has no central service function for customers. Contact is direct between the customer and the customer's personal advisor who, through regular contact and follow up, can offer personalised advice, customised to the needs of the individual.

Private customers and services

Arbejdernes Landsbank has close to 200,000 private customers. With its full service, the Bank offers its private customers all the usual bank services and products within:

- day-to-day finances, including netbanking
- credit/debit cards
- loans and overdrafts
- savings and investment
- home loans
- pensions and insurance.

Advice for private customers is centred on customers who have chosen to entrust all their finances with the Bank.

Corporate customers and services

The primary target group is small and medium-sized enterprises as well as labour organisations and trade unions. In 2011 the Bank launched a new concept for businesses in order to ensure that identical needs are met uniformly. Moreover competency requirements for corporate advisors will be clarified in order to ensure customers high quality consultancy services. Advanced netbanking facilities will help ensure efficiency for our corporate customers in relation to their customers and in relation to their dealings with us as their bank. Through our subsidiary company AL Finans, we offer leasing and factoring products.

Other cooperation

Arbejdernes Landsbank utilises various cooperation partners and the Bank is co-owner of enterprises offering products and services such as mortgage credit,

investment products, money transmission services and insurance. Through these partners our customers have access to a wide and flexible portfolio of products.

The Bank receives agency and guarantee commissions for arranging certain products and investment services, but our customers are always able to choose other solutions or providers.

Organisation

Arbejdernes Landsbank has centrally located competency areas which work across the enterprise. This helps secure a flat organisational structure with rapid decision processes and direct interplay between the customer, the advisor and the central specialist units.

This organisational structure, with centrally located competency areas and customer advice, is only possible due to our well developed IT structure.

Staffing at the Bank's branches is adjusted to the customer base of the individual branch. Central specialist functions develop and coordinate the Bank's overall work within consultancy for pensions, property and investment. The specialist functions act as knowledge bases and sparring partners for advisors and customers alike. An important part of these functions is to develop the knowledge and skill of customer advisors within pensions, property and investment.

The Bank has a number of staff departments which support the customer-oriented departments and which regularly follow up risk, for example, and deal with reporting to management and relevant authorities.

The IT department

The technological platform is to all intents and purposes based on services supplied by BEC (Bankernes EDB Central), of which the Bank is part owner. It is vital that IT solutions lead to administrative improvements, simplification and more efficiency, as well as increased levels of self service. However, it is also important that IT solutions open opportunities for new business. IT security is a focus area and the Bank is constantly working to ensure that all systems, data and operational security are fully up to date. The planned merger between BEC, SDC (Sparekassernes Data Center) and JN Data is expected to lead to a number of economies of scale which will benefit the Bank and its customers with better accessibility, more attractive products and faster data supply.

The Bank's netbank solution is an example of an important tool which ensures efficient and attractively

priced administration of customers' banking, benefiting both customers and the Bank. Use of netbanking is showing strong growth and the netbank is regularly updated and improved. The overall IT strategy is that, with efficient and secure data processing, the Bank can secure its business targets and at the same time stand firm as a professional and credible bank, cooperation partner and workplace.

Employees

Our employees are our face to the world. Our employees routinely create and retain our close relationships with customers. Average seniority in the branch network of 16 years bears witness to solid experience and insight which helps instil a sense of confidence and security in our customers.

In order to ensure that the Bank has the relevant competencies for its various functions, regular training and development initiatives are launched.

At the end of the year, in terms of full time equivalents, the Bank employed 982 people while the figure for the Group was 1,047.

Capital structure

Arbejdernes Landsbank is an unlisted limited company with share capital of DKK 300 mill. After consultation with the Board of Representatives, the Board of Directors has been authorised to increase the company's share capital by up to DKK 500 mill. at any time up to 7 March 2012.

The share capital is made up of 38,404 shares of different nominal values. There are 300,000 votes and each nominal share value of DKK 1,000 carries one vote. The Bank's articles of association contain provisions on the organisations and people who can be shareholders:

- Employee organisations and their members.
- Political organisations with which Danish employee organisations cooperate.
- Cooperative enterprises, consumer cooperative societies and cooperatives as well as organisations, enterprises or associations which these have established or establish.
- Arbejdernes Landsbanks Fond.
- Public and other institutions, organisations or enterprises, in which Danish employee organisations have a commercial interest.

Shares in the Bank may only be acquired and sold through the Board of Directors and only at nominal value.

At the end of 2010, Arbejdernes Landsbank had more than 23,000 shareholders. The Bank does not hold fixed meetings for investors, but other than the annual general meeting it also holds a number of local meetings for shareholders around Denmark. Invitations to the annual general meeting are announced in the press and sent to all the Bank's shareholders.

Dividend policy

As the Bank's shares are valued at par, shareholders can only earn returns on their investment through distribution of dividends. Therefore the Bank aims at a dividend policy which reflects the individual annual results. The decision on the dividend for an individual year takes into account how the economic cycle or other specific matters have influenced the result positively or negatively.

The Bank is a member of the Private Contingency Association and therefore it has been covered by the guarantee scheme under 'Bank Package I'. As a result of this the Bank was subject to a requirement not to pay a dividend until 30 September 2010.

As the Bank has received an individual state guarantee for funding under 'Bank Package II', the Bank is subject to a requirement only to pay a dividend provided this can be financed from the current profit. This requirement applies for the period in which the state guarantee is made or in which the state capital injection is granted. For 2010, this means that the dividend can only be related to the current profit earned after September 2010, when the suspension of dividend payments ceased according to the terms of 'Bank Package I'.

Corporate governance

Work of the Board of Directors

The general guidelines for the work of the Board of Directors have been laid down in a rules of procedure, which is reviewed at least once a year and adjusted as required. The rules of procedure contain procedures for reporting by the Executive Management, the work methods of the Board of Directors, as well as a description of the tasks and responsibilities of the chairman of the Board of Directors. The Board of Directors meets according to a pre-arranged plan and also whenever necessary. The Board of Directors receives regular ad hoc briefing about the company as well as monthly reports.



Composition of the Board of Directors

According to the articles of association the Board of Directors must comprise up to seven members who are elected by the Board of Representatives from among its members. Currently the Board of Directors is composed of 11 members, of whom four are elected by employees in accordance with the relevant regulations in the Companies Act. The Board of Directors elects a chairman from among its members. There are more details about the individual members of the Board of Directors on pages 82-83 of the annual report.

When a person is recommended for election to the Board of Directors, there is an assessment of the knowledge and professional experience needed in order to ensure that the Board has the necessary competencies. The Board of Directors also works to achieve a composition of members who supplement each other in the best possible way with regard to age, background, sex etc. in order to secure a competent and all-round contribution to Board work for the Bank. The members of the Board of Directors represent broad knowledge and experience from the business community. The Board aims to ensure continuity and to secure a composition which reflects the competencies and professional experience required, while taking into account the complexity of the Bank's activities.

The Audit Committee

In March 2009, the Board of Directors set up an Audit Committee, which is required by law for enterprises subject to supervision by the Danish FSA.

The Audit Committee is composed of three members of the Board of Directors and is chaired by Lars Andersen, Executive Director. The Audit Committee's work is directed by a plan drawn up by the Board of Directors.

The tasks of the Audit Committee are to:

- monitor the financial reporting process,
- assess whether the company's internal control system, and its internal audit, risk and security systems are working effectively,
- monitor the statutory audit of the annual financial statements etc.
- monitor and check the independence, objectivity and competence of the auditor, and
- assess other matters if so requested by the Board of Directors.

Composition of the Board of Representatives

According to the articles of association of the Bank, the Board of Representatives must comprise up to 30

members who are elected annually at the General Meeting. The Board of Representatives elects its own Chairman and Vice President.

Currently the Board of Representatives is composed of 30 members, of whom three are elected by employees.

Executive Management

The Executive Management is employed by the Board of Directors, who also set the terms of employment for the Executive Management. The Executive Management is currently composed of three members, as Jan Walther Andersen, executive bank director, was appointed from 1 January 2011. Ebbe Castella, executive bank director, will retire on 1 January 2012.

The Executive Management is responsible for the day-to-day operations of the Bank. The framework for the work of the Executive Management is laid down in instructions on the division of responsibilities between the Board of Directors and the Executive Management.

Remuneration policy

Each year the Board of Directors receive fixed annual remuneration stipulated by the Board of Representatives. In the financial year 2010, remuneration for the Board of Directors amounted to DKK 1.4 mill., of which DKK 50,000 was paid to each of the three members of the Board of Directors who are in the Audit Committee. Remuneration of the chairperson of Board of Directors is DKK 200,000.

Remuneration of the Executive Management is set by the Board of Directors and only comprises a fixed salary and pension scheme, including a car and telephone.

Total emoluments for the Executive Management in 2010 amounted to DKK 5.1 mill. as disclosed in note 11 in the annual report. The terms of employment for the Executive Management, including terms for salary and resignation, are deemed to be in accordance with the normal standards for positions of this nature and they do not involve any special obligations for the Bank. No significant changes in terms of pay are expected in 2011.

Members of the Executive Management are entitled to severance pay if they resign or if control of Arbejdernes Landsbank is transferred to one or more third parties.

Key employees in the management group are paid a basic salary and pension, insurance and the value of a company car. There are no bonus payments to these employees.

The Bank's customer-oriented employees are paid a fixed salary and are covered by a bonus scheme which is regulated through collective agreements.

Risk management

The Board of Directors is responsible for ensuring effective risk management – including

- that significant risks are identified,
- that systems are developed for risk management, and
- that a risk management policy and a risk framework are laid down.

Reporting on significant risks is part of the regular reporting to the Board of Directors, see note 4 of the annual report in which the most important risk factors are described. The Executive Management are responsible for ongoing risk management, including identifying and assessing individual risks associated with the Group's business activities.

The Group issues a risk report, which is available in English on the Bank's website at www.al-bank.dk.

Process of financial reporting

The Board of Directors and Executive Management hold overall responsibility for the Bank's internal control and risk management in connection with the process of financial reporting, including compliance with relevant legislation and other regulation in relation to financial reporting. The Bank's risk management and internal control systems can only establish reasonable, but not absolute, certainty regarding prevention of irregular use of assets, losses and/or material errors and omissions in financial reporting.

At least once a year the Board of Directors assess the organisational structure, risk of fraud as well as the internal rules and guidelines through the Audit Committee. The Board of Directors and the Executive Management lay down and approve overall procedures in important areas in connection with the process of financial reporting. The Board of Directors has adopted procedures etc., for important areas within financial reporting and these procedures are available to the organisation. Compliance is tightened regularly and there is regular sample follow-up of compliance.

The Executive Management regularly monitors compliance with relevant legislation and other regulations and provisions in connection with financial reporting and reports to the Board of Directors.

Audit

In accordance with the current regulations for financial undertakings under supervision, one or two audit firms are elected. In addition the Bank has an internal audit, which is employed by, and reports directly to, the Board of Directors. The framework for the work of the auditors – including remuneration and audit-related tasks – is described in the function description established between the Board of Directors and the internal audit as well as an agreement on segregation of responsibilities established between the internal audit and the external auditors. The auditors report important matters directly to the Board of Directors at Board meetings and in the audit book. In connection with their review of the annual report, the auditors review the accounting policies for material areas, and the Board of Directors and auditors discuss any audit observations.

Prior to the annual general meeting, the Board of Directors conduct a critical assessment of the competencies, independence etc. of the auditors, as recommended by the Audit Committee. After this, the Board of Directors recommend an independent auditor to the general meeting. The external, elected auditors are responsible for safeguarding the interests of the shareholders and the public.

CSR

A long history of social responsibility

Arbejdernes Landsbank has a long history of social responsibility, stretching right back to the founding of the Bank in 1919. At its establishment, the object of the Bank was to secure independence for the trade union movement from capitalist banks in a conflict situation, to endeavour to safeguard members of the trade union movement in a conflict situation, and to offer better and cheaper loans as alternatives to mortgage borrowers.

Four focus areas

We are striving to live up to our social and economic responsibilities as a bank in the following four focus areas:

- Customers and products
- Employees
- Climate and the environment
- Society



Customers and products

As financial advisor, we undertake to ensure that customers are given the best possible conditions to live according to their economic situation.

We strive to

- ensure that our customers understand their financial situation and the products we offer,
- treat all customers professionally, with respect and concern for their individual needs,
- offer all customers personal financial advice, irrespective of the scope of business,
- provide advice which meets our customers' needs,
- train our consultants so that their competencies live up to the legitimate expectations of a full-service bank, and
- offer our customers ethically screened investments.

Employees

As employers, we consider it our responsibility to set the framework for a healthy, safe and inspirational working environment.

We strive to

- provide working conditions which motivate and inspire our employees,
- offer flexible working hours which allow individual employees to create a better balance between their private life and life at work,
- create career and development opportunities for employees at all levels of the Bank,
- ensure a healthy physical and psychological working climate, and
- care for employees who suffer unfortunate social circumstances, including stress or sickness.

Climate and the environment

The Bank wishes to prevent unnecessary, negative environmental impacts.

For example, we strive to

- only use suppliers, IT products, processes and infrastructure which can contribute to reducing energy consumption and impacts on the environment,
- reassess regularly our procedures in order to find possibilities to minimise our resource consumption,
- avoid taking part in financing activities which we deem have an unnecessarily negative effect on the environment.

Society

We at Arbejdernes Landsbank want to support and get involved in good causes locally, nationally and internationally. This is realised in different ways. For example we grant local sponsorships to sports clubs and charitable organisations, we subsidise employees by giving them paid time off to take part in voluntary work, and we support aid organisations in the Third World.

We strive to

- support information campaigns and humanitarian aid work through recognised organisations.

The Bank's full CSR report is available at www.al-bank.dk.

Work on our vision in 2010

Work in 2010 concentrated on meeting the Bank's Vision 2012, which is as follows.

'Arbejdernes Landsbank is an independent bank, rooted in the local community, with a national network of branches.

In 2012 Arbejdernes Landsbank is one of the most well known Danish banks. We have an ambition of sustainable growth. Up until 2012 we should have an annual net intake of primary customers.

Arbejdernes Landsbank has a reputation as a serious and competitive bank with high ethics, focusing on the customer. We are the natural choice for private and corporate customers as well as associations and trade unions.

Arbejdernes Landsbank ensures high value for all customers by focusing proactively on trust, credibility and professionalism. We organise, simplify and streamline our work processes and decision-making processes on the basis of the needs of our customers.

Arbejdernes Landsbank has products of high quality at attractive and transparent prices. We focus on exploiting the development in relevant financial business areas.

Arbejdernes Landsbank has a comprehensive supply of financial services which will continuously be secured through cooperation with relevant financial partners in 2012.

In 2012 Arbejdernes Landsbank will have strengthened our competency in the corporate area significantly, and ensured local accessibility.

Arbejdernes Landsbank is an attractive workplace with a winner culture that rewards personal development, performance and potential, and where good management is taken for granted.

Arbejdernes Landsbank must provide a return on invested capital in order to ensure that the business continues to exist and progress with an attractive return for owners.'

On the basis of the Bank's Vision 2012, we have selected five strategic key points for initiatives that we focused on in 2010:

- Exposure
- Sustainable growth
- Competitiveness
- Attractive workplace
- Efficient work processes

Exposure

Arbejdernes Landsbank aims at being recognised as a bank which builds on sound values. Therefore, all activities in 2010 share the common characteristic that they are not necessarily about cool cash, but focus more on what makes us rich; 'rich' in its broadest context.



Motivated learning

We are continuing our work with Svend-Erik Schmidt, an expert in learning styles, writer and founder of Danmarks Læringsstilscenter, and under the heading 'Motivated learning' (Lær med lyst) we have held a total of 14 lectures and work-shops, which were all fully booked and attracted more than 3,500 guests. We have received very positive responses from parents and teachers throughout Denmark, and our cooperation and lectures will continue in 2011.

Film for the whole family

The winter half-term holiday is always a popular week at the cinema and Arbejdernes Landsbank secured itself a good and visible sponsorship in the Danish family film 'Far til fire – på japansk'.

Lifestyle lecture

Danes are interested in hearing about how to live healthy – both mentally and physically. Therefore, in 2010 we again had great success with our lifestyle events with rower Arne Nielsson, health coach Chris MacDonald and the ex-elite soldier Nicolai Moltke-Leth.



Ice hockey sponsorship

Our sponsorship of AL-Bank Ligaen continued in 2010 and will continue in 2011. In recent years Danish ice hockey has enjoyed exciting developments both nationally and internationally, and we continue to regard this sponsorship as a core activity in our marketing efforts.



Arbejdernes Landsbank in the 'Super League'

We have decided to be one of so far two main sponsors of Denmark's best football league which has changed its name back to 'Superligaen'. We are therefore extremely visible when football fans gather to watch matches at stadiums or at home. Measurements show that during the year we had better exposure from our sponsorship than originally expected and we have great expectations for 2011.

We also run for life

In 2010 we supported a lot of smaller, local clubs and associations with aims that fall in line with our slogan 'Building on sound values'. The largest sponsorship this year was the B.T. half marathon. In 2011 we will be following up with more, larger running events, including the run over the Great Belt bridge and the FEMINA run for women. Of course many employees from Arbejdernes Landsbank will be there at the start post!

Sustainable growth

We are still attracting many new customers. In 2010, the net intake was more than 1.5 per cent; a result accomplished through our own branch network.

In Seden, near Odense, we have created new and better surroundings for our customers and staff at a brand new, environmentally friendly branch. At the end of the year we were able to announce that in March 2011 we will be opening the doors of another new branch in Køge on the town square.



The strategy for growth at Arbejdernes Landsbank is based on the principle of sustainable growth. Therefore, we want a business where agreements are made between two satisfied parties. In our credit policy we strive to take no unnecessary risks for customers or the Bank.

Competitiveness

In 2010 we continued work to ensure that our bank products are competitive. We do not want to be the most expensive, nor can we be the cheapest bank, as we believe there is a link between price and quality. Independent surveys throughout the year have shown us that we have been successful with this strategy.

The year ended on a happy note in that we could read in the media that, according to the CEM Institute, for the second year running 13,000 bank customers have voted Arbejdernes Landsbank as Denmark's best bank.

Successful cooperative property concept

Like the rest of the property market, in 2010 the cooperative property market had to face the challenges brought about by the poor economic climate. Assessment of lending and collateral was therefore one of the major challenges in 2010.

In 2010 the Bank's cooperative property concept was developed and adapted, for example with requirements

for higher repayments of any financing which exceeds 80 per cent of the total financing on the cooperative property.

Because of our concept and competencies in this business area we have a strong market position which has helped enhance the positive profile of the Bank and not least helped the significant increase in lending secured in private cooperative properties, despite the market situation and larger repayments.

In 2010 the housing association was strengthened with new cooperative property advisors in branches in Odense, City and Valby as well as a further cooperative property consultant in the housing association.

New consultancy concept for private customers

2010 saw hard development work on renewing our consultancy services for private customers. The work was concluded as planned at the turn of the year, and in 2011 we can look forward to inviting customers to consultancy meetings based on their own values and dreams. We call our dialogue with customers under the new concept the 'Values interview', making it a natural continuation of our slogan: 'Building on sound values'.

In 2011 we are planning a new service for our corporate and association customers.

Attractive workplace

In October 2010 the results of a comprehensive survey of wellbeing at the Bank were presented, prepared by an external consultant. The survey allowed employees to give their assessment of a number of aspects significant for wellbeing at the workplace. A total of 91 per cent of employees answered the questionnaire and the results were encouraging.

In general the financial sector scores very high in wellbeing surveys. However, in the view of our employees, Arbejdernes Landsbank is better than the average for financial undertakings.

Despite local fluctuations and some critical comments, which were all taken very seriously and incorporated in individual branch development plans, there is a clear picture. Employees at Arbejdernes Landsbank are secure, they feel well informed about the Bank's vision and strategic goals, and job satisfaction and motivation are above average for the sector.

Employees' assessment of the Bank's reputation and their pride in being able to say that they work for Arbejdernes Landsbank could not be better.

Bank rally attended by 800

In early September more than 800 Bank employees gathered in Søhøjlandet near Silkeborg for a weekend of sport and fun. From Friday to Sunday there were competitions, fun and dancing for all. Our spirit of solidarity and social and professional networks were nurtured in an informal atmosphere. We were even lucky enough to enjoy some good late summer weather during the weekend.

Training/education

The Bank places high demands on all employees at all levels and in all branches and departments. Therefore, in 2010 we again focussed on training in order to keep up with ever increasing professional demands and two projects were particularly demanding on resources:

- training in the Bank's new concept for private customers for all consultants, and
- training in Letpension, the Bank's new pensions advice system.

We expect to reap the benefits of both these activities from 2011 and in the years to come.

Stress prevention

Arbejdernes Landsbank has no more employees suffering from stress symptoms than other companies in the financial sector. But we believe that just one employee suffering from stress is one too many. Therefore, this year we held a number of information meetings and events throughout Denmark which will help make it possible to spot symptoms locally and react before they develop into sickness. These activities will continue in 2011 against the backdrop of the Bank's written policy to prevent stress.

Financial trainees and financial economists

The Bank's policy is to recruit, train and as far as possible retain financial trainees and financial economists.

In 2010, 27 financial trainees completed training, of whom 26 have decided to continue their employment. We employed nine new financial trainees and five financial economists in trainee programmes. In addition we have 12 financial trainees in the second year of their training and in 2011 we expect to employ a further 13 financial trainees/financial economists.

In order to put even greater focus on trainee development for both personal and consultancy skills, in addition to common branch training, trainees attend four courses under the title 'The road to becoming a good

advisor'. These courses address communication, customer meetings, goal setting, cooperation and personal development for financial trainees.

After the financial trainee programme our newly qualified assistants who want to become customer advisors either take an academy profession programme in financial consultancy or a Graduate Certificate in Business Administration in order to secure a high level of specialist bank knowledge. However, expert insight and knowledge alone do not make a good customer advisor. Therefore all newly qualified trainees who go on to work as customer advisors attend 'The Value-Creating Advisor' programme, which the Bank introduced in 2010.

The programme is composed of seven modules spread over 15 months, in which participants strengthen their skills in communication and consultancy in order to create value for both the Bank, themselves and their customers.

Efficient work processes

We work constantly to improve our work processes and make them more efficient in order to allow the most time possible for our customers.

Under the common heading 'AL Pro' several IT projects have been completed by the Bank to make processes more efficient, including:

- Development and establishment of virtual workplaces. This will give great savings in electricity, but it will also relieve day-to-day IT administration and start-up routines on employees' PCs.
- NemID (a security process).
- KontoKig (online bank statements).
- The consumer credit agreement.
- Centralisation of safety deposit box management.
- Centralisation of budget monitoring.
- Withdrawal/limitation of bank passbooks.
- Purchase data (RKL, TK debts outstanding, accounting information) – save time on input and secure more valid data.
- IT-controlled manual processes, which ensure rapid and effective solutions and fewer errors.
- Telephone conference and video meeting facilities – save time and travelling costs and less environmental impact.

Efficiency work will continue in 2011.



Danish economy 2010

Economic growth without more jobs

In 2010 the Danish economy grew following an abrupt decline which started in 2008 in the wake of the financial crisis. Despite sustained growth in 2010, unemployment grew by 10,000. In December 2010, 167,100 people were without work, corresponding to 6.1 per cent of the labour force. Since the crisis began in earnest in mid 2008, unemployment has risen by more than 100,000.



Economic growth was driven by private consumption, exports and public consumption, while investment remained hesitant. Exports were boosted by good economic growth in Denmark's most important trading partners, Germany and Sweden. Despite improvements in demand, a record number of companies closed in 2010.

Tax relief following the tax reform of 2009 and low interest-rates on housing increased families' disposable incomes and helped pave the way for greater private consumption. However, increases were modest because households focussed on consolidation. This was partly due to fears of unemployment and new focus on reducing debt in the wake of drops in house prices and the drastic increases in debt in the years up to the financial crisis.

Weaker public finances

The crisis and increasing unemployment exacerbated problems for public finances in 2010. Even at the start of the year, it was clear that the deficit would come to exceed the 3 per cent limit in the EU Stability and Growth Pact. With this backdrop, in June the EU Council of Ministers, ECOFIN, called for Denmark to reduce its deficit by 1.5 per cent of GDP from 2011 to 2013.

In December the government estimated that the deficit on the public finances in 2010 would amount to DKK 62.6 bn., corresponding to 3.6 per cent of GDP. However, the deficit is expected to rise in 2011 to almost 5 per cent. The deficit on public finances is leading to increases in

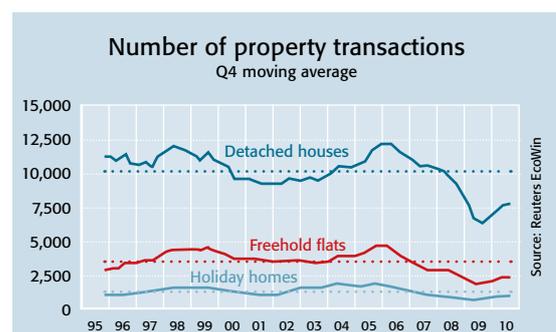
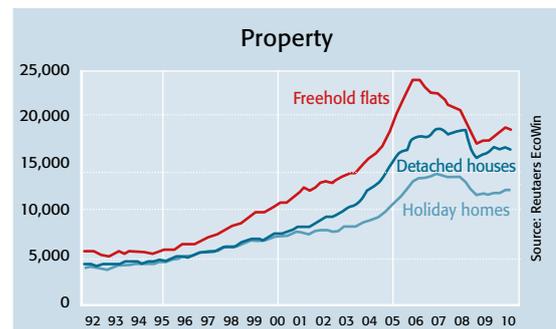
national debt and in December the government estimated that in 2010 the national debt would rise to 23 per cent GDP, from 18 per cent GDP in 2009.

The Restoration Agreement

As part of getting Denmark's house back in order, in the spring the government and the Danish People's Party agreed on a savings plan; the Restoration Agreement (Genopretningsaftalen). The plan involved savings of DKK 24 bn. or about the same as the cost of the Great Belt Bridge. The plan consisted of shortening the period for daily unemployment benefits from four to two years, reducing child allowances, higher income taxes, a cap on tax allowances for union subscriptions, and less development assistance.

More or less peaceful housing market in 2010

The housing market showed weak signs of recovery in 2010. Nationally, prices rose slightly for detached houses, freehold flats and holiday homes. In terms of numbers of transactions, however, the situation has not yet normalised. The number of transactions at the end of the year was less than the average in a historical perspective.



Despite weak increases in prices and low interest-rates on home loans, there was a relatively high number of forced sales in 2010. With more than 5,000, these were at their highest level since 1995.

With regard to debt, in 2010 Danish home owners continued their exodus from the long-term fixed-rate loans. Towards the end of the year, the proportion of

Danish home owners with classical long-term fixed-rate loans had dropped to one-third. At the same time the percentage of home owners paying just interest on their loans rose to 53 per cent. At the largest auction of floating-rate bonds in December, Danish home owners with one-year floating-rate loans had interest set at 1.5 per cent; the lowest level ever in the 15-year history of the loans.

Increasing consumer prices towards the end of the year

Towards the end of the year, increases in consumer prices came close to 3 per cent; the highest increases since 2008. The reasons behind the increasing prices include tax rises as well as increasing petrol and food prices following higher commodities prices on the global markets. All else being equal, the high rates of increase in consumer prices will erode real earnings.

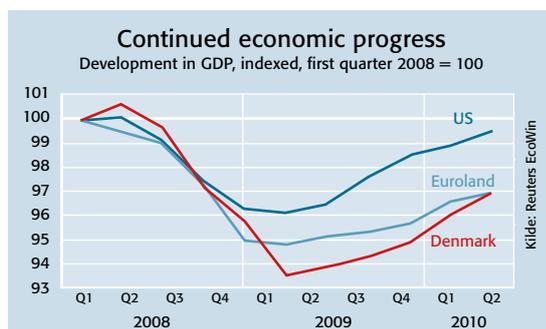
The financial markets 2010

A year of debt crisis

The topic dominating the European financial markets in 2010 was the Eurozone countries with particularly high national debt and large deficits on government finances. This kept interest-rates at a very low level in most of Euroland and in Denmark, despite much stranger advances in the global economy in 2010 than most would have predicted.

Progress in the international economy

In 2010 the global economy continued to work itself free of the deep economic recession of 2008-2009. However, only a few countries have so far caught up the production they lost during the crisis.



The advance of the global economy was nurtured by Asia, where the Chinese economy continued its surge with a GDP growth rate of about 10 per cent. High growth in China gave high demand for everything from commodities to consumer goods to machines and other industrial equipment, and this has especially benefited European exports.

The US economy was surprisingly strong, with growth in GDP of almost 3 per cent for 2010 as a whole. Market expectations for the American economy were otherwise very sceptical right up the summer and many feared a double-dip in the economy with a return to recession. However these fears proved ungrounded, particularly because private consumption and corporate investment continued to rise. At the end of the year there were signs that the economic progress after the crisis was finally starting to spread to the labour market with increasing employment.

In December President Obama relaxed finance-policy, showing that the US is also moving in a different direction than Europe in this area. In everyday terms, the US is trying to grow out of the crisis, while Europe is trying to save out of the crisis. The strategy leaves an unresolved problem for the future and an enormous deficit on US government finances, which now matches that of the troubled Eurozone countries in terms of size.

The economy in the Eurozone also developed surprisingly strongly in 2010, but with large regional differences. German economic growth was very strong with GDP growing by about 3.5 per cent, while it was weak or even negative in the debt-ridden countries in southern Europe. GDP growth for Euroland as a whole was around 1.75 per cent in 2010.

There are several reasons for the robust German economy. Costs are moderate and competitiveness is good. At the same time German industry produces goods in high demand from the growth countries in Asia. Unemployment fell in Germany and there was a moderate deficit on public finances.

In contrast to Germany, some Eurozone countries had very poor public finances: Greece, Ireland, Italy, Portugal and Spain. These countries implemented all the comprehensive savings and cut-backs on public budgets to secure compliance with the EU stability requirement of no more than 3 per cent deficit on public finances before the end of 2014. However, the financial markets did not believe in these savings plans and therefore sold massively out of government bonds, with consequential increases in yields.

These high yields brought Greece close to insolvency in the spring. The situation threatened the stability of the Euro and in collaboration with the IMF the Eurozone countries therefore decided to establish a lending programme for Greece totalling EUR 110 bn., conditional upon further public savings and reforms.

In the wake of this measure, the EU and the IMF set up a temporary loan fund of more than EUR 750 bn. However, this did not prevent the debt crisis from

spreading and in November it was Ireland's turn to apply for loans from the EU and the IMF for a total of EUR 85 bn. on similar terms.

At the EU summit in December, the EU decided to set up a permanent crisis management mechanism, which is to enter into force in mid 2013, when the loan fund expires. The crisis management system is to deal with future situations in which a member country experiences economic turmoil which threatens the stability of the Euro. From all this, the most important signal was that the Eurozone countries showed strong resolution to defend the Euro's existence.

Continued low central bank interest-rates

The world's two most important central banks, the Fed in the US and the European ECB, kept their leading monetary policy interest-rates at historically low levels, but there were great differences in their liquidity policies. The Fed decided to inject further liquidity into circulation, while the ECB went the opposite way and pulled liquidity out of circulation to a moderate extent. At the start of the year, Danmarks Nationalbank reduced its lending rate on two occasions by 10 bp each time down to 1.05 per cent, keeping to this level for the rest of the year. In contrast there were wide fluctuations in Danmarks Nationalbank's deposit rates. Up to May, the rate on certificates of deposit sank on several occasions by a total of 45 bp down to 0.50 per cent. The reason was a massive capital influx which strengthened the DKK against the Euro because the short money market rates fell in the Eurozone in relation to the Danish.

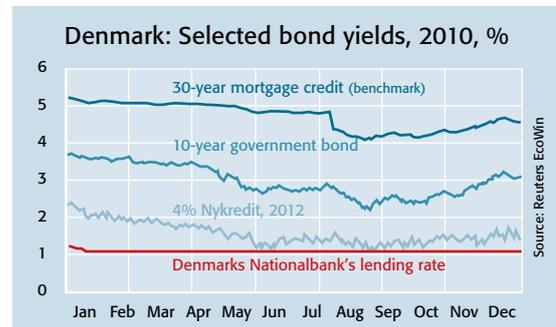
The rate on certificates of deposit remained at 0.50 per cent until October when it was raised by a total of 20 bp to 0.70 per cent, and it stayed here for the rest of the year. The reason for the interest-rate rise was increasing money market rates in the Eurozone which reduced the Danish interest spread and led to increased pressure on the DKK.

Throughout 2010, the exchange-rate for the DKK was on the strong side of central rate for the Euro.

Bond yields remained low

Throughout most of 2010, the trend in yields on 10-year Danish government bonds was falling and bottomed out at 2.2 per cent in September. After this, yields rose again and closed the year at 3.3 per cent. The changes in Danish bond yields reflected changes in corresponding German yields. The falls up to September were due to fears of disappointing developments in the global economy and to the European move to safety into German government bonds because of the debt crisis in other countries. From September onwards, things

have looked brighter for the US economy and this has led to rising trends in foreign bond yields, including Danish bonds.



Yet another good year for equities

For the second year running, share prices have risen significantly the world over, although without the leading indexes yet reaching their pre-crisis levels.

The Danish C20-share index rose by most; namely 36 per cent.

In terms of DKK, shares in the emerging markets rose by 26 per cent, followed by US shares (S&P500) with 20 per cent. The German DAX index rose by 16 per cent, while the Eurostoxx50, which represents 50 large shares in the Eurozone, fell by 6 per cent.



Behind these general buoyant equity markets was firstly that there was reasonable liquidity on the global finance market because of the policies led by the benchmark central banks. Secondly, share prices were held up by the brighter prospects for the US economy in particular at the end of the year, and finally shares have been cheap compared with bonds.

The Danish C20 index saw especially large rises in index-heavy shares such as Novo-Nordisk and A.P. Møller, which contributed to the year's advance. These two companies together account for almost half of the market value of the C20 companies.

Outlook for financial developments in 2011

We expect that the advances in the global economy will continue and that inflation will remain low. In many countries, especially in Europe, however, growth has been hampered by tighter public budgets. Unemployment is expected to fall very slowly.

Developments in 2011 are extremely uncertain. The global economy may disappoint and the situation in Europe regarding the debt-troubled Eurozone countries may give rise to renewed financial unrest. Moreover there is the risk of unforeseen incidents such as we saw on the Korean peninsula at the end of 2010.

We expect that the Danish economy will continue to grow in 2011 and this will gradually, but slowly, improve conditions in the labour market. Our expectation relies on continued growth in the global economy and not least for our trading partners. We also expect that private consumption will contribute to growth, despite the fact that disposable incomes will have nowhere near the boost they received from tax cuts in 2010. On the other hand we expect that a more entrenched recovery in the economy will encourage Danes to be less cautious in 2011 compared with 2010, so that households will have less propensity to save and this will pave the way for greater consumption in 2011.

On the basis of prospects of continued growth in European economies, we expect that the ECB will start to raise its leading lending rate towards the end of 2011, and that Danmarks Nationalbank will follow step. Bond yields are generally expected to end a little higher than today in a year's time.





Football enriches

In the autumn 2010, Arbejdernes Landsbank became sponsor of the Danish football Superliga. We support the Superliga not just because football gives the audiences and fans good adventures, but because it enriches children and adults with healthy values such as a sense of community, commitment, cooperation, friendship and dreams. These are all healthy values that we as a Bank are founded on and wish to be associated with.



Overview of the development of the bank

| Year | Share capital DKK '000 | Equity DKK '000 | Total deposits DKK '000 | Total loans DKK '000 | Balance sheet DKK '000 | Dividends |
|------|---------------------------|--------------------|----------------------------|-------------------------|---------------------------|-----------|
| 1919 | 2,028 | 2,053 | 8,467 | 6,171 | 10,845 | 2 % |
| 1924 | 2,980 | 3,113 | 32,097 | 27,333 | 35,743 | 0 % |
| 1929 | 3,000 | 3,153 | 34,549 | 27,147 | 38,117 | 0 % |
| 1934 | 4,000 | 5,809 | 54,701 | 30,476 | 60,895 | 5 % |
| 1939 | 5,748 | 8,298 | 79,122 | 53,820 | 90,975 | 5 % |
| 1944 | 6,068 | 10,383 | 112,733 | 39,593 | 132,318 | 5 % |
| 1949 | 9,000 | 14,656 | 148,210 | 106,992 | 185,173 | 5 % |
| 1954 | 12,268 | 20,029 | 236,362 | 166,498 | 280,877 | 5 % |
| 1959 | 20,000 | 34,361 | 324,455 | 208,054 | 396,974 | 5 % |
| 1964 | 27,480 | 51,194 | 512,412 | 391,147 | 687,722 | 5 % |
| 1969 | 73,245 | 132,224 | 1,112,641 | 859,137 | 2,020,207 | 8 % |
| 1974 | 84,010 | 189,609 | 1,416,860 | 1,055,938 | 1,952,346 | 8 % |
| 1979 | 155,000 | 386,378 | 3,302,869 | 2,042,200 | 4,138,430 | 8 % |
| 1980 | 175,000 | 492,641 | 4,134,319 | 2,216,857 | 5,146,659 | 8 % |
| 1981 | 200,000 | 606,040 | 4,480,342 | 2,725,706 | 5,826,485 | 8 % |
| 1982 | 200,000 | 737,163 | 5,408,926 | 3,061,164 | 6,956,243 | 8 % |
| 1983 | 250,000 | 1,072,901 | 6,343,780 | 3,591,311 | 8,248,399 | 8 % |
| 1984 | 250,000 | 1,065,326 | 7,159,989 | 4,113,046 | 9,193,014 | 10 % |
| 1985 | 300,000 | 1,259,777 | 8,892,844 | 4,849,759 | 11,895,334 | 10 % |
| 1986 | 300,000 | 1,169,252 | 12,332,646 | 6,120,481 | 15,767,884 | 10 % |
| 1987 | 300,000 | 1,178,692 | 9,204,051 | 6,689,158 | 13,148,580 | 10 % |
| 1988 | 300,000 | 1,114,226 | 9,739,026 | 6,841,645 | 13,568,986 | 10 % |
| 1989 | 300,000 | 1,038,432 | 8,874,509 | 6,816,247 | 12,114,390 | 5 % |
| 1990 | 300,000 | 1,127,053 | 9,604,343 | 7,246,667 | 13,190,238 | 5 % |
| 1991 | 300,000 | 1,141,123 | 10,066,171 | 7,589,772 | 13,503,811 | 7 % |
| 1992 | 300,000 | 910,226 | 9,518,135 | 6,321,741 | 11,909,442 | 0 % |
| 1993 | 300,000 | 1,017,069 | 9,810,743 | 5,915,726 | 12,056,005 | 6 % |
| 1994 | 300,000 | 978,775 | 9,497,094 | 5,980,578 | 13,019,924 | 6 % |
| 1995 | 300,000 | 1,107,773 | 9,366,550 | 6,120,781 | 12,481,734 | 8 % |
| 1996 | 300,000 | 1,244,261 | 9,509,461 | 5,954,845 | 12,992,751 | 8 % |
| 1997 | 300,000 | 1,253,927 | 8,600,579 | 6,253,048 | 13,593,738 | 8 % |
| 1998 | 300,000 | 1,324,771 | 9,073,724 | 6,129,112 | 13,634,397 | 9 % |
| 1999 | 300,000 | 1,366,063 | 8,703,307 | 5,767,079 | 13,304,523 | 8 % |
| 2000 | 300,000 | 1,447,765 | 8,647,361 | 6,612,586 | 14,694,356 | 8 % |
| 2001 | 300,000 | 1,517,595 | 9,462,569 | 6,798,638 | 13,584,198 | 8 % |
| 2002 | 300,000 | 1,572,733 | 9,931,401 | 6,718,055 | 12,966,789 | 8 % |
| 2003 | 300,000 | 1,776,367 | 10,064,125 | 7,243,911 | 14,818,457 | 35 % |
| 2004 | 300,000 | 1,985,181 | 11,172,086 | 7,995,438 | 17,632,336 | 18 % |
| 2005 | 300,000 | 2,577,002 | 11,901,912 | 9,147,135 | 20,155,354 | 15 % |
| 2006 | 300,000 | 2,826,009 | 12,635,413 | 11,158,237 | 22,266,046 | 20 % |
| 2007 | 300,000 | 2,951,311 | 14,575,944 | 13,255,086 | 25,721,904 | 20 % |
| 2008 | 300,000 | 2,847,539 | 19,079,536 | 17,401,113 | 31,819,407 | 0 % |
| 2009 | 300,000 | 2,939,710 | 21,406,246 | 16,954,659 | 30,512,085 | 0 % |
| 2010 | 300,000 | 3,118,224 | 20,942,449 | 16,917,430 | 32,344,168 | 8 % |



Statement by management

The Board of Directors and Executive Management have today discussed and approved the annual report for the financial year 1 January – 31 December 2010 for Aktieselskabet Arbejdernes Landsbank and the Group.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards which have been approved by the EU and the financial statements of the Parent Company are presented in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc. In addition the annual report has been prepared in accordance with further Danish disclosure requirements for annual reports of financial companies with listed debt instruments.

In our opinion the accounting policies selected are appropriate such that the annual report provides a true and fair presentation of the assets, liabilities, and financial situation of the Bank and Group as at 31 December 2010 as well as the result of the activities and cash flows of the Bank and Group for the financial year 1 January – 31 December 2010.

In addition in our opinion the management's review provides a true and fair report of the development of the activities and financial situation of the Group and the Parent Company as well as a description of the most significant risks and uncertainty factors that may influence the Group and the Parent Company.

We recommend the annual report for adoption at the annual general meeting.

Copenhagen, 1 February 2011

Executive Management:

Gert R. Jonassen
Chief Executive

Ebbe Castella

Jan Walther Andersen

Board of Directors:

Poul Erik Skov Christensen
Chairman

Mette Kindberg

Jette Kronborg

Lars Andersen

Johnny Skovengaard

John Markussen

Harald Børsting

Ole Wehlast

Ulla Strøm Nordenhof

Thorkild E. Jensen

Henrik Thagaard

Auditor's report

Internal auditor's report

We have audited the consolidated financial statements, the annual financial statements and the management's review of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January – 31 December 2010. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the financial statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act. The management's review has been prepared in accordance with the Danish Financial Business Act.

Basis of opinion

We have conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and Danish and international auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, the annual financial statements and the management's review are free from material misstatement.

The audit has been performed in accordance with the segregation of duties agreed with the external auditors and has included an assessment of procedures and internal controls established, including the risk management organised by management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a sample basis, the basis of amounts and other disclosures in the consolidated financial statements, the annual financial statements and the management's review, including examining evidence that supports the amounts and disclosures in the annual report. The audit also included evaluating the appropriateness of the accounting policies applied by the Board of Directors and Executive Management and the reasonableness of accounting estimates made by Board of Directors and Executive Management as well as evaluating the overall presentation of the consolidated financial statements, the annual financial statements and the management's review.

We have participated in the audit of risk and other material areas and believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the procedures and internal controls established, including the risk management implemented by the Board of Directors and Executive Management aimed at the Group's and the Parent Company's reporting processes and major business risks, are working satisfactorily.

Furthermore, in our opinion the consolidated financial statements and the annual financial statements give a true and fair presentation of the Group's and the Parent Company's assets, liabilities and financial position as at 31 December 2010 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January to 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, and in accordance with the Danish Financial Business Act in respect of the Parent Company's financial statements and the management's review contains a true and fair report in accordance with the Danish Financial Business Act.

Copenhagen, 1 February 2011

Anne Marie Haas
Head of Internal Audit Department



The independent auditors' report

To the shareholders of Aktieselskabet Arbejdernes Landsbank

We have audited the consolidated financial statements, the annual financial statements and the management's review of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January – 31 December 2010 comprising the income statement, the balance sheet, the statement of changes in equity and the notes to the financial statements, including accounting policies for both the Group and the Parent Company as well as the statement of comprehensive income and cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the financial statement and the management's review have been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements, the annual financial statements and the management's review

Management is responsible for the preparation and fair presentation of consolidated financial statements and annual financial statements that provide a true and fair presentation in accordance with the International Financial Reporting Standards as approved by the EU with regard to consolidated financial statements, and the Danish Financial Business Act with regard to annual financial statements of the parent company, and a management's review which comprises a true and fair presentation in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements, annual financial statements and management's review that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and the audit performed

Our responsibility is to express an opinion on the consolidated financial statements, the annual financial statements and the management's review based on our audit. We conducted our audit in accordance with Danish and international auditing standards. These standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the consolidated financial statements, the annual financial statements and the management's review are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, the annual financial statements and the management's review. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, the annual financial statements and the management's review, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements, the annual financial statements and the management's review in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements, the annual financial statements and the management's review.

The independent auditors' report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair presentation of the assets, liabilities and financial position of the Group as at 31 December 2010 and of the results of the Group's activities and cash flows for the financial year 1 January – 31 December 2010 in accordance with International Financial Reporting Standards as approved by the EU.

In addition, in our opinion, the annual financial statements provide a true and fair presentation of the assets, liabilities, and financial position of the Company as at 31 December 2010, as well as of the result of the activities of the Company for the financial year 1 January – 31 December 2010 in accordance with the Danish Financial Business Act.

Furthermore, in our opinion, the management's review provides a true and fair report in accordance with the Danish Financial Business Act.

Copenhagen, 1 February 2011

Deloitte
Statsautoriseret Revisionsaktieselskab
Henrik Priskorn John Ladekarl
State-authorized auditors



Income statement

| Note | Group | 2009 | Bank | 2009 | |
|------|--|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 | |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | |
| 7 | Interest income | 1,283,856 | 1,547,966 | 1,211,823 | 1,485,816 |
| 8 | Interest paid | -297,186 | -586,821 | -296,759 | -586,851 |
| | Net interest income | 986,670 | 961,145 | 915,064 | 898,965 |
| | Dividends from shares, etc. | 49,727 | 14,742 | 49,727 | 14,742 |
| 9 | Fee and commission income | 348,945 | 297,072 | 318,680 | 275,696 |
| | Fees and commission paid | -35,407 | -19,358 | -18,628 | -5,665 |
| | Net interest and fee income | 1,349,935 | 1,253,601 | 1,264,843 | 1,183,738 |
| 10 | Value adjustments | 27,143 | 276,669 | 26,968 | 276,784 |
| | Other operating income | 64,521 | 62,808 | 30,779 | 30,709 |
| 11 | Staff and administration expenses | -1,064,412 | -984,286 | -1,005,347 | -937,805 |
| | Amortisation and depreciation as well as impairment losses on intangible and tangible assets | -39,242 | -40,729 | -12,630 | -16,803 |
| 12 | Other operating costs | -89,937 | -123,729 | -89,880 | -123,698 |
| 13 | Write-downs on loans and receivables, etc. | -220,655 | -308,731 | -208,984 | -289,878 |
| | Value adjustments for holdings in associated and group companies | 101,433 | -17,866 | 116,672 | -10,568 |
| | Profit before tax | 128,786 | 117,737 | 122,421 | 112,479 |
| 14 | Tax | 5,109 | -42,156 | 11,426 | -36,898 |
| | Net profit for the year | 133,895 | 75,581 | 133,847 | 75,581 |
| | Proposed distribution of profit: | | | | |
| | Reserve according to the equity method | 93,176 | -17,866 | 108,298 | -10,568 |
| | Dividends for the year | 24,000 | 0 | 24,000 | 0 |
| | Retained earnings | 16,719 | 93,447 | 1,549 | 86,149 |
| | Total | 133,895 | 75,581 | 133,847 | 75,581 |

Comprehensive income

| Note | Group | 2009 | Bank | 2009 | |
|------|---|----------------|---------------|----------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | |
| | Net profit for the year | 133,895 | 75,581 | 133,847 | 75,581 |
| | Other comprehensive income | | | | |
| | Change in the valuation of owner-occupied properties *) | 44,666 | 16,590 | 44,666 | 16,590 |
| 14 | Tax on realised revaluation of properties | -48 | 0 | 0 | 0 |
| | Total other comprehensive income | 44,618 | 16,590 | 44,666 | 16,590 |
| | Total comprehensive income | 178,513 | 92,171 | 178,513 | 92,171 |

*) Deferred tax on the Bank's owner-occupied properties amounts to DKK 0.

Balance Sheet

| Note | Group 2010 DKK '000 | 2009 DKK '000 | 2008 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 | |
|--------------------|--|-------------------|-------------------|--------------------------|-------------------|-------------------|
| Assets | | | | | | |
| | Cash in hand and demand deposits with central banks | 400,728 | 294,640 | 299,975 | 400,712 | 294,363 |
| 15 | Receivables from credit institutions and central banks | 1,803,359 | 2,233,635 | 2,896,123 | 1,800,651 | 2,230,099 |
| 4 | Loans and other receivables at amortised cost | 16,933,065 | 16,943,243 | 17,351,571 | 16,917,430 | 16,954,659 |
| 16 | Bonds at fair value | 10,464,216 | 8,722,428 | 8,723,912 | 10,464,216 | 8,722,428 |
| 4 | Shares, etc. | 867,193 | 826,116 | 971,023 | 867,193 | 826,116 |
| 17, 40 | Holdings in associated companies | 410,437 | 317,261 | 322,195 | 410,437 | 317,261 |
| 40 | Holdings in group companies | 0 | 0 | 0 | 78,974 | 63,853 |
| 18 | Assets linked to pool schemes | 352,955 | 307,761 | 253,267 | 352,955 | 307,761 |
| 21 | Intangible assets | 9,291 | 11,172 | 20,846 | 1,640 | 10,509 |
| | Total land and buildings | 524,995 | 461,823 | 444,328 | 524,995 | 461,063 |
| 19 | Owner-occupied properties | 524,995 | 461,823 | 444,328 | 524,995 | 461,063 |
| 20 | Other tangible assets | 147,818 | 128,285 | 135,779 | 39,354 | 27,412 |
| | Current tax assets | 1,361 | 1,968 | 2,527 | 1,361 | 1,968 |
| 23 | Deferred tax assets | 24,833 | 19,772 | 62,233 | 60,233 | 48,926 |
| 22 | Other assets | 417,711 | 239,839 | 326,771 | 398,571 | 221,194 |
| | Prepayments | 27,312 | 25,759 | 23,526 | 25,446 | 24,473 |
| | Total assets | 32,385,274 | 30,533,702 | 31,834,076 | 32,344,168 | 30,512,085 |
| Liabilities | | | | | | |
| Debt | | | | | | |
| 24 | Debt to credit institutions and central banks | 2,877,014 | 4,390,766 | 8,320,133 | 2,877,014 | 4,390,766 |
| 25 | Deposits and other debt | 20,593,336 | 21,091,205 | 18,815,925 | 20,589,494 | 21,098,485 |
| | Deposits in pool schemes | 352,955 | 307,761 | 253,267 | 352,955 | 307,761 |
| 26 | Issued bonds at amortised cost | 3,614,444 | 813,663 | 499,487 | 3,613,450 | 812,669 |
| 27 | Other liabilities | 1,287,661 | 489,974 | 662,330 | 1,257,531 | 466,747 |
| | Accruals | 30,075 | 28,315 | 25,637 | 23,935 | 23,639 |
| | Total debt | 28,755,485 | 27,121,684 | 28,576,779 | 28,714,379 | 27,100,067 |
| 28 | Provisions | | | | | |
| | Provisions for pensions and similar liabilities | 10,300 | 14,133 | 13,413 | 10,300 | 14,133 |
| | Provisions for losses on guarantees | 119,870 | 76,961 | 25,402 | 119,870 | 76,961 |
| | Other provisions | 53,395 | 53,214 | 42,943 | 53,395 | 53,214 |
| | Total provisions | 183,565 | 144,308 | 81,758 | 183,565 | 144,308 |
| | Subordinated debt | | | | | |
| 29 | Subordinated debt | 328,000 | 328,000 | 328,000 | 328,000 | 328,000 |
| | Total subordinated debt | 328,000 | 328,000 | 328,000 | 328,000 | 328,000 |
| Equity | | | | | | |
| 30 | Share capital | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| | Revaluation reserves | 161,276 | 117,266 | 100,675 | 161,276 | 116,610 |
| | Other reserves | 259,925 | 166,749 | 184,615 | 326,068 | 217,770 |
| | Statutory reserves | 259,925 | 166,749 | 184,615 | 326,068 | 217,770 |
| | Retained earnings or losses | 2,373,023 | 2,355,695 | 2,262,249 | 2,306,880 | 2,305,330 |
| | Proposed dividend | 24,000 | 0 | 0 | 24,000 | 0 |
| | Total equity | 3,118,224 | 2,939,710 | 2,847,539 | 3,118,224 | 2,939,710 |
| | Total liabilities | 32,385,274 | 30,533,702 | 31,834,076 | 32,344,168 | 30,512,085 |

The closing balance sheet of the Group for 2008 is identical with the opening balance at the beginning of 2009, cf. provisions on initial application of IFRS.



Changes in equity

| | Share capital DKK '000 | Revaluation Reserves DKK '000 | Reserves DKK '000 | Retained earnings DKK '000 | Dividends DKK '000 | Total DKK '000 |
|--|------------------------------|-------------------------------------|----------------------|----------------------------------|-----------------------|-------------------|
| Group 2010 | | | | | | |
| Equity as at 1.1.2010 | 300,000 | 117,266 | 166,749 | 2,355,695 | 0 | 2,939,710 |
| Net profit for the year | | 0 | 93,176 | 16,719 | 24,000 | 133,895 |
| Other comprehensive income | | 44,010 | 0 | 608 | | 44,618 |
| Total comprehensive income | | 44,010 | 93,176 | 17,327 | 24,000 | 178,513 |
| Dividend paid for 2009 | | | | | | 0 |
| Total changes in equity | | 44,010 | 93,176 | 17,327 | 24,000 | 178,513 |
| Equity carried forward at the end of 2010 | 300,000 | 161,276 | 259,925 | 2,373,023 | 24,000 | 3,118,224 |
| Group 2009 | | | | | | |
| Equity as at 1.1.2009 | 300,000 | 100,675 | 184,615 | 2,262,249 | 0 | 2,847,539 |
| Net profit for the year | | 0 | -17,866 | 93,447 | 0 | 75,581 |
| Other comprehensive income | | 16,590 | 0 | 0 | | 16,590 |
| Total comprehensive income | | 16,590 | -17,866 | 93,447 | 0 | 92,171 |
| Dividend paid for 2008 | | | | | | 0 |
| Total changes in equity | | 16,590 | -17,866 | 93,447 | 0 | 92,171 |
| Equity carried forward at the end of 2009 | 300,000 | 117,266 | 166,749 | 2,355,695 | 0 | 2,939,710 |
| Bank 2010 | | | | | | |
| Equity as at 1.1.2010 | 300,000 | 116,610 | 217,770 | 2,305,330 | 0 | 2,939,710 |
| Net profit for the year | | 0 | 108,298 | 1,549 | 24,000 | 133,847 |
| Other comprehensive income | | 44,666 | 0 | 0 | | 44,666 |
| Total comprehensive income | | 44,666 | 108,298 | 1,549 | 24,000 | 178,513 |
| Dividend paid for 2009 | | | | | | 0 |
| Total changes in equity | | 44,666 | 108,298 | 1,549 | 24,000 | 178,513 |
| Equity carried forward at the end of 2010 | 300,000 | 161,276 | 326,068 | 2,306,880 | 24,000 | 3,118,224 |
| Bank 2009 | | | | | | |
| Equity as at 1.1.2009 | 300,000 | 100,020 | 228,338 | 2,219,181 | 0 | 2,847,539 |
| Net profit for the year | | 0 | -10,568 | 86,149 | 0 | 75,581 |
| Other comprehensive income | | 16,590 | 0 | 0 | | 16,590 |
| Total comprehensive income | | 16,590 | -10,568 | 86,149 | 0 | 92,171 |
| Dividend paid for 2008 | | | | | | 0 |
| Total changes in equity | | 16,590 | -10,568 | 86,149 | 0 | 92,171 |
| Equity carried forward at the end of 2009 | 300,000 | 116,610 | 217,770 | 2,305,330 | 0 | 2,939,710 |

Cash flow statement

| Note | 2010 Group DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|--|---------------------------|-------------------|--------------------------|-------------------|
| Profit before tax | 128,786 | 117,737 | 122,421 | 112,479 |
| Adjustment for non-cash operating items | | | | |
| Depreciation, amortisation and write-downs of intangible assets | 12,156 | 5,678 | 10,509 | 4,734 |
| Depreciation, amortisation and write-downs of tangible assets | 27,086 | 35,051 | 2,121 | 12,069 |
| Write-down on loans, etc. | 220,655 | 308,731 | 208,984 | 289,878 |
| Net profit for the year adjusted for non-cash operating items*) | 388,683 | 467,197 | 344,035 | 419,160 |
| Loans and receivables with credit institutions, etc. | -122,911 | -69,697 | -102,235 | -109,639 |
| Bonds and shares | -1,782,865 | 146,391 | -1,782,865 | 146,391 |
| Deposits and debt to credit institutions, etc. | -4,135,655 | -1,599,593 | -4,146,780 | -1,602,657 |
| Other working capital | 456,809 | 232,100 | 451,820 | 312,797 |
| Corporation tax paid | 0 | 0 | 0 | 0 |
| Change in working capital | -5,584,622 | -1,290,799 | -5,580,060 | -1,253,108 |
| Cash flows from operating activities | -5,195,939 | -823,602 | -5,236,025 | -833,948 |
| Acquisition of intangible non-current assets | -10,275 | -1,304 | -1,640 | -1,042 |
| Sales of intangible non-current assets | 0 | 5,300 | 0 | 5,300 |
| Acquisition of tangible non-current assets | -99,504 | -63,548 | -34,118 | -18,444 |
| Sales of tangible non-current assets | 34,381 | 35,084 | 790 | 664 |
| Acquisition or sale of associated and group companies | 0 | -12,932 | 0 | -12,932 |
| Cash flows from investment activities | -75,398 | -37,400 | -34,968 | -26,454 |
| Loan with state guarantee | 2,169,230 | 0 | 2,169,230 | 0 |
| Bonds issued | 2,800,781 | 314,176 | 2,800,781 | 313,182 |
| Cash flows from financing activities | 4,970,011 | 314,176 | 4,970,011 | 313,182 |
| Changes in cash and cash equivalents | -301,326 | -546,826 | -300,982 | -547,220 |
| 36 Cash and cash equivalents brought forward | 2,288,035 | 2,834,861 | 2,287,404 | 2,834,624 |
| 36 Cash and cash equivalents carried forward | 1,986,709 | 2,288,035 | 1,986,422 | 2,287,404 |

*) Includes value adjustments of security and currency forward transactions.



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Note 1 Accounting policies

General

The consolidated financial statements of Arbejdernes Landsbank have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been approved by the EU, whereas the financial statements of the Parent Company (the Bank) have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions, etc. and guidelines issued by the Danish Financial Supervisory Authority. Furthermore, the annual report (consolidated financial statements and annual financial statements) has been prepared in accordance with further Danish disclosure requirements for financial companies with listed debt instruments. Further Danish disclosure requirements are stipulated in the IFRS Executive Order for Financial Companies issued pursuant to the Danish Financial Business Act.

Changes in accounting policies

The Bank issued bonds on the London Stock Exchange in 2010 and is consequently required to prepare its consolidated financial statements for 2010 in accordance with the IFRS, whereas in previous years the consolidated financial statements, like the financial statements for the Parent Company, were prepared in accordance with the Executive Order on Financial Reports for Credit Institutions, etc. In connection with the transition to using IFRS, IFRS 1 on initial application of IFRS has been applied. All standards and interpretations which had entered into force as at 31 December 2010 have been used to the extent that these are relevant to the Group. Comparative figures for 2009 have been adjusted for the changes in accounting policies. Key figures and financial ratios for 2006-2008 have not been adjusted. Financial reporting according to the IFRS includes an increased disclosure requirement, as well as a number of changes in the description of accounting policies and in the presentation of items, but it does not entail changes in the Bank's results or equity, neither for this financial year nor the previous financial year. As a consequence of the transition to IFRS, in accordance with IFRS 1, a balance sheet that complies with the new regulations has been prepared for 2008 and 2009, respectively.

Effect of new regulations on financial statements

The International Accounting Standards Board (IASB) has issued a number of standards, addendums and

interpretation contributions which have not yet entered into force.

The Danish Financial Supervisory Authority has updated the Executive Order on Financial Reports for Credit Institutions, etc. and this will enter into force in 2011. Application of these changes is not expected to significantly affect the accounting policies of Arbejdernes Landsbank.

Consolidated financial statements

The consolidated financial statements include the financial statements of Aktieselskabet Arbejdernes Landsbank and its subsidiaries, which are all fully owned by the Parent Company.

The consolidated financial statements have been prepared as a consolidation of the financial statements of the Parent Company and Group companies, calculated in accordance with Group accounting policies, and eliminated for intragroup income and expenses, internal shareholdings and internal balances.

The annual results for Group companies are recognised in the Bank's financial statements according to the equity method. Internal balances have been settled and adjustments have been made for changes in the price determination of shares in Group companies. Thus, the Group's comprehensive income and equity are equal to the Parent Company's comprehensive income and equity.

Recognition and measurement in general

Income is recognised in the income statement as it is earned, including value adjustments to financial assets, liabilities, and derivative financial instruments. However, increases in the value of the Bank's owner-occupied properties are recognised directly in equity to the extent that these do not cancel out previous write-downs. Costs incurred to obtain earnings for the year are recognised in the income statement.

An asset is recognised in the balance sheet when it is probable that future financial benefits will flow to the company and the value of the asset can be measured reliably. A liability is recognised in the balance sheet when the Bank has a legal or actual obligation, and it is probable that future financial benefits will flow from the Bank, and the value of the liability can be measured reliably. Purchases and sales of financial instruments are recognised on the settlement date. At recognition



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and measurement, unpredictable risks and losses that arise before the annual report is presented, and which confirm or disconfirm conditions that existed on the reporting date, are taken into account.

At initial recognition, assets and liabilities are measured at cost, which usually corresponds to fair value at the date of transaction.

Derivative financial instruments are included on the contract date at fair value. Measurements after initial recognition take place as described for each item below. Recognition of assets and liabilities ceases when the right to receive/surrender cash flows from the asset or liability has expired, or when it has been transferred and the Bank has essentially transferred all risks and returns attached to the beneficial ownership.

Financial assets are classified at the date of recognition into the following categories:

- Trading portfolio, which is measured at fair value
- Investment securities and pool assets with fair value adjustment through the income statement (fair value option)
- Loans and receivables with credit institutions measured at amortised cost

Financial liabilities are classified at the date of recognition into the following categories:

- Financial liabilities measured at amortised cost.
- Deposits in pool schemes with fair value adjustment through the income statement (fair value option)

The trading portfolio includes securities acquired for the purpose of sale or repurchase within a short period of time. Derivatives are included in the trading portfolio.

Derivative financial instruments

Derivative financial instruments are instruments, the value of which have been derived from the value of an underlying asset, e.g. a security. Derivative financial instruments are measured at initial recognition and subsequently at fair value. Positive and negative fair values of derivative financial instruments are recognised under other assets or other liabilities, respectively. A change in the fair value of derivative financial instruments is recognised in the income statement and calculated on the basis of current market data and recognised valuation methods.

Hedge accounting

For certain fixed-interest assets and liabilities, fair value is hedged by derivative financial instruments as part of risk management. Changes in fair value of derivative financial instruments which have been classified as, and which meet the criteria for, hedging of the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or the hedged liability. For derivative financial instruments which do not meet the conditions for hedging instruments, changes in fair value are recognised in the income statement on a current basis under the items: interest income, currency exchange-rate adjustment or value adjustment of derivatives, depending on the content of the value change.

Repo/reverse transactions

Securities sold, for which, at the time of the sale, agreement has been made on repurchase, are recognised in the balance sheet as though the securities were still part of the portfolio. The amount received is entered as debt and the difference between the selling rate and the purchase rate is recognised in the income statement as interest during the term. The return from securities is recognised in the income statement. Securities purchased where agreement has been made on sell-back, are not recognised in the balance sheet and the return is not part of the income statement. The consideration is not recognised as a receivable and the difference between the purchasing and selling rate is not recognised in the income statement as interest during the term.

Translation of foreign currency

The consolidated financial statements are presented in DKK which is also the functional currency of the Bank.

Transactions denominated in foreign currencies are translated in accordance with the exchange-rate ruling at the date of the transaction. Gains and losses, which arise between the transaction date and the settlement date, are recognised in the income statement. At the reporting date, monetary assets and liabilities are translated into foreign currency at the exchange-rate ruling at the reporting date.

Holdings and balances in foreign currency are disclosed at the exchange-rates published by Nasdaq OMX Copenhagen A/S as at the end of the year as a best estimate of closing rates.

Income Statement

Core earnings

Core earnings are defined as net earnings before costs and excluding earnings from investment portfolios. Core earnings are divided into trade earnings and core earnings excluding trade earnings. Trade earnings include commission and charging extra brokerage fees on trading activities with financial instruments and currency. Trade earnings also include earnings concerning capital management and consultancy services, including commission and fees from investment associations and the Bank's pools and deposit fees.

Core results

Core results are calculated from the total core earnings after deduction of costs relating to the core earnings.

Investment portfolio earnings, excl. investment securities

Investment portfolio earnings are the return on receivables from credit institutions and the portfolio of shares, bonds and derivatives. The results are calculated after expenses for funding and costs.

Investment securities

The results of the investment securities deal with the return on unlisted shares, which the Bank considers to be sector-related, and which enable the Bank to be part of the infrastructure as an independent credit institution and cooperate with other financial institutions.

Interest, fees and commissions

Interest income and interest expenses are recognised in the income statement in the period for which they concern. Index adjustments to bonds and price adjustments to zero-coupon bonds are included under interest from bonds. Value adjustments to certificates of deposit issued by Danmarks Nationalbank are included under interest from credit institutions. The interest element on repurchase transactions is included under the respective interest items depending on the counterparty. Income from finance leasing contracts is recognised in the income statement under interest income.

Interest income from loans, which have been wholly or partly written down, is only recognised under interest income at the calculated effective interest-rate on the

written down value of the loan. Further to this, interest income of the amount written down is recognised under the item 'Write-downs on loans and receivables, etc.'

Commission and fees which are regarded as an integral part of the effective interest-rate on a loan or long-term funding, are recognised as part of the amortised cost and thus as an integral part of the financial instrument under interest income or interest expenses, respectively.

Commission and fees regarding current services are accrued during the term. Other fees are recognised in the income statement when the transaction has been completed. Premiums (net) for forward transactions and interest on swap transactions (net) are included under other interest income.

Staff and administration expenses

Staff expenses include wages and salaries as well as social costs, pensions etc. for the Bank's staff. Long-term staff liabilities are recognised, on a current basis, taking into consideration the expected probability of employees resigning before the date of benefits.

Other operating income and expenses

Other operating income and expenses include items of secondary character in relation to the Bank's activities, including profit or losses incurred from administering real property and selling leasing assets. Profits or losses from selling leasing assets are calculated as the sales price after deduction of selling costs and the value of the leasing assets at contract expiry. The item other operating costs also includes current provisions for 'Bank Package I'.

Taxes

Arbejdernes Landsbank is taxed jointly with its group companies. Current corporation tax is distributed between the companies taxed jointly in relation to the taxable profit of such companies (full distribution with refund in respect of tax losses).

Tax for the year, which is composed of current tax and changes in deferred tax, is recognised in the income statement as the amount attributable to net profit or loss for the year, and other comprehensive income is recognised in the income statement as the amount attributable to entries included as other comprehensive income, e.g. tax revaluation of the Bank's owner-occupied properties, and recognised



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directly in equity with the amount attributable to items posted directly to equity. Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on taxable profit for the year, adjusted for tax paid on account.

Deferred tax is recognised as all temporary differences between carrying amounts and tax bases of assets and liabilities. Where calculation of tax base can be made according to different taxation rules, deferred tax is measured on the basis of utilisation of the asset planned by the management and planned settlement of the liability.

Deferred tax is measured on the basis of tax regulations and tax rates which will apply at the time when the deferred tax is expected to become current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

The Bank pays corporation tax according to the current tax scheme. To the extent that tax paid on account does not correspond to expected tax on profit for the year, additions or deductions are included in respect of the difference under interest income and interest expenses, respectively.

Calculated tax on income for the year and deferred tax is allocated to the individual company.

Balance Sheet

Cash in hand and demand deposits Danmarks Nationalbank

Cash in hand and demand deposits with central banks are recognised at initial recognition at fair value and subsequently measured at amortised cost.

Receivables from credit institutions, etc.

Receivables from credit institutions and receivables from central banks are recognised at initial recognition at fair value, and subsequently measured at amortised cost. Certificates of deposit are recognised at fair value at initial recognition, and subsequently at amortised cost.

Loans at amortised cost

Loans at amortised cost are recognised at initial recognition at fair value. Front-end fees, which are considered an integral part of the effective interest-rate of the loan, are recognised at the carrying amount of the loan and thus recognised as income over

the expected term of the loan. Loans at amortised are subsequently measured at amortised cost less write-downs to account for losses.

In connection with individual assessments, objective evidence of impairment is ascertained if the debtor is considered to be in considerable financial difficulties, if the debtor has not fulfilled agreements entered into (breach of contract) or if the Bank has granted the debtor easier terms that would not have been considered if it had not been for the financial difficulties of the debtor. In addition, evidence of impairment is considered ascertained if it is considered likely that the debtor will go bankrupt or be subject to other financial reconstruction.

For loans and groups of loans, where objective evidence of impairment has been ascertained as a consequence of events that occurred after initial recognition, any write-downs are calculated on the basis of discounting expected future cash flows, including realisation value of any collateral. For fixed-interest loans, discounting is based on the initially determined effective interest-rate, and for floating-rate loans discounting is based on the current effective interest-rate.

Large exposures, including large corporate exposures, are assessed individually.

Write-downs are assessed individually as well as by groups. Significant loans are always tested for individual write-down. Loans not written down individually, are included in the calculation of group write-downs.

In connection with assessment of loans with objective evidence of impairment, payment rows for each loan are listed on the expected future cash flows.

Loans that are not individually written down are assessed by group as a whole to establish whether objective evidence of impairment exists.

Group write-downs are carried out on groups of loans which are assumed to have uniform characteristics with regard to credit risk, etc. The Bank has 40 groups broken down into 1 group of public authorities, 1 group of credit institutions, 24 groups of private customers and 14 groups of corporate customers, etc.

In collaboration with Bankernes EDB Central (BEC), the Bank has developed a model which meets statutory requirements, although the model is still being developed to enable use of a back-test to verify the group write-downs that have been made.

Group write-downs are based on a rating by the Bank carried out on the basis of the Bank's knowledge about customer behaviour. Provision for unutilised credits and guarantees is recognised under provisions.

See also the comments on credit risk in note 4 on risk management.

The group as lessor

Amounts due from lessees under finance lease contracts are recognised as loans corresponding to the net investment in leasing contracts. Income from finance lease contracts is accrued over the term of the contract, reflecting a constant periodic return on investment.

An operating lease is defined as a contract that is not a finance lease. Leasing income from operating leasing contracts is recognised on a straight-line basis for the current leasing period under the effective interest-rate method. Profits and losses from selling leasing assets are recognised as other operating income.

Bonds and shares, etc.

Bonds and shares, etc. which are traded on active markets, are measured at fair value at initial recognition and subsequent recognition.

Fair value is set on the basis of the closing price on the reporting date or, if this is not available, another published price deemed to best correspond to this price is used. The fair value of called bonds is, however, stated at the present value of the bonds.

Unlisted securities are measured at an estimated fair value by means of current market data or recognised methods of valuation.

Fair value adjustments of bonds and shares, etc. are recognised in the income statement on a current basis.

Pension pool schemes

Returns on funds in pension pool schemes are included as a separate operating item under value adjustments. An adjustment corresponding to the pension pool profits for the participants is also included under value adjustments and thus the results of the pension pool schemes are neutralised in the results of the Group and the Bank for the year.

Holdings in associated companies

Holdings in associated companies are recognised and measured under the equity value method (the equity method) in the consolidated financial statements according to the IFRS as well as the Parent's financial statements according to the Danish Executive Order on the Presentation of Financial Statements, which means equity investments are measured in relation to the proportionate share of the equity value of the companies. The value change is recognised under result of holdings in associated companies.

Holdings in group undertakings

Holdings in group undertakings are recognised and measured at equity value in the Parent's financial statements according to the Danish Executive Order on the Presentation of Financial Statements. Percentages of profit or loss after tax of group companies are recognised in the income statement under result of holdings in group companies.

Percentages of changes in equity of group companies are recognised directly in equity.

Intangible assets

Intangible assets include software acquired, which is recognised at cost. Cost includes the costs incurred to bring the individual piece of software into use. Software acquired is written off on a straight-line basis over its expected useful life, typically three years.

Owner-occupied properties

Owner-occupied properties are recognised at acquisition at cost and are subsequently measured at revalued amount.

Revaluation is carried out at appropriate intervals, and at least once a year, so that the carrying amount is not deemed to differ materially from the fair value of the owner-occupied properties at the balance sheet date. Calculation of fair value is decided on the basis of internally determined requirements for rates of return on each property. The rate of return requirement for each property is fixed on the basis of the long-term interest-rate, a risk premium and a local allowance. Determination of the local allowance is made on the basis of external advice. Increases in the revalued amount after tax are recognised directly in equity unless



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the increase counteracts a reduction in value that was previously recognised in the income statement.

Owner-occupied properties are depreciated on a straight-line basis over the expected useful life, taking into consideration the anticipated scrap value at the expiry of the useful life.

| The anticipated useful life is assessed as: | |
|--|-------------|
| Headquarters | 100 years |
| Owner-occupied properties used to operate branches | 50/75 years |
| Other owner-occupied properties | 40 years |

Other tangible assets

Other tangible assets comprise machinery, fixtures and equipment and IT equipment, as well as operating leases, measured at cost less accumulated depreciation and impairment losses. The cost covers the acquisition price and costs directly related to the acquisition up until the time when the asset is ready for use. The basis of depreciation is calculated taking into consideration the scrap value of the asset and is reduced by any write-downs. The scrap value is determined at the date of acquisition and reassessed annually. If the scrap value of the asset exceeds the carrying amount, depreciation ceases. Depreciation is carried out on a straight-line basis, taking into account expected residual value, over the expected useful life of the assets, which is expected to be between 3-5 years. For improvements to rented premises, depreciation is carried out for the term of the rent contract, but no longer than 10 years.

Write-downs on tangible and intangible assets

The carrying amounts of tangible and intangible assets with determinable useful lives are reviewed on the reporting date to determine whether there are indications of impairment. If so, the recoverable amount of the asset is calculated to determine the need for any write-down and the extent of these.

Other assets

This item includes assets which are not placed under other asset items, e.g. positive market values of spot transactions and derivative financial instruments, measured at fair value at initial recognition and at subsequent recognition.

Other receivables, including interest receivables, are measured at amortised cost at initial recognition and at subsequent recognition.

Prepayments, assets

Prepayments are recognised and measured at cost at initial recognition and at subsequent recognition. Prepayments primarily comprise prepaid wages.

Debt to credit institutions and deposits

Debt to credit institutions and deposits are recognised at the date the loan was taken up at the amount received after deduction of any transaction costs. They are subsequently measured at amortised cost.

The Bank applies the value of surplus collateral deposited for outstanding accounts with Danmarks Nationalbank in its calculation of cash resources. The value of the collateral deposited and the surplus collateral is disclosed in a note to the financial statements.

Deposits and other debt

Deposits and other debt comprise debt to individuals and undertakings which are not credit institutions. Deposits and other debt are recognised at amortised cost at initial recognition and at fair value subsequently.

Issued bonds at amortised cost

Issued bonds at amortised cost comprise the Bank's issued bonds. Issued bonds are recognised at fair value at the date the loan was taken up and subsequently measured at amortised cost.

Other liabilities

This item includes liabilities which are not placed under other liability items, e.g. negative market values of spot transactions and derivative financial instruments, measured at fair value at initial recognition and at subsequent recognition. Other liabilities, including interest payable, are measured at amortised cost at initial recognition and at subsequent recognition.

Accruals, liabilities

Accruals are recognised and measured at cost price at initial recognition and at subsequent recognition. Accruals mainly comprise prepaid fees.

Provisions

Provisions include deferred tax, pension commitments and pension contributions (long-term staff liabilities), provisions for losses on guarantees and value-impaired unutilised credits, and other liabilities which are uncertain with regard to size and date of settlement, when it is probable that the liability will lead to an outflow of financial resources from the Bank and the liability can be measured reliably. The liability is an expression of the present value of the costs necessary to meet the liability.

Pension contributions are provided in the balance sheet when they concern employees with an agreement to terminate employment within the financial year and for whom the Bank has agreed to pay pension contributions until pension age, as well as pension commitments to retired executives and executives who have resigned. The liabilities are expected to be realised within 1-10 years. Pension contributions for unutilised entitlements to retire prior to pension age are not provided in the balance sheet. This amount is disclosed under contingent liabilities. All liabilities are calculated on the basis of an actuarially calculated capitalised value.

Provisions for losses on guarantees and value-impaired unutilised credits are treated according to the same rules as characterise write-down tests on loans. These liabilities are expected to be realised within 1-5 years as actual losses or as reversed provisions due to lack of objective evidence of impairment.

Other provisions primarily deal with anniversary bonuses which are successively recognised regardless of the fact that the future payment is conditional upon employment on the payment date. This liability is expected to be realised within 1-40 years as the staff earn the right to an anniversary bonus.

Subordinated debt

Subordinated debt is liabilities other than provisions in the form of subordinate loan capital, which is recognised at amortised cost at first measurement and at fair value subsequently.

Equity

Share capital is classified as equity when there is no obligation to transfer cash or other assets.

Proposed dividend is recognised as a liability at the date when it is approved at the general meeting. The

proposed dividend for the financial year is included as a separate item under equity.

Gains on revaluations of owner-occupied properties are transferred to revaluation reserves after deduction of taxes, if the revaluation is assessed to involve a tax burden in relation to the tax base of the properties. The reserve is dissolved at any reversal of revaluations made, or if the properties are sold.

Contingent liabilities

This item comprises guarantees and warranties, representations and indemnities, irrevocable commitments to grant credit and similar liabilities that are not recognised in the balance sheet. Guarantees and other liabilities are included at the full nominal value less provision for losses. Provision for losses is recognised under the item write-downs on loans etc. in the income statement and under the item provisions in the balance sheet.

Cash flow statement

The cash flow statement shows cash flows for the year as well as cash and cash equivalents at the beginning and the end of the year.

The cash flow statement is presented according to the indirect method based on net profit or loss for the year. Cash flows include value adjustments of security and currency forward transactions for the year. Cash flows from operations are calculated as net profit or loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid. Cash flows from investment activities comprise acquisition or sale of non-current assets, investments in associated companies, etc. Cash flows from financing activities comprise loans taken and bond issuance with state guarantee. Cash and cash equivalents comprise cash and short-term money market deposits with a remaining term of less than three months.

Segment information

The Group and the Bank only has an operating segment which comprises core results and investment portfolio earnings, and therefore no segment information is given.

Large exposures

Exposures which, before deductions pursuant to the Executive Order on Large Exposures, constitute 10



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per cent or more of the capital base are included in the calculation of financial ratios at their exposure after deduction.

Solvency

The Group and Aktieselskabet Arbejdernes Landsbank calculate the solvency ratio pursuant to the Executive Order on Capital Adequacy, with later guidelines issued by the Danish Financial Supervisory Authority. A solvency need is also calculated, which reflects the requirements for necessary capital in relation to the assets acquired, the risk involved and stress testing of future developments in relation to the Bank's own strategy. The solvency need is calculated quarterly and reported to the Danish Financial Supervisory Authority with simultaneous announcement on the Bank's website www.al-bank.dk.

Note 2 Accounting estimates and assessments

The calculation of the carrying amount of certain significant assets and liabilities requires estimates, assessments and assumptions on future events. In each case, estimates and assessments used are based on the Bank's historical experience and other factors deemed prudent by the management, but which are by their nature uncertain and unpredictable. Assumptions may be incomplete or inaccurate and unexpected future events or situations may arise. Therefore, it is difficult to make such estimates and assessments, and if estimates also involve customer relations and transactions with other counterparties, these will involve considerable uncertainties not least in recession periods. It may thus be necessary to change previous estimates because of new information, further experience or subsequent events.

The most important risks and the basis for estimated uncertainty of the Group are mentioned in the management's review, whereas note 4 describes risk management. The areas where these estimates and assessments have the most important effect on the financial statements are:

- Measurement of loans and guarantees in connection with write-downs
- Measurement of leasing assets
- Revalued amount of the Bank's owner-occupied properties
- Deferred tax assets
- Fair value of unlisted shares

Fair value is the amount for which an asset could be exchanged, or a liability settled, under normal conditions, between knowledgeable, willing parties in an arm's length transaction.

Measurement of loans and guarantees in connection with write-downs

When measuring the Bank's total loans and guarantees, significant estimates are connected with the quantification of risk that the debtor may not be able to honour all future payments. If it can be established that not all future payments will be received, determining the size of expected payment, including realisation values of collateral and expected payments of dividends from any estate inventories, may also be subject to considerable estimates. Provisions for bad debts are also connected with uncertainty to establish the extent to which the guarantee will be effective in the event of economic failure of the principal.

If objective evidence of impairment exists, the Bank has prepared payment rows in accordance with current accounting standards. The Bank's credit risk is described in note 4 on risk management.

Collateral in cooperative property

The Bank has a large risk exposure in loans for cooperative property and loans to cooperative housing associations.

The market for cooperative property does not have the same degree of transparency as owner-occupied properties, and this involves greater demands on the Bank's valuation of mortgaged assets. The Bank has developed a method for 'blue-stamping' cooperative housing associations before the cooperative housing association can be accepted as customer.

This method provides security that in addition to focusing on exposure development and credit rating, all necessary information is regularly collected which the Bank must as a minimum consider to give the Bank a sound foundation for determining the value of the mortgaged assets:

- Location of the cooperative housing association
- Number of residences and businesses, broken down by lessees and owners
- Negotiability of cooperative property
- Whether the chosen share value reflects the market value of the cooperative property
- Whether the administration of the cooperative housing association is reliable and professional
- Whether the required accounting provisions have been made for future maintenance and planning work.
- Any deductions in measuring mortgaging value.

Group write-downs

For group write-downs regarding private and corporate loans, uncertainty may especially be attributable to falling property prices, rising unemployment and any lack of credit quality in the Bank's customers.

As mentioned in the management's review, in 2009, the Bank implemented a new model for calculating group write-downs. A model for calculating group write-downs is in itself subject to significant estimates, and the Bank has not yet carried out sufficient back-tests and thus has not had the opportunity to obtain experience with the validity of the model. In connection with using the model, the Bank is trying to adjust the output of the model to make it fit the specific conditions of the Bank. Estimates are connected with this. In addition, the Bank makes a managerial estimate to adjust for events which the model does not account for.

Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that tax profits will be realised within a foreseeable number of years against which the losses can be set off. Establishing the size of an amount to be recognised for deferred tax assets is based on an estimate of the probable time for and size of future taxable profits. As at 31 December 2010, the Bank has assessed that deferred taxable assets will be realised within a period of 3-4 years.

Fair value of unlisted shares

Valuation of unlisted shares may be based on price indicators on the market or by utilising recognised methods of valuation, where future cash flows from the ownership of shares are discounted to present value. Such methods comprise estimates of future earnings in the underlying enterprise and the relevant sector, and also involve uncertainty about the calculation of fair value.

Fair value of listed financial instruments

Listed financial instruments priced in markets with low turnover are associated with some uncertainty in the measurement of fair value.

Note 3 Events after expiry of the accounting period

Effective from 31 March 2011, the Bank is expected to take over a loans portfolio of about DKK 800 mill. from the Financial Stability Company relating to about 4,000 private customers from the former Roskilde Bank, including a small number of employees.

At the same time, it has been decided to invite shareholders and pension companies associated with the union movement to subscribe for hybrid core capital of up to DKK 750 mill. in 2011.

The consequence of this is incorporated in the budget and solvency need for 2011. Up to today's date, no matters are considered to have occurred which affect the Bank's financial position significantly.

Note 4 Risk management

Arbejdernes Landsbank is exposed to various types of risk and considers risk management an essential focus area. The most important types of risk are listed below:

Credit risk is the risk of a counterparty's unwillingness or failure to perform payment obligations wholly or partly.

Market risk is the risk of losses due to changes in market value of the Bank's assets or liabilities as a result of changes in market conditions, including interest-rate changes.

Liquidity risk is the risk of losses due to a failure to honour the Bank's payment obligations by means of normal liquidity reserves. This includes the risk that the Bank, due to insufficient cash resources, is prevented from making new deals and is ultimately unable to honour its obligations, while there is also the risk of losses due to disproportionately high increases in the Bank's financing costs.

Capital management is conducted to ensure the best composition of the Bank's balance sheet, taking into account an assessment of existing and expected future risk and uncertainty.



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Operational risk is the risk of losses due to inadequate or erroneous internal processes, human errors or system errors.

Business risk is the risk of losses due to changes in external conditions or events which may harm the image or earnings of the Bank.

Credit risk

Credit policy

The overall credit risk is managed in accordance with policies and frameworks which are adopted and stipulated by the Board of Directors of the Bank and which by delegation ensure the Executive Management a lending system with a high degree of managerial involvement. Responsibility for monitoring, overall risk assumption and reporting to the Bank's management is rooted in the Bank at central level.

An important part of the Group's activities is to advise on, and grant loans, credits and other financial products to private individuals and enterprises. The primary target group of Arbejdernes Landsbank is private customers, associations and small and medium-sized corporate customers. For corporate customers, emphasis is on owner-managed enterprises. The Bank also wants to help ensure that the Bank's owners are given the opportunity to carry out various forms of bank business.

The Bank wishes only to participate in financing business which the Bank understands and is able to follow and manage in relation to advisory services. Generally, the Bank wishes to have a relatively low-risk profile on its portfolio compared with its competitors. The Bank does not wish to finance business where the risk profile is too high. Similarly, the Bank does not wish to finance projects of a speculative nature. This type of business may, in exceptional circumstances, be carried out with existing, creditworthy customers. In such cases, the Bank must ensure that the customer is able to assess the risks of the project, possibly based on external advice. As a general rule, the Bank does not participate in geared investment transactions. Granting credit is based on an ethical profile aimed at avoiding bringing the Bank into disrepute.

The Bank has decided to enter into a number of large exposures which individually exceed 10 per cent of the Bank's capital base. These exposures have been established after a thorough evaluation of whether there is collateralisation which means that the exposure can be divided into independent risk elements that are not

mutually connected or which means that the relevant customers have an indisputably acceptable risk profile.

The Group's overall credit policy is based on a wish to diversify risk and this takes into account spreading risk over sectors, and this is important for the establishment of a sustainable foundation for the Bank's further development.

Generally, the Bank finances only private customers who establish full customer relationships aimed at obtaining the highest possible transparency and profitability for the Bank, whilst also being able to create the best possible basis for providing advice to our customers.

Credit organisation

Over the past many years, the Bank has focused on work methods applied to secure individual exposures. Criteria and methods are regularly adapted to the current market conditions, current technology and the advantages in expected changes in economic trends. The drastically worsened economic conditions in autumn 2008, which continued in 2009 and 2010, hit Denmark with unexpected speed and force.

The Bank regularly seeks to dedicate the resources required to relevant risk areas as times change. The credit organisation and the entire risk management of the Bank will continue in 2011 to focus on management of the Bank's lending balance and management of the Bank's considerable write-downs with a view to minimising the Bank's risk of losses as far as possible.

The Bank has a structural separation between customer functions and the control and monitoring function. Moreover, the Bank has a credit committee which examines exposures over a certain size. The Bank's Chief Executive is a member of the credit committee.

The Group focuses greatly on deciding loans and credits in close cooperation with the customer. Authority to authorise smaller exposures is therefore delegated to branches and account managers on the basis of an assessment of local business-related needs, and this also ensures the necessary competencies.

The Bank's authorisation procedure is supplemented by a number of control procedures. This means that all authorisations above a relatively low minimum limit are reported to the central credit function of the Bank, which reviews the authorisations and provide summarised reports to the Bank's management and Board of

Directors. Unauthorised overdrafts are followed up daily at central level, and also major single transactions and new customers are monitored. Cross-sectoral analyses of uniform classes of assets and of selected areas, are prepared periodically. In addition, at all central levels, sample-based studies of the credit quality in all line areas and branches of the Bank are regularly carried out.

Credit risk management

The Bank is constantly working to strengthen its modelling procedures in the credit risk management area, including work to refine risk reporting.

The Bank prepares sector analyses where corporate customers are broken down by sectors on the basis of a geographical affiliation, and the concentration on single customers. The Bank's large exposures are analysed separately on the basis of sector concentration, etc. Private customers are broken down by customer categorisation groups, and changes in these are analysed each quarter. In addition the Bank makes cross-sectoral analyses of specific areas.

All large exposures are regularly reassessed and at least once a year on the basis of the customer's financial statements/accounts, etc. If the developments in objective indicators are assessed to warrant write-downs of the value of the exposures, write-downs are made according to regulations laid down for this purpose, on the basis of an assessment of the realisation value of the collateral and the expected realisation date.

When unauthorised overdrafts arise, an assessment of their acceptability is made. In relation to many good customers, the Bank will accept overdrafts for a certain period for practical reasons, if there is a valid reason and depending on the customer's future cash flows. Arrears are defined as receivables that are not value-impaired. If the overdraft is not acceptable, a collection procedure is initiated and, if the overdraft is not paid, this may lead to termination of the exposure and that it is handed over to legal debt collection within 2 to 3 months after the debt arose. If the claim, after implementation of the debt collection procedure, proves irrecoverable, e.g. the debtor declares in the enforcement court his/her inability to pay and does not have assets which could be assigned as collateralisation, the exposure is written off.

Written off exposures are resumed before the legal period of limitation in order to establish whether the debtor has regained his/her ability to pay wholly or partly.

Risk hedging and risk reduction

The Bank uses its possibilities to reduce risk by generally securing collateral in the objects that it finances.

The value of the collateral is calculated according to a prudence principle. This implies that, for reasons of prudence, some assets are calculated at a reduced value or the value 0, and therefore the real collateral value is significantly higher than the value calculated.

The most common collateral is in the form of mortgages in real property and our private customers' cooperative properties.

In principle, collateral is measured on the basis of the following points, unless significant indicators for other measurement exist.

- Private residential properties – about 80 per cent depending on type of property, condition and assessed marketability.
- Cooperative property is measured on the basis of our 'blue stamp programme', see page 40 of the annual report.
- Commercial properties – about 60-80 per cent depending on use, location, condition, sector, income basis and assessed marketability.
- Cash and easily realisable securities – 65-90 per cent of the official price, when this exists.
- Chattels, cars – about 70 per cent depending on type, model and age.
- Chattels, other collateral – based on individual assessment.
- The Bank does not approve collateral in unlisted shares unless there is a special reason.

For individually assessed exposures, collateral is calculated in the Bank's payment rows at estimated fair value.

The Bank makes regular assessments of the value of the collateral calculated as the expected net proceeds on realisation. In each case of breach, the Bank assesses whether compulsory realisation of collateral will best serve the Bank in relation to minimising the Bank's risks and risk of losses. The economic cycle and market conditions for realisation of assets may vary considerably. Therefore, sometimes the Bank takes over assets which the Bank has had set as collateral, or ensures that customers carry on their activities, and service and develop the collateral placed; in each case based on a realistic assessment of what reduces the Bank's risk as best as possible.



Notes

| | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|---|---------------------------|-------------------|--------------------------|-------------------|
| Maximum credit exposure *) | | | | |
| Receivables from credit institutions and central banks | 1,803,359 | 2,233,635 | 1,800,651 | 2,230,099 |
| Loans at amortised cost | 16,933,065 | 16,943,243 | 16,917,430 | 16,954,659 |
| Bonds at fair value | 10,464,216 | 8,722,428 | 10,464,216 | 8,722,428 |
| Shares, etc. | 867,193 | 826,116 | 867,193 | 826,116 |
| Holdings in associated companies | 410,437 | 317,261 | 410,437 | 317,261 |
| Holdings in group companies | 0 | 0 | 78,974 | 63,853 |
| Positive market value of derivative financial instruments | 222,963 | 77,866 | 222,963 | 77,866 |
| Guarantees | 2,135,237 | 2,504,385 | 2,135,237 | 2,504,385 |
| Irrevocable credit commitments less than 1 year | 1,926,258 | 1,811,585 | 1,459,544 | 1,529,348 |
| Irrevocable credit commitments more than 1 year | 95,284 | 169,534 | 95,284 | 169,534 |
| Total | 34,858,012 | 33,606,053 | 34,451,929 | 33,395,549 |

*) The credit exposure is composed of selected balance sheet items and off-balance-sheet items.

| Loans and guarantees | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Loans before write-downs | 17,643,079 | 17,497,306 | 17,604,599 | 17,480,247 |
| Guarantees before provisions | 2,255,107 | 2,581,346 | 2,255,107 | 2,581,346 |
| Total loans and guarantees before write-downs, etc. | 19,898,186 | 20,078,652 | 19,859,706 | 20,061,593 |
| Individual write-downs on loans | 648,117 | 489,995 | 626,823 | 462,781 |
| Group write-downs on loans | 61,897 | 64,068 | 60,346 | 62,807 |
| Provided for the Private Contingency Association | 109,470 | 63,712 | 109,470 | 63,712 |
| Individual provisions for other guarantees | 5,808 | 7,743 | 5,808 | 7,743 |
| Group provisions for other guarantees | 4,592 | 5,506 | 4,592 | 5,506 |
| Total loans and guarantees after write-downs, etc. | 19,068,302 | 19,447,628 | 19,052,667 | 19,459,044 |

| Loans and guarantees before write-downs analysed by sector | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Public authorities | 99,666 | 224,697 | 87,320 | 223,329 |
| Corporate | | | | |
| Agriculture, hunting, forestry and fisheries | 101,194 | 108,536 | 79,843 | 89,054 |
| Industry and extraction of raw materials | 461,950 | 400,942 | 316,835 | 301,442 |
| Energy supply | 860 | 1,271 | 714 | 500 |
| Building and construction | 658,762 | 654,091 | 579,797 | 561,777 |
| Trade | 1,499,806 | 1,471,008 | 1,160,104 | 1,153,436 |
| Transport, hotels and restaurants | 682,846 | 786,181 | 601,531 | 746,266 |
| Information and communication | 219,961 | 188,398 | 176,781 | 137,082 |
| Financing and insurance | 932,362 | 873,583 | 2,743,054 | 2,535,758 |
| Real property | 1,170,915 | 1,215,036 | 1,159,229 | 1,198,937 |
| Other corporate | 2,536,365 | 2,303,839 | 2,232,137 | 2,060,313 |
| Total corporate | 8,265,021 | 8,002,885 | 9,050,025 | 8,784,565 |
| Private | 11,533,499 | 11,851,070 | 10,722,361 | 11,053,699 |
| Total | 19,898,186 | 20,078,652 | 19,859,706 | 20,061,593 |

| | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|---|---------------------------|------------------|--------------------------|------------------|
| Loans and guarantees analysed by groups of customers | | | | |
| <i>Private</i> | | | | |
| Loans and guarantees before write-downs | 11,539,607 | 11,926,231 | 10,723,942 | 11,125,577 |
| Loans and guarantees after write-downs | 11,279,593 | 11,704,303 | 10,468,709 | 10,910,201 |
| Collateral | 8,442,552 | 8,751,364 | 7,730,736 | 8,024,649 |
| Arrears | 22,714 | 31,663 | 20,890 | 28,209 |
| Actual loss written off | 32,295 | 29,877 | 23,878 | 21,046 |
| <i>Corporate</i> | | | | |
| Loans and guarantees before write-downs | 7,153,836 | 6,866,734 | 7,931,021 | 7,650,329 |
| Loans and guarantees after write-downs | 6,593,452 | 6,469,840 | 7,388,701 | 7,275,358 |
| Collateral | 2,208,672 | 2,143,875 | 1,146,171 | 1,260,324 |
| Arrears | 12,238 | 16,992 | 10,971 | 16,309 |
| Actual loss written off | 14,678 | 11,311 | 5,065 | 3,409 |
| <i>Other</i> | | | | |
| Loans and guarantees before write-downs | 1,204,743 | 1,285,687 | 1,204,743 | 1,285,687 |
| Loans and guarantees after write-downs | 1,195,257 | 1,273,485 | 1,195,257 | 1,273,485 |
| Collateral | 791,049 | 991,668 | 791,049 | 991,668 |
| Arrears | 15,490 | 14,850 | 15,490 | 14,850 |
| Actual loss written off | 2,543 | 0 | 2,543 | 0 |
| <i>Total</i> | | | | |
| Loans and guarantees before write-downs | 19,898,186 | 20,078,652 | 19,859,706 | 20,061,593 |
| Loans and guarantees after write-downs | 19,068,302 | 19,447,628 | 19,052,667 | 19,459,044 |
| Collateral | 11,442,273 | 11,886,907 | 9,667,956 | 10,276,641 |
| Arrears | 50,442 | 63,505 | 47,351 | 59,368 |
| Actual loss written off | 49,516 | 41,188 | 31,486 | 24,455 |

The distribution into Private, Corporate and Other is based on the Bank's internal customer groupings.



Notes

| | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|---|---------------------------|------------------|--------------------------|------------------|
| Loans in arrears | | | | |
| Value of collateral for loans in arrears | | | | |
| Properties | 321,972 | 329,518 | 321,972 | 329,518 |
| Securities, bonds, cash deposits etc. | 22,177 | 19,232 | 22,177 | 19,232 |
| Cars | 55,082 | 69,863 | 6,255 | 6,636 |
| Boats and aircraft | 357 | 205 | 357 | 205 |
| Transfers, including life-assurance and invoice discounting | 0 | 100 | 0 | 100 |
| Warrants and guarantees | 0 | 0 | 0 | 0 |
| Chattels | 2,040 | 5,900 | 2,040 | 5,900 |
| Other collateral | 21,086 | 26,580 | 14,726 | 9,708 |
| Total | 422,714 | 451,398 | 367,527 | 371,299 |
| Age distribution for arrears | | | | |
| 1-30 days | 27,713 | 38,126 | 25,411 | 34,747 |
| 31-60 days | 4,420 | 4,664 | 4,272 | 4,522 |
| 61-90 days | 2,827 | 1,515 | 2,667 | 1,361 |
| More than 90 days | 15,482 | 19,200 | 15,001 | 18,738 |
| Total arrears | 50,442 | 63,505 | 47,351 | 59,368 |
| Age distribution for loans in arrears | | | | |
| 1-30 days | 1,404,967 | 1,797,853 | 1,360,181 | 1,733,411 |
| 31-60 days | 79,378 | 97,966 | 76,508 | 93,836 |
| 61-90 days | 29,778 | 29,610 | 26,668 | 25,136 |
| More than 90 days | 68,681 | 132,478 | 59,323 | 119,014 |
| Total loans in arrears | 1,582,804 | 2,057,907 | 1,522,680 | 1,971,397 |
| Concentration risk on large exposures amounting to 10 per cent or more of the capital base, cf. section 145 of the Danish Financial Business Act | | | | |
| Credit institutions | | | | |
| Credit exposure after deductions | 1,723,132 | 954,884 | 1,723,132 | 954,884 |
| Other corporate | | | | |
| Credit exposure after deductions | 1,894,576 | 1,414,044 | 1,894,576 | 1,414,044 |
| Number of large exposures | | | | |
| Credit institutions before deductions | 9 | 8 | 9 | 8 |
| Other corporate before deductions | 4 | 3 | 5 | 4 |
| Greater than 20 per cent of capital base | 1,204,477 | 609,145 | 1,204,477 | 609,145 |
| 15-20 per cent of capital base | 1,383,141 | 1,395,785 | 1,383,141 | 1,395,785 |
| 10-15 per cent of capital base | 1,030,090 | 363,998 | 1,030,090 | 363,998 |
| Sum of large exposures, excl. credit institutions in per cent of the capital base. | 66 | 52 | 66 | 53 |

Concentration risk

Overall, Group business strategy for lending activity is concentrated in three areas: Private, corporate and associations, etc. According to section 145 of the Financial Business Act, an exposure with a client or group of mutually connected clients may not, after subtracting particularly secure claims, exceed 25 per cent of the capital base. Furthermore, the sum of exposures, which after subtracting particularly secure claims, amount to 10 per cent or more of the capital base, may not add up to more than 800 per cent of the capital base. Quarterly submission of the use of these regulations is made to the Danish Financial Supervisory Authority. The Group has not had exposures exceeding the limits laid down in section 145.

| | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|---|---------------------------|-------------------|--------------------------|-------------------|
| Concentration of total group collateral | | | | |
| Private | | | | |
| Properties | 6,821,941 | 7,103,219 | 6,821,941 | 7,103,219 |
| Securities, bonds, cash deposits etc. | 206,200 | 298,239 | 206,200 | 298,239 |
| Cars | 950,000 | 914,970 | 357,958 | 355,116 |
| Boats and aircraft | 14,502 | 15,486 | 14,502 | 15,486 |
| Transfers, including life-assurance and invoice discounting | 2,906 | 9,598 | 2,906 | 9,598 |
| Warrants and guarantees | 800 | 2,035 | 800 | 2,035 |
| Chattels | 927 | 978 | 927 | 978 |
| Other collateral | 445,276 | 406,839 | 325,502 | 239,978 |
| Total | 8,442,552 | 8,751,364 | 7,730,736 | 8,024,649 |
| Corporate | | | | |
| Properties | 801,696 | 872,562 | 801,696 | 872,562 |
| Securities, bonds, cash deposits etc. | 207,338 | 168,233 | 207,338 | 168,233 |
| Cars | 612,675 | 645,237 | 41,906 | 56,907 |
| Boats and aircraft | 986 | 1,406 | 986 | 1,406 |
| Transfers, including life-assurance and invoice discounting | 451,407 | 219,404 | 1,290 | 2,430 |
| Warrants and guarantees | 2,000 | 670 | 2,000 | 670 |
| Chattels | 9,544 | 14,987 | 9,544 | 14,987 |
| Other collateral | 123,026 | 221,376 | 81,411 | 143,129 |
| Total | 2,208,672 | 2,143,875 | 1,146,171 | 1,260,324 |
| Other | | | | |
| Properties | 457,871 | 416,931 | 457,871 | 416,931 |
| Securities, bonds, cash deposits etc. | 292,632 | 449,550 | 292,632 | 449,550 |
| Cars | 2,179 | 2,512 | 2,179 | 2,512 |
| Boats and aircraft | 480 | 479 | 480 | 479 |
| Transfers, including life-assurance and invoice discounting | 2,890 | 4,700 | 2,890 | 4,700 |
| Warrants and guarantees | 0 | 0 | 0 | 0 |
| Chattels | 0 | 0 | 0 | 0 |
| Other collateral | 34,997 | 117,496 | 34,997 | 117,496 |
| Total | 791,049 | 991,668 | 791,049 | 991,668 |
| Total collateral | | | | |
| Properties | 8,081,508 | 8,392,712 | 8,081,508 | 8,392,712 |
| Securities, bonds, cash deposits etc. | 706,170 | 916,022 | 706,170 | 916,022 |
| Cars | 1,564,854 | 1,562,719 | 402,043 | 414,535 |
| Boats and aircraft | 15,968 | 17,371 | 15,968 | 17,371 |
| Transfers, including life-assurance and invoice discounting | 457,203 | 233,702 | 7,086 | 16,728 |
| Warrants and guarantees | 2,800 | 2,705 | 2,800 | 2,705 |
| Chattels | 10,471 | 15,965 | 10,471 | 15,965 |
| Other collateral | 603,299 | 745,711 | 441,910 | 500,603 |
| Total | 11,442,273 | 11,886,907 | 9,667,956 | 10,276,641 |

The distribution into Private, Corporate and Other is based on the Bank's internal customer groupings.



Notes

| | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|--|---------------------------|-------------------|--------------------------|-------------------|
| Credit quality – Loans before write-down | | | | |
| Non-impairment customers analysed by primary business areas | | | | |
| Private | | | | |
| Rating 1-3 | 2,464,433 | 1,677,404 | 2,464,433 | 1,677,404 |
| Rating 4 | 5,408,247 | 6,175,969 | 4,647,474 | 5,350,538 |
| Rating 5-10 | 3,402,708 | 3,952,966 | 3,366,435 | 3,898,964 |
| Total | 11,275,388 | 11,806,339 | 10,478,342 | 10,926,906 |
| Corporate | | | | |
| Rating 1-3 | 1,425,537 | 1,580,934 | 1,425,537 | 1,580,934 |
| Rating 4 | 1,860,989 | 1,443,988 | 2,684,145 | 2,415,831 |
| Rating 5-10 | 588,941 | 558,774 | 565,091 | 526,264 |
| Total | 3,875,467 | 3,583,696 | 4,674,773 | 4,523,029 |
| Other | | | | |
| Rating 1-3 | 661,666 | 612,204 | 661,665 | 612,204 |
| Rating 4 | 164,241 | 160,382 | 164,241 | 160,383 |
| Rating 5-10 | 309,561 | 293,395 | 309,561 | 293,395 |
| Total | 1,135,468 | 1,065,981 | 1,135,467 | 1,065,982 |

| | Group 2010 in % | 2009 in % | Bank 2010 in % | 2009 in % |
|--|-----------------------|--------------|----------------------|--------------|
| Credit quality – Loans before write-down | | | | |
| Credit margins for non-impairment customers analysed by primary business area | | | | |
| Private | | | | |
| Rating 1-3 | 0.000 | 0.000 | 0.000 | 0.000 |
| Rating 4 | 0.116 | 0.133 | 0.134 | 0.140 |
| Rating 5-10 | 1.003 | 1.007 | 1.014 | 1.016 |
| Corporate | | | | |
| Rating 1-3 | 0.000 | 0.000 | 0.000 | 0.000 |
| Rating 4 | 0.426 | 0.493 | 0.301 | 0.305 |
| Rating 5-10 | 1.388 | 1.121 | 1.441 | 1.176 |
| Other | 0.195 | 0.077 | 0.195 | 0.077 |

Credit quality of loans has been assessed on the basis of the Bank's rating model and the Bank's model for group write-downs for the Group/Bank. The model ranges from rating category 1 to 10, with category 1 as the lowest risk. Credit margins of the Group/Bank (loss rates) form the basis for the calculation of group write-downs. The distribution into Private, Corporate and Other is based on the Bank's internal customer groupings.

| | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|--|---------------------------|-------------------|--------------------------|-------------------|
| Reasons for individual impairment on loans | | | | |
| Amortised cost, loans before write-down | | | | |
| Bankruptcy | 130,191 | 108,813 | 114,496 | 85,519 |
| Debt collection | 207,535 | 181,638 | 200,594 | 171,408 |
| Debtors in financial difficulties | 1,019,031 | 750,839 | 1,000,927 | 707,403 |
| Total amortised cost, loans before write-down | 1,356,757 | 1,041,290 | 1,316,017 | 964,330 |
| Written down on loans | | | | |
| Bankruptcy | 96,846 | 76,325 | 81,819 | 57,398 |
| Debt collection | 154,606 | 131,198 | 152,198 | 128,553 |
| Debtors in financial difficulties | 396,667 | 282,473 | 392,806 | 276,830 |
| Total written down on loans | 648,118 | 489,996 | 626,823 | 462,781 |
| Total amortised cost, loans after write-down | 708,639 | 551,294 | 689,194 | 501,549 |
| Collateral | 307,670 | 528,867 | 288,226 | 479,582 |
| Unsecured portfolio | 400,969 | 22,427 | 400,968 | 21,967 |
| Value of loans with objective evidence of impairment, and where the carrying amount is larger than zero | | | | |
| Assessed individually | | | | |
| Loans at amortised cost before write-down | 1,107,976 | 858,271 | 1,067,237 | 786,330 |
| Write-down | 399,337 | 306,977 | 378,043 | 284,781 |
| Loans at amortised cost after write-down | 708,639 | 551,294 | 689,194 | 501,549 |
| Group assessment | | | | |
| Loans at amortised cost before write-down | 9,130,674 | 10,775,173 | 7,650,681 | 9,639,225 |
| Write-down | 61,898 | 64,069 | 60,346 | 62,807 |
| Loans at amortised cost after write-down | 9,068,776 | 10,711,104 | 7,590,335 | 9,576,418 |
| Assessed in total | | | | |
| Loans at amortised cost price before write-down | 10,238,650 | 11,633,444 | 8,717,918 | 10,425,555 |
| Write-down | 461,235 | 371,046 | 438,389 | 347,588 |
| Loans at amortised cost price after write-down | 9,777,415 | 11,262,398 | 8,279,529 | 10,077,967 |



Notes

| | Group | | Bank | |
|----------------------------|--------------|-------------|-------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| The group as lessor | | | | |

AL Finans A/S acts as a lessor within the areas of car leasing, machinery and equipment and similar. Finance leases as well as operating leases are offered.

The item loans at amortised cost includes finance leases.

| Net investments in finance leases | | | | |
|--|----------------|----------------|----------|----------|
| Duration up to 1 year | 95,065 | 74,844 | 0 | 0 |
| Duration between 1-5 years | 135,589 | 266,056 | 0 | 0 |
| Duration more than 5 years | 102,613 | 25,610 | 0 | 0 |
| Total | 333,267 | 366,510 | 0 | 0 |
| Gross investments in finance leases | | | | |
| Duration up to 1 year | 98,139 | 77,189 | 0 | 0 |
| Duration between 1-5 years | 158,762 | 296,054 | 0 | 0 |
| Duration more than 5 years | 126,778 | 40,198 | 0 | 0 |
| Total | 383,679 | 413,441 | 0 | 0 |
| Unearned financing income | 50,412 | 46,931 | 0 | 0 |
| Write-down on finance leases | 849 | 1,446 | 0 | 0 |

AL Finans A/S is a lessor in a number of operating leases. Agreements primarily comprise operating equipment and fixtures, and assets are recognised under machinery and fixtures and equipment.

| Operating leases | | | | |
|----------------------------|----------------|---------------|----------|----------|
| Duration up to 1 year | 31,600 | 27,260 | 0 | 0 |
| Duration between 1-5 years | 72,481 | 71,501 | 0 | 0 |
| Duration more than 5 years | 149 | 214 | 0 | 0 |
| Total | 104,230 | 98,975 | 0 | 0 |

Credit risk on financial counterparties

As part of trading in securities, currencies and derivative financial instruments as well as money transmission services etc. exposures to financial counterparties arise as settlement risk or credit risk.

The management grant lines on settlement risk and credit risk against financial counterparties, and this is based on the individual counterparty's risk profile, geographical location, rating, size and equity ratio. Risk and lines on financial counterparties are monitored regularly.



Notes

Market risk

The Arbejdernes Landsbank Group regularly accepts various forms of market risk, primarily as interest-rate risk, share-price risk or currency risk. Market risks arise partly as a result of servicing customers' needs and partly from the Bank's positions in financial instruments. The Bank utilises derivative financial instruments to manage and adjust market risks.

The objective of market risk management is to balance total market risk on assets and liabilities in order to achieve a satisfactory balance between return and risk.

Trading in shares, bonds, currency and related derivative financial instruments is an important business area for the Bank. As a result, and because of the Bank's wish to exploit the fluctuations in the financial markets the Bank regularly takes on market risk.

The framework, objectives and strategies for the Bank's market risk have been laid down in a delegation system in which the Board of Directors of the Bank outline the framework for the maximum total market risk the Bank is permitted to accept.

The Executive Management forward parts of the risk framework to the Treasury Division. The rest of the framework is placed on the basis of the Executive Management's investment strategy, which depends on assessments of return in relation to risk in financial instruments as well as the Bank's other risks. Market risk is managed at Group level and market risk in other units in the Group is regularly hedged with the Parent Company.

Monitoring market risk

On the basis of records in the Bank's systems of the risk-related instruments, detailed risk reports are generated daily for the Group, and these are sent to the Executive Management and other relevant parties.

Internal Risk Management and Control is independent of business responsibilities and position management and it ensures that all reported risk frameworks comply with the frameworks stipulated. Any breaches are reported to the Executive Management and the Board of Directors. Reporting to the Executive Management is on a daily basis and reporting to the Board of Directors is monthly.

Interest-rate risk

Interest-rate risk is managed to achieve a balance in the interest-rate risk on assets and liabilities. For certain

fixed-interest assets and liabilities, as part of risk management, fair value is hedged by derivative financial instruments such as futures, interest-rate swaps, options and forward transactions.

Interest-rate risk is the risk of losses as a result of a general parallel shift in market interest-rates by one percentage point in the same currencies. In calculation of interest-rate risk on fixed interest assets and liabilities, duration intervals are utilised.

The interest-rate risk is spread over 7 duration zones.

For day-to-day management of interest-rate risk, it is calculated according to guidelines from the Danish FSA. Monitoring is continuous and there are daily reports on utilisation of the frameworks. The risks are also assessed regularly in relation to the Bank's assessment of return opportunities and risk.

| Interest-rate risk | 2010 DKK '000 | 2009 DKK '000 |
|---|------------------|------------------|
| Broken down by types of business | | |
| Months | 128,216 | 211,204 |
| Mortgages | 9,776 | 12,687 |
| Deposits and loans as well as outstanding accounts with credit institutions | 24,559 | 31,307 |
| Derivative financial instruments | -74,104 | -151,479 |
| Total | 88,447 | 103,719 |

| Interest-rate risk | 2010 DKK '000 | 2009 DKK '000 |
|---|------------------|------------------|
| Broken down by foreign-exchange-rate | | |
| DKK | 74,427 | 107,353 |
| EUR | 11,666 | -3,878 |
| NOK | 1,181 | 0 |
| USD | 443 | -593 |
| GBP | 381 | 281 |
| CHF | 189 | -82 |
| SEK | 159 | 640 |
| Other foreign-exchange-rates | 1 | -2 |
| Total | 88,447 | 103,719 |

| Interest-rate risk | 2010 DKK '000 | 2009 DKK '000 |
|--|------------------|------------------|
| Broken down by modified duration (D): | | |
| 0 < D ≤ 3 Months | 7,633 | 2,854 |
| 3 < D ≤ 6 Months | 972 | 1,281 |
| 6 < D ≤ 9 Months | 250 | 176 |
| 9 < D ≤ 12 Months | 9,254 | 8,915 |
| 1 < D ≤ 2 Years | -43,147 | 16,182 |
| 2 < D ≤ 3.6 Years | 39,346 | 47,394 |
| 3.6 years < D | 74,139 | 26,917 |
| Total | 88,447 | 103,719 |

Exchange-rate risk

Exchange-rate risk is managed to a large degree to match financial assets with the currency distribution of liabilities. Furthermore the exchange-rate risk is hedged using derivative financial instruments. The Bank's investment strategy is to only have limited net positions in foreign currency.

| | 2010 | 2009 |
|--|---------|---------|
| Currency risk | | |
| Currency indicator 1 in DKK '000 | 212,744 | 168,433 |
| Currency indicator 1 in per cent of core capital after deduction | 8.0 | 6.7 |
| Currency indicator 2 in DKK '000 | 3,210 | 5,545 |
| Currency indicator 2 in per cent of core capital after deduction | 0.1 | 0.2 |

Currency indicator 1 expresses the largest sum of positions in currencies in which the Bank has net assets and the sum of positions in which the Bank has net liabilities, respectively.

Currency indicator 2 gives a target for exchange-rate risk, which takes account of the amount by which the individual currencies have fluctuated in relation to the DKK, calculated on the basis of variances and correlations from the Danish FSA.

Share-price risk

The size of the Bank's share-price risk is set regularly on the basis of the Bank's assessment of the macro-economic situation as well as the situation of the individual companies. Sensitivity to general changes in the stock markets is concentrated in the relatively small part of share holdings held in the trading portfolio, and the holdings are spread over as many companies as possible so that a general fall in the stock markets of 10 per cent would lead to a loss of DKK 10.2 mill. On the other hand, investment securities are more specifically affected by developments in the individual companies, which cannot be assumed to be influenced correspondingly by market fluctuations.

| Share-price risk | 2010 DKK '000 | 2009 DKK '000 |
|------------------------------------|------------------|------------------|
| Share portfolio | | |
| Trading portfolio | | |
| Listed shares | 89,433 | 73,933 |
| Unlisted shares, etc. | 12,535 | 11,044 |
| Total trading portfolio | 101,968 | 84,977 |
| Investment securities | | |
| Unlisted shares, etc. | 765,225 | 741,239 |
| Associated companies | 410,437 | 317,261 |
| Total investment securities | 1,175,662 | 1,058,500 |
| Total | 1,277,630 | 1,143,477 |

Commodities risk

The Bank only accepts very limited commodities risk.

Liquidity risk

Liquidity risk is a consequence of a mismatch in the balance between the maturity of assets and liabilities. The Bank's lending portfolio generally has a longer time to maturity than its financing business, including deposits. This risk is reflected in a risk of losses resulting from the Bank having to pay more for the liquidity required to cover its payment obligations in a situation where the Bank itself, or the sector as a whole, is affected by extraordinary circumstances.

Most of the Bank's liquidity risk is in Danish kroner (DKK), while the rest of the risk is concentrated in EUR, USD, CHF, SEK, GBP and NOK.

The Board of Directors has stipulated in its liquidity policy that the Bank must have excess liquidity cover of at least 100 per cent compared with the provisions of section 152 of the Danish Financial Business Act. The Bank also has a policy that liquidity forecasts, which are prepared at least once a month, must demonstrate similar excess cover for at least three months ahead and 12 months ahead there must be excess cover of at least 75 per cent. The policy also stipulates that stress tests must show excess cover of at least 75 per cent.

The Bank has also prepared a cash resources plan which states specific initiatives to reduce risks, including borrowing against assets or selling them, and these initiatives can be implemented if the liquidity forecasts cannot meet the policies.



Notes

Balance sheet items by remaining term – Group

| | Call | Up to 3 months | More than 3 months and up to 1 year | More than 1 year and up to 5 years | More than 5 years | Total |
|---|-------------------|-------------------|--|---|----------------------|-------------------|
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 2010 | | | | | | |
| Assets | | | | | | |
| Cash in hand and demand deposits with central banks | 400,728 | 0 | 0 | 0 | 0 | 400,728 |
| Receivables from credit institutions | 727,175 | 858,806 | 75,356 | 142,022 | 0 | 1,803,359 |
| Loans at amortised cost | 1,275,084 | 3,191,224 | 2,499,871 | 6,183,210 | 3,783,676 | 16,933,065 |
| Bonds at fair value | 0 | 187,538 | 311,672 | 4,343,579 | 5,621,427 | 10,464,216 |
| Total | 2,402,987 | 4,237,568 | 2,886,899 | 10,668,811 | 9,405,103 | 29,601,368 |
| Liabilities | | | | | | |
| Debt to credit institutions and central banks | 1,693,772 | 1,183,242 | 0 | 0 | 0 | 2,877,014 |
| Deposits and other debt | 16,439,830 | 2,695,204 | 128,497 | 313,761 | 1,016,044 | 20,593,336 |
| Issued bonds at amortised cost | 0 | 0 | 0 | 3,614,444 | 0 | 3,614,444 |
| Subordinated debt | 0 | 0 | 0 | 0 | 328,000 | 328,000 |
| Total | 18,133,602 | 3,878,446 | 128,497 | 3,928,205 | 1,344,044 | 27,412,794 |
| Guarantees | 0 | 177,921 | 1,121,513 | 546,277 | 289,526 | 2,135,237 |
| 2009 | | | | | | |
| Assets | | | | | | |
| Cash in hand and demand deposits with central banks | 294,640 | 0 | 0 | 0 | 0 | 294,640 |
| Receivables from credit institutions | 33,046 | 1,960,349 | 75,476 | 89,872 | 74,892 | 2,233,635 |
| Loans at amortised cost | 2,620,652 | 2,984,031 | 2,260,107 | 5,534,329 | 3,544,124 | 16,943,243 |
| Bonds at fair value | 0 | 424,317 | 672,426 | 3,917,400 | 3,708,285 | 8,722,428 |
| Total | 2,948,338 | 5,368,697 | 3,008,009 | 9,541,601 | 7,327,301 | 28,193,946 |
| Liabilities | | | | | | |
| Debt to credit institutions and central banks | 1,858,311 | 2,532,455 | 0 | 0 | 0 | 4,390,766 |
| Deposits and other debt | 15,923,994 | 3,685,459 | 147,324 | 338,345 | 996,083 | 21,091,205 |
| Issued bonds at amortised cost | 0 | 0 | 0 | 813,663 | 0 | 813,663 |
| Subordinated debt | 0 | 0 | 0 | 0 | 328,000 | 328,000 |
| Total | 17,782,305 | 6,217,914 | 147,324 | 1,152,008 | 1,324,083 | 26,623,634 |
| Guarantees | 0 | 208,680 | 1,315,405 | 640,720 | 339,580 | 2,504,385 |

Balance sheet items by remaining term – Bank

| | Call | Up to 3 months | More than 3 months and up to 1 year | More than 1 year and up to 5 years | More than 5 years | Total |
|---|-------------------|-------------------|--|---|----------------------|-------------------|
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 2010 | | | | | | |
| Assets | | | | | | |
| Cash in hand and demand deposits with central banks | 400,712 | 0 | 0 | 0 | 0 | 400,712 |
| Receivables from credit institutions | 727,175 | 858,535 | 74,544 | 140,397 | 0 | 1,800,651 |
| Loans at amortised cost | 3,075,492 | 2,648,548 | 2,115,463 | 5,375,926 | 3,702,001 | 16,917,430 |
| Bonds at fair value | 0 | 187,538 | 311,672 | 4,343,579 | 5,621,427 | 10,464,216 |
| Total | 4,203,379 | 3,694,621 | 2,501,679 | 9,859,902 | 9,323,428 | 29,583,009 |
| Liabilities | | | | | | |
| Debt to credit institutions and central banks | 1,693,773 | 1,183,241 | 0 | 0 | 0 | 2,877,014 |
| Deposits and other debt | 16,436,570 | 2,695,204 | 127,915 | 313,761 | 1,016,044 | 20,589,494 |
| Issued bonds at amortised cost | 0 | 0 | 0 | 3,613,450 | 0 | 3,613,450 |
| Subordinated debt | 0 | 0 | 0 | 0 | 328,000 | 328,000 |
| Total | 18,130,343 | 3,878,445 | 127,915 | 3,927,211 | 1,344,044 | 27,407,958 |
| Guarantees | 0 | 177,921 | 1,121,513 | 546,277 | 289,526 | 2,135,237 |
| 2009 | | | | | | |
| Assets | | | | | | |
| Cash in hand and demand deposits with central banks | 294,363 | 0 | 0 | 0 | 0 | 294,363 |
| Receivables from credit institutions | 33,046 | 1,959,995 | 74,415 | 87,751 | 74,892 | 2,230,099 |
| Loans at amortised cost | 4,264,420 | 2,672,081 | 1,937,469 | 4,626,036 | 3,454,653 | 16,954,659 |
| Bonds at fair value | 0 | 424,317 | 672,426 | 3,917,400 | 3,708,285 | 8,722,428 |
| Total | 4,591,829 | 5,056,393 | 2,684,310 | 8,631,187 | 7,237,830 | 28,201,549 |
| Liabilities | | | | | | |
| Debt to credit institutions and central banks | 1,858,311 | 2,532,455 | 0 | 0 | 0 | 4,390,766 |
| Deposits and other debt | 15,932,198 | 3,685,459 | 146,400 | 338,345 | 996,083 | 21,098,485 |
| Issued bonds at amortised cost | 0 | 0 | 0 | 812,669 | 0 | 812,669 |
| Subordinated debt | 0 | 0 | 0 | 0 | 328,000 | 328,000 |
| Total | 17,790,509 | 6,217,914 | 146,400 | 1,151,014 | 1,324,083 | 26,629,920 |
| Guarantees | 0 | 208,680 | 1,315,405 | 640,720 | 339,580 | 2,504,385 |



Notes

Capital management

Arbejdernes Landsbank actively manages the composition of its balance sheet in order to ensure the best composition, taking into account an assessment of existing and expected future risk and uncertainty. The overall balance-sheet composition and assessment of risk are discussed at fixed meetings of the Bank's Balance Sheet Management Committee held monthly and sometimes more often, if required. The Balance Sheet Management Committee is composed of the Executive Board, management of the Credit Department, the Financial Department, the Treasury Division and the head of Risk Management.

Capital management is based on the requirements in the Executive Order on Capital Adequacy and these comprise three pillars. Pillar 1 contains rules for calculation of the solvency ratio. Pillar 2 deals with calculation of the Bank's individual solvency need. Pillar 3 deals with disclosure requirements for risk and capital management.

To calculate the solvency ratio in Pillar 1, the Bank applies the standard method for credit and market risks and the basic indicator approach for operational risk. The Bank regularly assesses its need to improve risk management, but the Bank sees no immediate need to apply more advanced models for the solvency statement.

The policy of the Board of Directors is that the Bank should have a solvency ratio such that the solvency need does not inhibit exploitation of business opportunities.

Group core capital after deduction amounted to 92 per cent of the Bank's capital base.

At international level there are plans for solvency requirements which will tighten requirements for the Bank's capital base, and these are already being considered by the Bank.

| Note | Group | 2009 | Bank | 2009 |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 5 Capital and solvency | | | | |
| Transformation from equity to capital base | | | | |
| Equity including net profit for the year | 3,118,224 | 2,939,710 | 3,118,224 | 2,939,710 |
| Proposed dividend | 24,000 | 0 | 24,000 | 0 |
| Intangible assets | 9,291 | 11,172 | 1,640 | 10,509 |
| Deferred tax assets | 24,833 | 19,772 | 60,233 | 48,926 |
| Revaluation reserves | 161,276 | 117,266 | 161,276 | 116,610 |
| Deductions, cf. section 131(2), nos. 2-3 of the Danish Financial Business Act | 248,828 | 261,077 | 250,216 | 261,077 |
| Excess deductions, cf. section 139(6) of the Danish Financial Business Act | 0 | 0 | 0 | 0 |
| Core capital after deductions | 2,649,996 | 2,530,423 | 2,620,859 | 2,502,588 |
| Subordinated debt | 328,000 | 328,000 | 328,000 | 328,000 |
| Revaluation reserves | 161,276 | 117,266 | 161,276 | 116,610 |
| Base capital before deductions | 3,139,272 | 2,975,689 | 3,110,135 | 2,947,198 |
| Deductions, cf. section 139(1), nos. 1-3 of the Danish Financial Business Act | 248,829 | 261,076 | 250,216 | 261,076 |
| Excess deductions, cf. section 139(6) of the Danish Financial Business Act | 0 | 0 | 0 | 0 |
| Capital base | 2,890,443 | 2,714,613 | 2,859,919 | 2,686,122 |
| Solvency requirement (8%) | 1,759,435 | 1,672,631 | 1,761,510 | 1,677,798 |
| Weighted items | | | | |
| Items with credit risk | 16,489,372 | 16,204,737 | 16,704,206 | 16,428,191 |
| Items with market risk | 3,015,497 | 2,488,677 | 3,015,497 | 2,488,677 |
| Items with operational risk | 2,488,066 | 2,214,473 | 2,299,176 | 2,055,606 |
| Total weighted items | 21,992,935 | 20,907,887 | 22,018,879 | 20,972,474 |
| | in % | in % | in % | in % |
| Solvency need | | | | |
| Credit risk | 5.3 | 4.0 | 5.3 | 4.0 |
| Market risk | 2.2 | 2.3 | 2.2 | 2.3 |
| Operational risk | 0.9 | 0.8 | 0.9 | 0.8 |
| Other risks | 0.6 | 0.3 | 0.6 | 0.3 |
| Solvency requirement margin | 0.0 | 0.6 | 0.0 | 0.6 |
| Total solvency need | 9.0 | 8.0 | 9.0 | 8.0 |

6 Segment information for the Group

Group activities are concentrated in Denmark, focusing on bank services for private customers, small and medium-sized enterprises as well as associations, etc. Bank services are offered throughout the branch network and by the Bank's group company AL Finans across types of customers. The return on such activities has been expressed in the core results, cf. model on page 4 of the Annual Report.

However, activities listed under core results depend on the Bank's holding activities, which secure part of the Bank's liquidity, but which also include the Bank's strategic sector shares. The regular operating report to the Executive Management contains the information and the aggregation level stated in the model. On this basis, the assessment is that the Group only has an operating segment which comprises core results and investment portfolio earnings.



Notes

| Note | Group | 2009 | Bank | 2009 |
|--|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 7 Interest income | | | | |
| Receivables from credit institutions and central banks | 24,105 | 57,627 | 23,960 | 57,515 |
| Loans at amortised cost | 1,065,929 | 1,183,750 | 994,250 | 1,123,203 |
| Interest on exposures written down | -16,939 | -14,215 | -16,939 | -14,215 |
| Bonds | 225,956 | 335,282 | 225,956 | 335,282 |
| Derivative financial instruments | | | | |
| Currency contracts | 806 | -4,942 | 806 | -4,942 |
| Interest-rate contracts | -16,293 | -11,117 | -16,293 | -11,117 |
| Share contracts | 0 | 0 | 0 | 0 |
| Total derivative financial instruments | -15,487 | -16,059 | -15,487 | -16,059 |
| Other interest income | 292 | 1,581 | 83 | 90 |
| Total interest income | 1,283,856 | 1,547,966 | 1,211,823 | 1,485,816 |
| Of this, genuine purchase and resale transactions posted under | | | | |
| Receivables from credit institutions and central banks | 847 | 47 | 847 | 47 |
| Loans and other receivables | 0 | 33,019 | 0 | 33,019 |
| 8 Interest paid | | | | |
| Debt to credit institutions and central banks | -19,907 | -89,856 | -19,907 | -89,743 |
| Deposits and other debt | -232,925 | -449,559 | -232,669 | -449,704 |
| Issued bonds | -30,548 | -25,147 | -30,527 | -25,147 |
| Subordinated debt | -13,598 | -21,465 | -13,598 | -21,465 |
| Other interest paid | -208 | -794 | -58 | -792 |
| Total interest paid | -297,186 | -586,821 | -296,759 | -586,851 |
| Of this, genuine sale and repurchase transactions posted under | | | | |
| Debt to credit institutions and central banks | -1,950 | -4,541 | -1,950 | -4,541 |
| 9 Fee and commission income | | | | |
| Securities trading and custody accounts | 67,649 | 61,266 | 67,649 | 61,266 |
| Money transmission services | 75,305 | 69,814 | 75,305 | 69,814 |
| Loan fees | 122,325 | 90,898 | 111,377 | 83,727 |
| Guarantee commission | 21,575 | 28,866 | 21,596 | 28,891 |
| Other fees and commissions | 62,091 | 46,228 | 42,753 | 31,998 |
| Total fee and commission income | 348,945 | 297,072 | 318,680 | 275,696 |
| 10 Value adjustments | | | | |
| Bonds | 114,910 | 189,841 | 114,910 | 189,841 |
| Shares, etc. | 14,213 | 30,459 | 14,213 | 30,459 |
| Currency | -7,169 | 33,632 | -7,344 | 33,747 |
| Derivative financial instruments | | | | |
| Currency contracts | 12,425 | 24,282 | 12,425 | 24,282 |
| Interest-rate contracts | -111,707 | 2,309 | -111,707 | 2,309 |
| Share contracts | -1,021 | -1,388 | -1,021 | -1,388 |
| Total derivative financial instruments | -100,303 | 25,203 | -100,303 | 25,203 |
| Assets linked to pool schemes | 32,718 | 42,319 | 32,718 | 42,319 |
| Deposits in pool schemes | -32,718 | -42,319 | -32,718 | -42,319 |
| Other assets | 336 | 2,690 | 336 | 2,690 |
| Other liabilities | 5,156 | -5,156 | 5,156 | -5,156 |
| Total value adjustments | 27,143 | 276,669 | 26,968 | 276,784 |

| Note | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|--|---------------------------|------------------|--------------------------|------------------|
| 11 Staff and administration expenses | | | | |
| Salaries and remuneration to the Board of Directors, Executive Management and Board of Representatives | | | | |
| Executive Management | -5,067 | -5,067 | -5,057 | -5,058 |
| Board of Directors | -1,400 | -1,171 | -1,400 | -1,171 |
| Board of Representatives | -542 | -279 | -542 | -279 |
| Total | -7,009 | -6,517 | -6,999 | -6,508 |
| Staff expenses | | | | |
| Salaries | -516,292 | -477,617 | -482,686 | -450,558 |
| Pensions | -64,909 | -55,534 | -61,788 | -53,059 |
| Social security expenses | -4,376 | -3,651 | -4,174 | -3,480 |
| Payroll tax | -42,962 | -38,100 | -40,345 | -35,944 |
| Total | -628,539 | -574,902 | -588,993 | -543,041 |
| Other administration expenses | -428,864 | -402,867 | -409,355 | -388,256 |
| Total staff and administration expenses | -1,064,412 | -984,286 | -1,005,347 | -937,805 |
| Executive Management's pension and terms of resignation, etc. | | | | |
| The Executive Management is not covered by incentive programmes. The Executive Management has a notice period of 24 months. | | | | |
| The Bank can deduct 100 per cent of Executive Management salaries, as the Bank has not subscribed for hybrid core capital through 'Bank Package II'. | | | | |
| Share of Executive Management salaries for (defined contribution) pension schemes. | -852 | -845 | -852 | -845 |
| Number of Employees | | | | |
| Average number of employees during the financial year, converted to full-time employees | 1,040 | 1,035 | 987 | 991 |
| Auditor's remuneration | | | | |
| Total fees for the audit firms elected by the general meeting, which carry out the statutory audit | -1,899 | -1,732 | -1,750 | -1,525 |
| Of this, services other than audit | -250 | -465 | -250 | -390 |
| 12 Other operating costs | | | | |
| Expenses for the Private Contingency Association | -61,575 | -79,920 | -61,575 | -79,920 |
| Expenses for operating the Bank's properties | -24,758 | -16,207 | -24,701 | -16,178 |
| Other operating costs | -3,604 | -27,602 | -3,604 | -27,600 |
| Total other operating costs | -89,937 | -123,729 | -89,880 | -123,698 |



Notes

| Note | Group | 2009 | Bank | 2009 |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 13 Write-downs on loans and provisions on guarantees, etc. | | | | |
| Write-downs and provisions | | | | |
| Write-downs and provisions brought forward | 648,288 | 360,342 | 619,813 | 334,443 |
| Write-downs and provisions for the year *) | 393,288 | 415,252 | 385,844 | 401,805 |
| Reversal of write-downs and provisions for the year | -176,184 | -119,444 | -172,857 | -115,160 |
| Actual loss (written off) previously written down | -35,214 | -22,076 | -25,467 | -15,489 |
| Interest-rate adjustments | 16,939 | 14,214 | 16,939 | 14,214 |
| Total write-downs and provisions carried forward | 847,117 | 648,288 | 824,272 | 619,813 |
| *) of this provided in connection with 'Bank Package I' | 45,758 | 51,924 | 45,758 | 51,924 |
| Write-downs on loans, etc. carried forward | 710,014 | 554,063 | 687,169 | 525,588 |
| Provisions on guarantees, etc. carried forward *) | 119,870 | 76,961 | 119,870 | 76,961 |
| Write-downs/provisions on other items carried forward | 17,233 | 17,264 | 17,233 | 17,264 |
| Total write-downs and provisions carried forward | 847,117 | 648,288 | 824,272 | 619,813 |
| *) of this provided in connection with 'Bank Package I' | 109,470 | 63,712 | 109,470 | 63,712 |
| Net impact recognised in the income statement | | | | |
| Net write-downs and provisions for the year | -217,104 | -295,808 | -212,987 | -286,645 |
| Loss, not previously written down | -14,302 | -19,116 | -6,018 | -8,967 |
| Recognised in claims previously written-off | 10,751 | 6,193 | 10,021 | 5,734 |
| Total net impact recognised in the income statement | -220,655 | -308,731 | -208,984 | -289,878 |
| Individual write-downs on loans | | | | |
| Individual write-downs on loans brought forward | 489,995 | 279,167 | 462,781 | 254,835 |
| Write-downs for the year | 310,352 | 319,418 | 303,213 | 305,970 |
| Reversal of write-downs for the year | -131,908 | -96,912 | -128,596 | -92,933 |
| Actual loss (written off) previously written down | -35,214 | -22,076 | -25,467 | -15,489 |
| Interest-rate adjustments | 14,892 | 10,398 | 14,892 | 10,398 |
| Total individual write-downs on loans carried forward | 648,117 | 489,995 | 626,823 | 462,781 |
| Group write-downs on loans | | | | |
| Group write-downs on loans brought forward | 64,068 | 57,262 | 62,807 | 55,695 |
| Write-downs for the year | 34,539 | 23,937 | 34,234 | 23,938 |
| Reversal of write-downs for the year | -38,757 | -20,562 | -38,742 | -20,257 |
| Interest-rate adjustments | 2,047 | 3,431 | 2,047 | 3,431 |
| Total group write-downs on loans carried forward | 61,897 | 64,068 | 60,346 | 62,807 |
| Individual provisions on guarantees, etc. | | | | |
| Individual provisions on guarantees brought forward | 71,455 | 17,648 | 71,455 | 17,648 |
| Provisions for the year | 46,130 | 54,288 | 46,130 | 54,288 |
| Reversal of provisions for the year | -2,307 | -481 | -2,307 | -481 |
| Actual loss (written off) previously provided | 0 | 0 | 0 | 0 |
| Total individual provisions on guarantees, etc. carried forward | 115,278 | 71,455 | 115,278 | 71,455 |
| Group provisions on guarantees, etc. | | | | |
| Group provisions on guarantees brought forward | 5,506 | 5,860 | 5,506 | 5,860 |
| Provisions for the year | 2,267 | 730 | 2,267 | 730 |
| Reversal of provisions for the year | -3,181 | -1,084 | -3,181 | -1,084 |
| Total group provisions on guarantees, etc. carried forward | 4,592 | 5,506 | 4,592 | 5,506 |
| Write-downs/provisions on other items | | | | |
| Written down/provided brought forward | 17,264 | 405 | 17,264 | 405 |
| Write-downs/provisions for the year | 0 | 16,879 | 0 | 16,879 |
| Reversal of write-downs/provisions for the year | -31 | -405 | -31 | -405 |
| Interest-rate adjustments | 0 | 385 | 0 | 385 |
| Total write-downs/provisions on other items carried forward | 17,233 | 17,264 | 17,233 | 17,264 |

| Note | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|--|---------------------------|------------------|--------------------------|------------------|
| 14 Taxes | | | | |
| Tax calculated on profit for the year | 0 | 0 | 0 | 0 |
| Change in deferred tax in respect of the year | 5,135 | -42,228 | 11,509 | -36,970 |
| Adjustments in respect of previous years | -74 | 72 | -83 | 72 |
| Total tax | 5,061 | -42,156 | 11,426 | -36,898 |
| Effective tax rate | | | | |
| Corporation tax in Denmark | 25.0 | 25.0 | 25.0 | 25.0 |
| Adjustments in respect of previous years | 0.1 | -0.1 | 0.1 | -0.1 |
| Non-taxable income and expenses | -29.0 | 10.9 | -34.4 | 7.9 |
| Total effective tax rate | -3.9 | 35.8 | -9.3 | 32.8 |
| 15 Receivables from credit institutions and central banks | | | | |
| Receivables with notice from central banks | 0 | 1,024,810 | 0 | 1,024,810 |
| Receivables from credit institutions | 1,803,359 | 1,208,825 | 1,800,651 | 1,205,289 |
| Total receivables from credit institutions and central banks | 1,803,359 | 2,233,635 | 1,800,651 | 2,230,099 |
| 16 Bonds at fair value | | | | |
| Government bonds | 278,501 | 11,215 | 278,501 | 11,215 |
| Mortgage-credit bonds | 6,753,660 | 7,643,981 | 6,753,660 | 7,643,981 |
| Other bonds | 3,432,055 | 1,067,232 | 3,432,055 | 1,067,232 |
| Total bonds at fair value | 10,464,216 | 8,722,428 | 10,464,216 | 8,722,428 |
| For collateral deposited with Danmarks Nationalbank, clearing centres, etc. | | | | |
| Market value, bonds | 3,737,839 | 5,951,494 | 3,737,839 | 5,951,494 |
| Of which, surplus collateral | 3,737,839 | 5,951,494 | 3,737,839 | 5,951,494 |
| 17 Holdings in associated companies | | | | |
| Cost brought forward | 150,512 | 137,580 | 150,512 | 137,580 |
| Additions | 0 | 12,932 | 0 | 12,932 |
| Disposals | 0 | 0 | 0 | 0 |
| Cost carried forward | 150,512 | 150,512 | 150,512 | 150,512 |
| Revaluations and write-downs brought forward | 166,749 | 184,615 | 166,749 | 184,615 |
| Profit or loss | 101,433 | -17,866 | 101,433 | -17,866 |
| Dividends | 8,257 | 0 | 8,257 | 0 |
| Revaluations and write-downs carried forward | 259,925 | 166,749 | 259,925 | 166,749 |
| Carrying amount carried forward | 410,437 | 317,261 | 410,437 | 317,261 |



Notes

| Note | Group | 2009 | Bank | 2009 |
|---|----------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 18 Assets linked to pool schemes | | | | |
| Cash | 13,699 | 11,817 | 13,699 | 11,817 |
| Index-linked bonds | 53,776 | 51,041 | 53,776 | 51,041 |
| Other bonds | 144,425 | 117,909 | 144,425 | 117,909 |
| Investment association units | 87,654 | 85,863 | 87,654 | 85,863 |
| Other shares, etc. | 51,437 | 39,308 | 51,437 | 39,308 |
| Other assets | 1,964 | 1,823 | 1,964 | 1,823 |
| Total pool assets | 352,955 | 307,761 | 352,955 | 307,761 |
| 19 Owner-occupied properties | | | | |
| Revalued amount brought forward | 461,823 | 444,328 | 461,063 | 443,568 |
| Additions during the year | 12,538 | 4,646 | 12,538 | 4,646 |
| Disposals during the year | 760 | 0 | 0 | 0 |
| Depreciation | 2,300 | 2,238 | 2,300 | 2,238 |
| Changes in value recognised directly in equity | 44,666 | 16,590 | 44,666 | 16,590 |
| Changes in value recognised in the income statement | 9,028 | -1,503 | 9,028 | -1,503 |
| Total revalued amount | 524,995 | 461,823 | 524,995 | 461,063 |
| 20 Other tangible non-current assets | | | | |
| Cost brought forward | 178,978 | 174,660 | 40,979 | 31,255 |
| Additions during the year, including improvements | 83,821 | 56,120 | 18,435 | 11,074 |
| Disposals during the year | 62,613 | 51,802 | 7,381 | 1,350 |
| Total cost carried forward | 200,186 | 178,978 | 52,033 | 40,979 |
| Amortisation and write-downs brought forward | 50,693 | 38,881 | 13,567 | 8,647 |
| Disposals during the year | 28,992 | 16,718 | 6,591 | 686 |
| Depreciation for the year | 30,667 | 28,530 | 5,703 | 5,606 |
| Total depreciation carried forward | 52,368 | 50,693 | 12,679 | 13,567 |
| Total other tangible assets | 147,818 | 128,285 | 39,354 | 27,412 |
| Written off immediately during the year | 3,147 | 2,782 | 3,146 | 2,724 |

| Note | Group | 2009 | Bank | 2009 |
|--|---------------|---------------|--------------|---------------|
| | 2010 | DKK '000 | 2010 | DKK '000 |
| 21 Intangible assets | | | | |
| Goodwill *) | | | | |
| Cost brought forward | 15,243 | 19,501 | 15,243 | 19,501 |
| Additions during the year | 0 | 1,042 | 0 | 1,042 |
| Disposals during the year | 15,243 | 5,300 | 15,243 | 5,300 |
| Total cost carried forward | 0 | 15,243 | 0 | 15,243 |
| Write-downs brought forward | 4,734 | 0 | 4,734 | 0 |
| Disposals during the year | 15,243 | 5,300 | 15,243 | 5,300 |
| Write-downs for the year | 10,509 | 4,734 | 10,509 | 4,734 |
| Total write-downs carried forward | 0 | 4,734 | 0 | 4,734 |
| Total goodwill | 0 | 10,509 | 0 | 10,509 |
| Other intangible assets | | | | |
| Cost brought forward | 4,305 | 4,043 | 0 | 0 |
| Additions during the year | 10,275 | 262 | 1,640 | 0 |
| Disposals during the year | 0 | 0 | 0 | 0 |
| Total cost carried forward | 14,580 | 4,305 | 1,640 | 0 |
| Amortisation and write-downs brought forward | 3,642 | 2,698 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 | 0 |
| Amortisation for the year | 1,647 | 944 | 0 | 0 |
| Write-downs for the year | 0 | 0 | 0 | 0 |
| Total depreciation and amortisation carried forward | 5,289 | 3,642 | 0 | 0 |
| Total intangible assets | 9,291 | 663 | 1,640 | 0 |
| Total intangible assets | | | | |
| Cost brought forward | 19,548 | 23,544 | 15,243 | 19,501 |
| Additions during the year | 10,275 | 1,304 | 1,640 | 1,042 |
| Disposals during the year | 15,243 | 5,300 | 15,243 | 5,300 |
| Total cost carried forward | 14,580 | 19,548 | 1,640 | 15,243 |
| Amortisation and write-downs brought forward | 8,376 | 2,698 | 4,734 | 0 |
| Disposals during the year | 15,243 | 5,300 | 15,243 | 5,300 |
| Amortisation for the year | 1,647 | 944 | 0 | 0 |
| Write-downs for the year | 10,509 | 4,734 | 10,509 | 4,734 |
| Total depreciation and amortisation carried forward | 5,289 | 8,376 | 0 | 4,734 |
| Total intangible assets | 9,291 | 11,172 | 1,640 | 10,509 |

*) Goodwill is related to the Bank's purchase of five branches from Roskilde Bank in 2008. The Bank has conducted regular impairment tests, which in 2010 resulted in full write-down of the acquired goodwill.

| 22 Other assets | | | | |
|---|----------------|----------------|----------------|----------------|
| Positive market value of derivative financial instruments and spot transactions | 224,348 | 78,577 | 224,348 | 78,577 |
| Interest receivable | 131,545 | 118,081 | 131,271 | 117,798 |
| Other assets | 61,818 | 43,181 | 42,952 | 24,819 |
| Total other assets | 417,711 | 239,839 | 398,571 | 221,194 |



Notes

| Note | Group | 2009 | Bank | 2009 |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 23 Deferred tax assets and tax liabilities | | | | |
| + = tax assets - = tax liabilities | | | | |
| Deferred tax brought forward | 19,772 | 62,233 | 48,926 | 86,016 |
| Changes in deferred tax | 5,061 | -42,461 | 11,307 | -37,090 |
| Total deferred tax carried forward | 24,833 | 19,772 | 60,233 | 48,926 |
| Deferred tax broken down by type | | | | |
| Tangible assets | -28,427 | -23,312 | 6,484 | 9,714 |
| Loans | 564 | 2,075 | 337 | 1,607 |
| Losses carried forward | 41,342 | 31,096 | 42,023 | 27,692 |
| Employee obligations | 21,927 | 21,223 | 21,927 | 21,223 |
| Other | -10,573 | -11,310 | -10,538 | -11,310 |
| Total deferred tax carried forward | 24,833 | 19,772 | 60,233 | 48,926 |
| 24 Debt to credit institutions and central banks | | | | |
| Debt to central banks | 0 | 0 | 0 | 0 |
| Debt to credit institutions | 2,877,014 | 4,390,766 | 2,877,014 | 4,390,766 |
| Total debt to credit institutions and central banks | 2,877,014 | 4,390,766 | 2,877,014 | 4,390,766 |
| 25 Deposits and other debt | | | | |
| Call amounts | 15,796,137 | 15,340,372 | 15,792,877 | 15,348,577 |
| Amounts with notice period | 561,109 | 1,280,553 | 560,527 | 1,279,628 |
| Time deposits | 151,135 | 2,607,680 | 151,135 | 2,607,680 |
| Funding guaranteed by the Danish government | 2,169,230 | 0 | 2,169,230 | 0 |
| Special types of deposit | 1,915,725 | 1,862,600 | 1,915,725 | 1,862,600 |
| Total deposits and other debt | 20,593,336 | 21,091,205 | 20,589,494 | 21,098,485 |
| 26 Issued bonds at amortised cost | | | | |
| Bonds guaranteed by the Danish government | 2,806,650 | 0 | 2,806,650 | 0 |
| Other bonds | 807,794 | 813,663 | 806,800 | 812,669 |
| Total issued bonds at amortised cost | 3,614,444 | 813,663 | 3,613,450 | 812,669 |
| 27 Other liabilities | | | | |
| Negative market value of derivative financial instruments and spot transactions | 330,108 | 115,971 | 330,108 | 115,971 |
| Interest and commissions due | 37,710 | 68,749 | 37,710 | 68,749 |
| Other liabilities | 919,843 | 305,254 | 889,713 | 282,027 |
| Total other liabilities | 1,287,661 | 489,974 | 1,257,531 | 466,747 |

| Note | Group 2010 DKK '000 | 2009 DKK '000 | Bank 2010 DKK '000 | 2009 DKK '000 |
|---|---------------------------|------------------|--------------------------|---------------------|
| 28 Provisions | | | | |
| Provisions for pensions, etc. | | | | |
| Provisions brought forward | 14,133 | 13,413 | 14,133 | 13,413 |
| Provisions for the year | 0 | 720 | 0 | 720 |
| Reversal of provisions for the year | -3,833 | 0 | -3,833 | 0 |
| Total provisions carried forward | 10,300 | 14,133 | 10,300 | 14,133 |
| Provisions for losses on guarantees | | | | |
| Provisions brought forward | 76,961 | 23,508 | 76,961 | 23,508 |
| Provisions for the year | 48,397 | 55,018 | 48,397 | 55,018 |
| Reversal of provisions for the year | -5,488 | -1,565 | -5,488 | -1,565 |
| Total provisions carried forward | 119,870 | 76,961 | 119,870 | 76,961 |
| Other provisions | | | | |
| Provisions | 53,214 | 42,943 | 53,214 | 42,943 |
| Provisions for the year | 734 | 14,000 | 734 | 14,000 |
| Reversal of provisions for the year | -553 | -3,729 | -553 | -3,729 |
| Total provisions carried forward | 53,395 | 53,214 | 53,395 | 53,214 |
| Total provisions carried forward | 183,565 | 144,308 | 183,565 | 144,308 |
| 29 Subordinated debt | | | | |
| Subordinated debt in the form of supplementary capital | | | | |
| Variable per cent, nominal DKK 328 mill., mature 3.12.2018, can be redeemed before maturity 1.12.2015 | 328,000 | 328,000 | 328,000 | 328,000 |
| Share included in calculation of capital base | 328,000 | 328,000 | 328,000 | 328,000 |
| 30 Share capital | | | | |
| Share capital at nominal value | | | 300,000 | 300,000 |
| Composition of share capital | | | | |
| Nominal price per share (DKK) | | | Number of shares | Number of shares |
| 1,000 | | | 23,804 | 23,535 |
| 2,000 | | | 1,390 | 1,417 |
| 3,000 | | | 1,007 | 1,021 |
| 4,000 | | | 8,750 | 8,772 |
| 5,000 | | | 755 | 764 |
| 10,000 | | | 590 | 594 |
| 20,000 | | | 791 | 791 |
| 100,000 | | | 1,229 | 1,229 |
| 500,000 | | | 20 | 20 |
| 1,000,000 | | | 67 | 67 |
| 10,000,000 | | | 1 | 1 |

Share capital is fully paid.

The following of the Bank's shareholders hold shares with a nominal value of at least 5 per cent of the share capital:

- Dansk Metal, Nyropsgade 38, 1780 Copenhagen V
- FOA – Fag og Arbejde, Staunings Plads 1-3, 1790 Copenhagen V
- Fagligt Fælles Forbund – 3F, Kampmannsgade 4, 1790 København V
- Forbundet Træ-Industri-Byg i Danmark – TIB, Mimersgade 41, 2200 Copenhagen N
(Merged with Fagligt Fælles Forbund – 3F on 1 January 2011)
- HK/Danmark, Weidekampsgade 8, 0900 Copenhagen C
- Fødevareforbundet NNF, C. F. Richs Vej 103, 2000 Frederiksberg

Fagligt Fælles Forbund – 3F holds shares of which the total nominal value is at least 20 per cent of the share capital.



Notes

| Note | Group | 2009 | Bank | 2009 |
|---|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 31 Contingent liabilities | | | | |
| Guarantees | | | | |
| Financial guarantees | 645,707 | 986,892 | 645,707 | 986,892 |
| Guarantees for losses on mortgage loans | 140,781 | 153,126 | 140,781 | 153,126 |
| Private Contingency Association | 0 | 155,228 | 0 | 155,228 |
| Land registration and conversion guarantees | 15,078 | 18,098 | 15,078 | 18,098 |
| Guarantees for group companies | 0 | 0 | 9,200 | 6,164 |
| Other guarantees | 1,333,671 | 1,191,041 | 1,324,471 | 1,184,877 |
| Total guarantees | 2,135,237 | 2,504,385 | 2,135,237 | 2,504,385 |
| Other liabilities | | | | |
| Irrevocable credit commitments less than 1 year | 1,926,258 | 1,811,585 | 1,459,544 | 1,529,348 |
| Irrevocable credit commitments more than 1 year | 95,284 | 169,534 | 95,284 | 169,534 |
| Unutilised pension commitments | 19,000 | 16,400 | 19,000 | 16,400 |
| Other liabilities | 4,821 | 4,291 | 4,821 | 4,291 |
| Total other liabilities | 2,045,363 | 2,001,810 | 1,578,649 | 1,719,573 |
| Total contingent liabilities | 4,180,600 | 4,506,195 | 3,713,886 | 4,223,958 |

The Bank is a party in various judicial proceedings and disputes. These are assessed regularly, and the necessary provisions are carried out in accordance with an assessment of the risk of loss. The pending judicial proceedings are not expected to affect the Group's financial position.

As part of the national guarantee scheme for 'Bank Package I', as at 30 September 2008, the Bank has provided a guarantee of DKK 218.2 mill., of which DKK 109.1 mill. have been written down in 2010 and thus will not apply. The remaining DKK 109.1 mill. have been charged to the profit and loss account as provisions and are expected to be settled in 2011.

The loan to Totalkredit granted by the Bank in 2007 is covered by an agreed right of set-off against future provisions, which Totalkredit can apply in the event of any losses on the loans granted. The Bank does not expect this right of set-off to have a significant affect on the Bank's financial position.

The Bank's membership of Bankernes EDB Central means that the Bank is obligated to pay compensation in the event of any resignations.

| Note | Group | | Bank | |
|--|----------------|------------------|----------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 32 Hedge accounting | | | | |
| Assets hedged with interest-rate contracts | | | | |
| Loans | | | | |
| Amortised cost | 160,970 | 182,238 | 160,970 | 182,238 |
| Changes in carrying amount brought forward | 11,281 | 8,592 | 11,281 | 8,592 |
| Changes in value for the year | 337 | 2,689 | 337 | 2,689 |
| Changes in carrying amount carried forward | 11,618 | 11,281 | 11,618 | 11,281 |
| Carrying amount | 172,588 | 193,519 | 172,588 | 193,519 |
| Interest-rate contracts | | | | |
| Nominal value (principal amount) | 158,339 | 222,100 | 158,339 | 222,100 |
| Carrying amount of the hedge leg | 170,448 | 190,133 | 170,448 | 190,133 |
| Liabilities hedged with interest-rate contracts | | | | |
| Deposits | | | | |
| Amortised cost | 0 | 1,500,000 | 0 | 1,500,000 |
| Changes in carrying amount brought forward | 5,157 | 0 | 5,157 | 0 |
| Changes in value for the year | -5,157 | 5,157 | -5,157 | 5,157 |
| Changes in carrying amount carried forward | 0 | 5,157 | 0 | 5,157 |
| Carrying amount | 0 | 1,505,157 | 0 | 1,505,157 |
| Interest-rate contracts | | | | |
| Nominal value (principal amount) | 0 | 1,515,260 | 0 | 1,515,260 |
| Carrying amount of the hedge leg | 0 | 1,495,381 | 0 | 1,495,381 |

The Bank applies the regulations for hedge accounting of fair values. The hedging instruments applied typically consist of interest-rate swaps applied to hedge against changes in fair value of fixed-rate loans as a result of changes in the base rate (swap interest-rate). The swap interest-rate alone is hedged and not credit margins or similar. Changes in the fair value of the hedged instruments, which can be attributed to the hedged interest-rate risk, are adjusted in the carrying amount of the hedged item and are recognised in the income statement. Changes in the fair value of the hedging instruments are also recognised in the income statement.

| | Group | | Bank | |
|--|----------|----------|----------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 33 Genuine purchase and resale transactions as well as genuine sale and repurchase transactions | | | | |
| Of asset items below, genuine purchase and resale transactions account for | | | | |
| Receivables from credit institutions and central banks | 643,870 | 0 | 643,870 | 0 |
| Of the equity capital and liability items below, genuine sale and repurchase transactions represent the following | | | | |
| Debt to credit institutions and central banks | 0 | 276,427 | 0 | 276,427 |
| Assets sold as part of genuine sale and repurchase transactions | | | | |
| Bonds at fair value | 0 | 271,236 | 0 | 271,236 |



Notes

| Note | Nominal | Net market | Positiv | Negativ |
|--|-------------------|-----------------|----------------|----------------|
| | value | value | market | market |
| | DKK '000 | DKK '000 | value | value |
| | | | DKK '000 | DKK '000 |
| 34 Derivative financial instruments and spot transactions 2010 (Group and Bank) | | | | |
| Currency contracts | | | | |
| Spot transactions, purchase | 93,969 | -155 | 25 | 180 |
| Spot transactions, sale | 91,368 | 162 | 228 | 66 |
| Forward transactions/Futures, purchase | 1,673,530 | 8,960 | 8,998 | 38 |
| Forward transactions/Futures, sale | 538,624 | -32,257 | 30 | 32,287 |
| Options, acquired | -1,303,256 | 21,209 | 21,209 | 0 |
| Options, issued | 1,326,012 | -27,998 | 0 | 27,998 |
| Currency swaps | 2,869,894 | -62,422 | 16 | 62,438 |
| Interest-rate contracts | | | | |
| Spot transactions, purchase | 479,281 | 480 | 494 | 14 |
| Spot transactions, sale | 629,000 | -451 | 66 | 517 |
| Forward transactions/Futures, purchase | 222,215 | 2,545 | 3,608 | 1,063 |
| Forward transactions/Futures, sale | 5,645,858 | 1,381 | 4,595 | 3,214 |
| Options, acquired | 0 | 0 | 0 | 0 |
| Options, issued | 0 | 0 | 0 | 0 |
| Swaps | 5,430,045 | -171 | 162,709 | 162,880 |
| Interest-rate swaps | 2,865,702 | -17,031 | 21,798 | 38,829 |
| Share contracts | | | | |
| Spot transactions, purchase | 1,028,768 | 192 | 377 | 185 |
| Spot transactions, sale | 111,234 | -204 | 195 | 399 |
| Options, acquired | 0 | 0 | 0 | 0 |
| Total | 21,702,244 | -105,760 | 224,348 | 330,108 |
| Derivative financial instruments and spot transactions 2009 (Group and Bank) | | | | |
| Currency contracts | | | | |
| Spot transactions, purchase | 5,789 | 25 | 25 | 0 |
| Spot transactions, sale | 3,676 | 15 | 15 | 0 |
| Forward transactions/Futures, purchase | 44,401 | 427 | 498 | 71 |
| Forward transactions/Futures, sale | 1,150,811 | -680 | 389 | 1,069 |
| Options, acquired | 449,174 | 807 | 807 | 0 |
| Options, issued | 559,760 | -1,260 | 0 | 1,260 |
| Interest-rate contracts | | | | |
| Spot transactions, purchase | 105,947 | -43 | 59 | 102 |
| Spot transactions, sale | 101,056 | 124 | 159 | 35 |
| Forward transactions/Futures, purchase | 1,060,618 | 303 | 891 | 588 |
| Forward transactions/Futures, sale | 2,849,141 | -13,633 | 798 | 14,431 |
| Options, acquired | 297,660 | 3,364 | 3,364 | 0 |
| Options, issued | 297,660 | -2,828 | 0 | 2,828 |
| Swaps | 2,933,373 | 0 | 61,673 | 61,673 |
| Interest-rate swaps | 3,690,995 | -24,730 | 8,855 | 33,585 |
| Share contracts | | | | |
| Spot transactions, purchase | 114,586 | 124 | 268 | 144 |
| Spot transactions, sale | 114,028 | 0 | 185 | 185 |
| Options, acquired | 435 | 591 | 591 | 0 |
| Total | 13,779,110 | -37,394 | 78,577 | 115,971 |

| Note | Net market value | | | | Total |
|---|------------------|-------------------------------------|------------------------------------|-------------------|-----------------|
| | Up to 3 months | More than 3 months and up to 1 year | More than 1 year and up to 5 years | More than 5 years | |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | |
| 35 Derivative financial instruments analysed by maturity 2010 (Group and Bank) | | | | | |
| Currency contracts | | | | | |
| Forward transactions/Futures, purchase | 8,981 | -21 | 0 | 0 | 8,960 |
| Forward transactions/Futures, sale | -32,130 | -127 | 0 | 0 | -32,257 |
| Options, acquired | 15,234 | 5,975 | 0 | 0 | 21,209 |
| Options, issued | -16,047 | -11,951 | 0 | 0 | -27,998 |
| Currency swaps | 16 | 0 | -62,438 | 0 | -62,422 |
| Interest-rate contracts | | | | | |
| Forward transactions/Futures, purchase | 2,647 | -102 | 0 | 0 | 2,545 |
| Forward transactions/Futures, sale | 1,376 | 5 | 0 | 0 | 1,381 |
| Options, acquired | 0 | 0 | 0 | 0 | 0 |
| Options, issued | 0 | 0 | 0 | 0 | 0 |
| Swaps | 0 | -171 | 0 | 0 | -171 |
| Interest-rate swaps | 0 | 5,909 | -12,970 | -9,970 | -17,031 |
| Share contracts | | | | | |
| Options, acquired | 0 | 0 | 0 | 0 | 0 |
| Total | -19,923 | -483 | -75,408 | -9,970 | -105,784 |
| Derivative financial instruments analysed by maturity 2009 (Group and Bank) | | | | | |
| Currency contracts | | | | | |
| Forward transactions/Futures, purchase | 427 | 0 | 0 | 0 | 427 |
| Forward transactions/Futures, sale | -680 | 0 | 0 | 0 | -680 |
| Options, acquired | 0 | 807 | 0 | 0 | 807 |
| Options, issued | 0 | -1,260 | 0 | 0 | -1,260 |
| Currency swaps | 0 | 0 | 0 | 0 | 0 |
| Interest-rate contracts | | | | | |
| Forward transactions/Futures, purchase | 303 | 0 | 0 | 0 | 303 |
| Forward transactions/Futures, sale | -13,633 | 0 | 0 | 0 | -13,633 |
| Options, acquired | 3,364 | 0 | 0 | 0 | 3,364 |
| Options, issued | -2,828 | 0 | 0 | 0 | -2,828 |
| Swaps | 0 | 0 | 0 | 0 | 0 |
| Interest-rate swaps | -1,423 | -82 | -12,228 | -10,997 | -24,730 |
| Share contracts | | | | | |
| Options, acquired | 591 | 0 | 0 | 0 | 591 |
| Total | -13,879 | -535 | -12,228 | -10,997 | -37,639 |



Notes

| Note | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 36 Cash and cash equivalents | | | | |
| Brought forward | | | | |
| Cash in hand and demand deposits with central banks | 294,640 | 299,975 | 294,363 | 299,875 |
| Receivables from credit institutions and central banks | 1,993,395 | 2,534,886 | 1,993,041 | 2,534,749 |
| Total | 2,288,035 | 2,834,861 | 2,287,404 | 2,834,624 |
| Carried forward | | | | |
| Cash in hand and demand deposits with central banks | 400,728 | 294,640 | 400,712 | 294,363 |
| Receivables from credit institutions and central banks | 1,585,981 | 1,993,395 | 1,585,710 | 1,993,041 |
| Total | 1,986,709 | 2,288,035 | 1,986,422 | 2,287,404 |

37 Financial assets and liabilities

Bonds at fair value, shares etc., assets linked to pool schemes and derivative financial instruments have been measured at fair value in the financial statements, so that recognised values correspond to fair values.

Loans have been recognised at amortised cost. The differences in fair values are assumed to be fees and commissions received, expenses incurred in connection with loans as well as the interest-rate-level value adjustment, which is calculated by comparing current market interest-rates with market interest-rates when the loans were established. Changes in the credit quality are recognised in write-downs on loans for carrying amounts as well as fair values.

Loans, issued bonds, subordinated debt and transactions with credit institutions have been recognised at amortised cost. The differences in fair values are assumed to be the interest-rate-level value adjustment, which is calculated by comparing current market interest-rates with market interest-rates when the transactions were established. Changes in the credit quality of receivables from credit institutions are recognised in write-downs on credit institutions for carrying amounts as well as fair values. Changes in fair values of issued bonds, subordinated debt and debt to credit institutions due to changes in Arbejdernes Landsbank's own credit rating are not included.

| | Group | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Carrying-amount | Fair value | Carrying-amount | Fair value |
| | 2010 | 2010 | 2009 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Financial assets | | | | |
| Cash in hand and demand deposits with central banks | 400,728 | 400,728 | 294,640 | 294,640 |
| Receivables from credit institutions and central banks | 1,803,359 | 1,809,602 | 2,233,635 | 2,239,589 |
| Loans at amortised cost | 16,933,065 | 16,968,547 | 16,943,243 | 16,961,991 |
| Bonds at fair value | 10,464,216 | 10,464,216 | 8,722,428 | 8,722,428 |
| Shares, etc. | 867,193 | 867,193 | 826,116 | 826,116 |
| Derivative financial instruments | 224,348 | 224,348 | 78,577 | 78,577 |
| Total financial assets | 30,692,909 | 30,734,634 | 29,098,639 | 29,123,341 |
| Financial liabilities | | | | |
| Debt to credit institutions and central banks | 2,877,014 | 2,877,014 | 4,390,766 | 4,390,816 |
| Deposits | 20,593,336 | 20,593,411 | 21,091,205 | 21,091,205 |
| Issued bonds at amortised cost | 3,614,444 | 3,614,556 | 813,663 | 814,441 |
| Subordinated debt | 328,000 | 327,392 | 328,000 | 327,037 |
| Derivative financial instruments | 330,108 | 330,108 | 115,971 | 115,971 |
| Total financial liabilities | 27,742,902 | 27,742,481 | 26,739,605 | 26,739,470 |

Financial assets and liabilities, continued

Methods to measure fair value

Fair value is the price which can be obtained by selling an asset, or which must be paid in order to transfer a liability through a regular transaction between independent market participants at the time of measure.

Officially listed closing prices like fair value are used in all active markets. For financial assets and liabilities, where closing price is not available or is not assessed to reflect the fair value, assessment techniques and other observable market information are used to establish the fair value.

In cases, where observable prices based on market information are not available or not deemed to be useful in establishing fair value, recognised techniques and own assumptions are used to establish fair value. Assumptions may be recent transactions in comparable assets or liabilities, interest-rates, exchange-rates, volatility, credit spread etc.

At the end of 2010, non-observable prices included unlisted shares of DKK 777.8 mill. Capital gains/losses in the income statement from unlisted shares were DKK 4.5 mill. and are primarily attributable to assets held at the end of 2010.

| | Group | | | Total 2010 DKK '000 |
|------------------------------------|--------------------------------------|---|---|---------------------------|
| | Listed prices 2010 DKK '000 | Observable input 2010 DKK '000 | Non- observable input 2010 DKK '000 | |
| | Financial assets | | | |
| Bonds at fair value | 9,970,325 | 493,891 | 0 | 10,464,216 |
| Shares, etc. | 89,433 | 0 | 777,760 | 867,193 |
| Derivative financial instruments | 0 | 224,348 | 0 | 224,348 |
| Total financial assets | 10,059,758 | 718,239 | 777,760 | 11,555,757 |
| Financial liabilities | | | | |
| Derivative financial instruments | 0 | 330,108 | 0 | 330,108 |
| Total financial liabilities | 0 | 330,108 | 0 | 330,108 |



Notes

| Note | Fair value recognised in the income statement | | Amortised cost | | |
|--|--|----------------------|-------------------|-------------------|-------------------|
| | Trading portfolio | Fair value option | Assets | Liabilities | Total |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 38 Return and classification of financial assets and liabilities – Group 2010 | | | | | |
| Return | | | | | |
| Interest income | 225,956 | 0 | 1,057,900 | - | 1,283,856 |
| Interest paid | - | - | - | -297,186 | -297,186 |
| Net interest income | 225,956 | 0 | 1,057,900 | -297,186 | 986,670 |
| Dividends from shares, etc. | 1,043 | 48,684 | - | - | 49,727 |
| Value adjustments | 15,859 | 5,792 | 336 | 5,156 | 27,143 |
| Total return | 242,858 | 54,476 | 1,058,236 | -292,030 | 1,063,540 |
| Financial assets | | | | | |
| Cash in hand and demand deposits with central banks | - | - | 400,728 | - | 400,728 |
| Receivables from credit institutions and central banks | - | - | 1,803,359 | - | 1,803,359 |
| Loans at amortised cost | - | - | 16,933,065 | - | 16,933,065 |
| Bonds at fair value | 10,464,216 | 0 | - | - | 10,464,216 |
| Shares, etc. | 101,968 | 765,225 | - | - | 867,193 |
| Derivative financial instruments | 224,348 | - | - | - | 224,348 |
| Assets linked to pool schemes | - | 352,955 | - | - | 352,955 |
| Total financial assets | 10,790,532 | 1,118,180 | 19,137,152 | - | 31,045,864 |
| Financial liabilities | | | | | |
| Debt to credit institutions and central banks | - | - | - | 2,877,014 | 2,877,014 |
| Deposits | - | - | - | 20,593,336 | 20,593,336 |
| Issued bonds at amortised cost | - | - | - | 3,614,444 | 3,614,444 |
| Subordinated debt | - | - | - | 328,000 | 328,000 |
| Derivative financial instruments | 330,108 | - | - | - | 330,108 |
| Deposits in pool schemes | - | 352,955 | - | - | 352,955 |
| Total financial liabilities | 330,108 | 352,955 | - | 27,412,794 | 28,095,857 |

| | Fair value recognised in the income statement | | Amortised cost | | Total DKK '000 |
|--|--|----------------------------------|--------------------|-------------------------|-------------------|
| | Trading portfolio DKK '000 | Fair value option DKK '000 | Assets DKK '000 | Liabilities DKK '000 | |
| Return and classification of financial assets and liabilities – Group 2009, continued | | | | | |
| Return | | | | | |
| Interest income | 319,223 | 0 | 1,228,743 | - | 1,547,966 |
| Interest paid | - | - | - | -586,821 | -586,821 |
| Net interest income | 319,223 | 0 | 1,228,743 | -586,821 | 961,145 |
| Dividends from shares, etc. | 7,039 | 7,703 | - | - | 14,742 |
| Value adjustments | 308,444 | -29,309 | 2,690 | -5,156 | 276,669 |
| Total return | 634,706 | -21,606 | 1,231,433 | -591,977 | 1,252,556 |
| Financial assets | | | | | |
| Cash in hand and demand deposits with central banks | - | - | 294,640 | - | 294,640 |
| Receivables from credit institutions and central banks | - | - | 2,233,635 | - | 2,233,635 |
| Loans at amortised cost | - | - | 16,943,243 | - | 16,943,243 |
| Bonds at fair value | 8,722,428 | 0 | - | - | 8,722,428 |
| Shares, etc. | 84,878 | 741,238 | - | - | 826,116 |
| Derivative financial instruments | 78,577 | - | - | - | 78,577 |
| Assets linked to pool schemes | - | 307,761 | - | - | 307,761 |
| Total financial assets | 8,885,883 | 1,048,999 | 19,471,518 | - | 29,406,400 |
| Financial liabilities | | | | | |
| Debt to credit institutions and central banks | - | - | - | 4,390,766 | 4,390,766 |
| Deposits | - | - | - | 21,091,205 | 21,091,205 |
| Issued bonds at amortised cost | - | - | - | 813,663 | 813,663 |
| Subordinated debt | - | - | - | 328,000 | 328,000 |
| Derivative financial instruments | 115,971 | - | - | - | 115,971 |
| Deposits in pool schemes | - | 307,761 | - | - | 307,761 |
| Total financial liabilities | 115,971 | 307,761 | - | 26,623,634 | 27,047,366 |



Notes

| Note | Group | 2009 | Bank | 2009 |
|--|----------|----------|-----------|-----------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 39 Transactions with related parties | | | | |
| Balances with group companies | | | | |
| Loans at amortised cost | 0 | 0 | 1,813,871 | 1,663,750 |
| Deposits and other debt | 0 | 0 | 13,217 | 12,258 |
| Issued guarantees | 0 | 0 | 9,200 | 6,164 |
| Collateral received and guarantees | 0 | 0 | 0 | 0 |
| Interest in respect of loans at amortised cost | 0 | 0 | 30,258 | 41,386 |
| Interest in respect of deposits and other debt | 0 | 0 | 83 | 212 |
| Fees and other operating income | 0 | 0 | 1,711 | 1,691 |
| Balances with associated companies | | | | |
| Loans at amortised cost | 58,710 | 38,085 | 58,710 | 38,085 |
| Deposits and other debt | 28,217 | 348,615 | 28,217 | 348,615 |
| Issued guarantees | 0 | 0 | 0 | 0 |
| Collateral received and guarantees | 8,223 | 8,625 | 8,223 | 8,625 |
| Interest in respect of loans at amortised cost | 2,686 | 2,866 | 2,686 | 2,866 |
| Interest in respect of deposits and other debt | 13,806 | 50,791 | 13,806 | 50,791 |
| Fees and other operating income | 4,416 | 1,369 | 4,416 | 1,369 |
| Executive Management and Board of Directors | | | | |
| Loans at amortised cost | 1,566 | 1,957 | 1,566 | 1,957 |
| Deposits and other debt | 7,180 | 5,730 | 7,180 | 5,730 |
| Issued guarantees | 29 | 1,640 | 29 | 1,640 |
| Collateral received and guarantees | 1,563 | 2,713 | 1,563 | 2,713 |
| Interest in respect of loans at amortised cost | 49 | 54 | 49 | 54 |
| Interest in respect of deposits and other debt | 85 | 110 | 85 | 110 |
| Fees and other operating income | 80 | 57 | 80 | 57 |
| Major shareholders | | | | |
| Loans at amortised cost | 83,316 | 3,402 | 83,316 | 3,402 |
| Deposits and other debt | 56,432 | 535,727 | 56,432 | 535,727 |
| Issued guarantees | 0 | 0 | 0 | 0 |
| Collateral received and guarantees | 5,000 | 0 | 5,000 | 0 |
| Interest in respect of loans at amortised cost | 708 | 266 | 708 | 266 |
| Interest in respect of deposits and other debt | 8,710 | 16,699 | 8,710 | 16,699 |
| Fees and other operating income | 8,397 | 6,284 | 8,397 | 6,284 |

Transactions with related parties, continued

Related parties include members of the Bank's Executive Management and Board of Directors, including their related parties, as well as group and associated companies. Related parties also include shareholders who own more than 20 per cent of the share capital or more than 20 per cent of the votes.

All transactions with related parties which, in addition to those stated in the notes on salaries and remuneration, only include ordinary deposits and loans as well as credit facilities and are carried out on market terms.

All balances and outstanding accounts with group and associated companies as well as major shareholders arise from regular business related to the activities of the companies. Balances and outstanding accounts carry interest and have been entered into on business terms corresponding to the Group's other customers and cooperation partners.

Balances and outstanding accounts with the Executive Management and the Board of Directors have been established on market terms. Interest-rates for loans in 2010 are 4.0% - 8.5% (2009: 4.0% - 12.0%) for the Executive Management and related parties, and 2.0% - 10.5% (2009: 2.0% - 12.0%) for the Board of Directors and related parties. The Executive Management has not been granted any incentive programmes. Remuneration for Board work in AL Finans A/S amounts to DKK 10,000. (2009: DKK 9,375)

Arbejdernes Landsbank compensates members of the Executive Management, if they resign or are dismissed without a valid reason, or if they are made redundant as a result of takeover bids.



Notes

| Note | Group | 2009 | Bank | 2009 |
|--|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 40 Group overview | | | | |
| Associated companies | | | | |
| Forsikrings-Aktieselskabet Alka, Høje Taastrup | | | | |
| Key figures for associated companies: | | | | |
| Share capital | 88.099 | 88.099 | 88.099 | 88.099 |
| Equity | 1.276.872 | 1.137.596 | 1.276.872 | 1.137.596 |
| Ownership interest (per cent) | 32.1 | 32.1 | 32.1 | 32.1 |
| Assets | 4,104,673 | 3,787,921 | 4,104,673 | 3,787,921 |
| Liabilities | 2,827,801 | 2,650,325 | 2,827,801 | 2,650,325 |
| Net assets | 1,276,872 | 1,137,596 | 1,276,872 | 1,137,596 |
| Arbejdernes Landsbank's share of net assets | 410,437 | 365,668 | 410,437 | 365,668 |
| Total revenue | 1,201,635 | 1,565,293 | 1,201,635 | 1,565,293 |
| Total profit for the year | 164,477 | 171,252 | 164,477 | 171,252 |
| Arbejdernes Landsbank's share of profit for the period | 52,869 | 55,047 | 52,869 | 55,047 |
| Statement for 2010 is as at 30/9-2010 | | | | |
| Revenue is defined as premium income | | | | |
| Consolidated group companies | | | | |
| AL Finans A/S, Glostrup | | | | |
| Share capital | | | 6,000 | 6,000 |
| Equity | | | 65,947 | 51,012 |
| Ownership interest (per cent) | | | 100 | 100 |
| Profit | | | 14,935 | 7,181 |
| Finansieringsselskabet AL Finans A/S offers car financing, leasing and factoring. Activities of the company have been financed by equity and borrowing from the Parent Company. The company employed an average of 53 staff in terms of full-time employees in 2010. | | | | |
| Handels ApS Panoptikon, Copenhagen | | | | |
| Share capital | | | 500 | 500 |
| Equity | | | 13,027 | 12,841 |
| Ownership interest (per cent) | | | 100 | 100 |
| Profit | | | 304 | 118 |
| Handels ApS Panoptikon has previously supplied holidays for the employees. Currently, the company is inactive. The company has not employed any staff during 2010. | | | | |

| Note | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|------------------|------------------|------------------|----------------|----------------|
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| 41 Key figures and financial ratios for the Bank | | | | | |
| Income statement according to the core earnings model | | | | | |
| Net interest income | 862,104 | 870,436 | 724,827 | 637,238 | 565,845 |
| Net fee and commission income etc. | 256,548 | 228,870 | 209,705 | 204,969 | 201,652 |
| Core earnings, excl. trade earnings | 1,118,652 | 1,099,306 | 934,532 | 842,207 | 767,497 |
| Trade earnings | 97,721 | 81,670 | 87,153 | 111,421 | 97,817 |
| Core earnings, total | 1,216,373 | 1,180,976 | 1,021,685 | 953,628 | 865,314 |
| Staff costs | -587,552 | -542,147 | -489,071 | -468,642 | -461,426 |
| Administrative expenses and depreciation | -506,472 | -525,686 | -374,505 | -355,493 | -311,164 |
| Core results before write-downs | 122,349 | 113,143 | 158,109 | 129,493 | 92,724 |
| Write-downs on loans, etc. | -208,984 | -289,878 | -120,649 | 27,374 | 72,017 |
| Core results | -86,635 | -176,735 | 37,460 | 156,867 | 164,741 |
| Investment portfolio earnings, excl. investment securities | 80,981 | 369,772 | -169,197 | -5,985 | 44,535 |
| Investment securities | 128,075 | -80,558 | 41,315 | 78,417 | 160,487 |
| Profit before tax | 122,421 | 112,479 | -90,422 | 229,299 | 369,763 |
| Taxes | 11,426 | -36,898 | 30,650 | -36,796 | -51,089 |
| Profit after tax | 133,847 | 75,581 | -59,772 | 192,503 | 318,674 |
| Other key figures | | | | | |
| Net interest and fee income | 1,264,843 | 1,183,738 | 994,531 | 914,831 | 859,381 |
| Value adjustments | 26,968 | 276,784 | -72,427 | -2,054 | 139,457 |
| Staff and administration expenses | -1,005,347 | -937,805 | -817,285 | -779,222 | -720,535 |
| Value adjustments for holdings in associated and group companies | 116,672 | -10,568 | -47,160 | 98,370 | 57,896 |
| Loans | 16,917,430 | 16,954,659 | 17,401,113 | 13,255,086 | 11,158,237 |
| Bonds at fair value | 10,464,216 | 8,722,428 | 8,723,912 | 5,551,720 | 4,668,788 |
| Deposits, incl. pools | 20,942,449 | 21,406,246 | 19,079,536 | 14,575,944 | 12,635,413 |
| Issued bonds at amortised cost price | 3,613,450 | 812,669 | 499,487 | 0 | 0 |
| Equity | 3,118,224 | 2,939,710 | 2,847,539 | 2,951,311 | 2,826,009 |
| Total assets | 32,344,168 | 30,512,085 | 31,819,407 | 25,721,904 | 22,266,046 |
| Total contingent liabilities | 3,713,886 | 4,223,958 | 4,088,436 | 6,302,844 | 5,994,770 |



Notes

| Note | | 2010 | 2009 | 2008 | 2007 | 2006 | |
|-----------|---|------|---------|-------|--------|-------|---------|
| 41 | Key figures and financial ratios for the Bank, continued | | | | | | |
| | Financial ratios | | | | | | |
| | Solvency | | | | | | |
| | Solvency ratio, | % | 13.0 | 12.8 | 11.9 | 12.0 | 12.2 |
| | Core capital ratio *) | % | 11.9 | 11.9 | 11.1 | 12.0 | 14.7 |
| | Solvency need | % | 9.0 | 8.0 | 8.0 | 8.0 | 8.3 |
| | Earnings | | | | | | |
| | Return on equity before tax | % | 4.0 | 3.9 | -3.1 | 7.9 | 13.7 |
| | Return on equity after tax | % | 4.4 | 2.6 | -2.1 | 6.7 | 11.8 |
| | Ratio of operating income to operating expenses | DKK | 1.09 | 1.08 | 0.91 | 1.28 | 1.52 |
| | Earnings per DKK 1,000 nominal share value | DKK | 446.2 | 251.9 | -199.2 | 641.7 | 1,062.3 |
| | Market risk | | | | | | |
| | Interest-rate risk *) | % | 3.0 | 3.8 | 5.3 | 3.7 | 4.7 |
| | Currency position *) | % | 8.1 | 6.7 | 15.8 | 13.4 | 8.8 |
| | Exchange-rate risk *) | % | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 |
| | Liquidity | | | | | | |
| | Loans plus write-downs in relation to deposits | % | 84.1 | 81.7 | 92.8 | 92.2 | 89.9 |
| | Excess liquidity in relation to statutory requirements for liquidity | % | 237.4 | 221.9 | 104.8 | 121.5 | 41.3 |
| | Credit | | | | | | |
| | Sum of large exposures **) | % | 66.2 | 52.6 | 67.9 | 36.2 | 73.4 |
| | Write-down rate for the year | % | 1.1 | 1.4 | 0.6 | -0.1 | -0.4 |
| | Growth in loans for the year | % | -0.2 | -2.6 | 31.3 | 18.8 | 22.0 |
| | Loans in relation to equity | | 5.4 | 5.8 | 6.1 | 4.5 | 3.9 |
| | Equity | | | | | | |
| | Equity value | DKK | 1,039.4 | 979.9 | 949.2 | 983.8 | 942.0 |
| | Proposed dividend per DKK 1,000 nominal share value | DKK | 80.0 | 0.0 | 0.0 | 200.0 | 200.0 |
| | Employees | | | | | | |
| | The average number of employees during the financial year, converted to full-time employees | | 987 | 991 | 921 | 909 | 896 |

*) The rules for calculating core capital after deductions changed in 2007. Comparative figures have not been adjusted.

***) The definition of large exposures changed in 2010. Comparative figures have been adjusted.

Note

42 Definition of financial ratios

Financial ratios are in accordance with requirements for this in the Danish Executive Order on the Presentation of Financial Statements. Earnings per share (EPS) and diluted earnings per share (EPS) have been calculated in accordance with IAS 33, however the Bank's shares are not in circulation. Other financial ratios have been prepared in accordance with the Danish Society of Financial Analysts Recommendations and Key Figures 2010.

Financial ratios calculated in accordance with guidelines from the Danish Financial Supervisory Authority, cf. the Danish Executive Order on the Presentation of Financial Statements.

| | |
|--|--|
| 1. Solvency ratio = | $\frac{\text{Capital base after deduction} \times 100}{\text{Risk weighted assets}}$ |
| 2. Core capital ratio = | $\frac{\text{Core capital after deduction} \times 100}{\text{Risk weighted assets}}$ |
| 3. Return on equity before tax = | $\frac{\text{Profit before tax} \times 100}{\text{Equity (average)}}$ |
| 4. Return on equity after tax = | $\frac{\text{Profit after tax} \times 100}{\text{Equity (average)}}$ |
| 5. Ratio of operating income to operating expenses = | $\frac{\text{Income}}{\text{Costs (excl. tax)}}$ |
| 6. Interest-rate risk = | $\frac{\text{Interest-rate risk} \times 100}{\text{Core capital after deduction}}$ |
| 7. Currency position = | $\frac{\text{Currency exchange-rate indicator 1} \times 100}{\text{Core capital after deduction}}$ |
| 8. Exchange-rate risk = | $\frac{\text{Currency exchange-rate indicator 2} \times 100}{\text{Core capital after deduction}}$ |
| 9. Loans plus write-downs in relation to deposits | $\frac{\text{Loans} + \text{write-downs on loans}}{\text{Deposits}}$ |
| 10. Loans in relation to equity = | $\frac{\text{Loans}}{\text{Equity}}$ |



Notes

Note

42 Definition of financial ratios, continued

| | |
|--|---|
| 11. Growth in loans for the year *) = | $\frac{(\text{Loans carried forward} - \text{loans brought forward}) \times 100}{\text{Loans brought forward}}$ |
| 12. Excess liquidity in relation to statutory requirements for liquidity*) = | $\frac{\text{Surplus liquidity after compliance with section 152, no. 2 of the Danish Financial Business Act}}{\text{The 10 per cent statutory requirement}}$ |
| 13. Sum of large exposures*) = | $\frac{\text{Sum of large exposures after deduction, excl. credit institutions}}{\text{Capital base after deduction}}$ |
| 14. Write-down ratio for the year = | $\frac{\text{Write-downs on loans and guarantees for the year} \times 100}{\text{Loans} + \text{write-downs} + \text{guarantees}}$ |

Supplementary financial ratios

| | |
|---|--|
| 15. Earnings per DKK 1,000 nominal share value | $\frac{\text{Profit}}{\text{DKK '000 shares}}$ |
| 16. Equity value = | $\frac{\text{Equity} \times 100}{\text{Share capital}}$ |
| 17. Proposed dividend per DKK 1,000 nominal share value = | $\frac{\text{Dividend cover} \times \text{nominal value of share}}{100}$ |
| 18. Property exposure*) | $\frac{(\text{Gross loans and guarantees within the building projects} + \text{the sector 'Real property'}) \times 100}{\text{Gross loans} + \text{guarantees}}$ |
| 19. Stable funding*) | $\frac{\text{Loans}}{\text{Sum of deposits, including pools} + \text{issued bonds with remaining term} > 1 \text{ year} + \text{subordinated debt} + \text{equity}}$ |

*) Financial ratio used in the Danish Financial Supervisory Authority supervisory diamond.



Management positions held by members of the Board of Directors and the Executive Management in other Danish limited companies

Members of the Executive Management

Gert R. Jonassen

Chief Executive

Member of the Board of Directors of:

AL Finans A/S
 Komplementarselskabet NFIT A/S
 Letpension Holding A/S
 Letpension IT A/S
 Letpension Livs- og Pensionsforsikringsselskab A/S
 LR Realkredit A/S
 Multidata A/S
 Multidata Holding A/S
 Nets Holding A/S
 Totalkredit A/S

Ebbe Castella

Executive Bank Director

Member of the Board of Directors of:

BI Asset Management Fondsmæglerselskab A/S
 BI Holding A/S

Jan W. Andersen

Executive Bank Director

As of 1 January 2011

Member of the Board of Directors of:

AL Finans A/S

Members of the Board of Directors

Poul Erik Skov Christensen

Trade Union President,

Fagligt Fælles Forbund – 3F

Member of the Board of Directors of:

AKF Holding A/S
 A/S A-Pressen
 Fagbevægelsens Erhvervsinvestering A/S
 PensionDanmark Holding A/S
 PensionDanmark A/S

Lars Andersen

Managing Director,

AE – Arbejderbevægelsens Erhvervsråd

Member of the Board of Directors of:

Industriens Pensionsforsikring A/S
 Industripension Holding A/S

Harald Børsting

President,

Landsorganisationen i Danmark

Member of the Board of Directors of:

A/S A-Pressen
 Fagbevægelsens Erhvervsinvestering A/S
 Højstrupgård A/S
 LO Plus A/S

Thorkild E. Jensen

Trade Union President, Dansk Metal

Member of the Board of Directors of:

A/S A-Pressen
 Fagbevægelsens Erhvervsinvestering A/S
 Industriens Pensionsforsikring A/S
 Industriens Pension Service A/S
 Industripension Holding A/S
 Sampension Administrationsselskab A/S
 Sampension KP Livsforsikring A/S

Other board positions of the Executive Management

approved by the Board of Directors of Aktieselskabet Arbejdernes Landsbank, cf. section 80 of the Danish Financial Business Act as at 31 December 2010

Mette Kindberg

Vice President, HK/Danmark

Member of the Board of Directors of:
Fagbevægelsens Erhvervsinvestering A/S
HK Huset A/S

Johnny Skovengaard

*Trade Union President,
Forbundet Træ-Industri-Byg i Danmark*

Member of the Board of Directors of:
AKF Holding A/S
Forsikrings-Aktieselskabet Alka
Forsikrings-Aktieselskabet Alka Liv
Fagbevægelsens Erhvervsinvestering A/S
PensionDanmark Holding A/S
PensionDanmark A/S

Ole Wehlast

*Trade Union President,
Fødevareforbundet NNF*

Member of the Board of Directors of:
ESAHØJ A/S
Industriens Pensionsforsikring A/S

Jette Kronborg

*Customer Advisor,
Employee representative*

John Markussen

*Customer Consultant,
Employee representative*

Ulla Strøm Nordenhof

*Shop Steward,
Employee representative*

Henrik Thagaard

*Production Manager,
Employee representative*

Gert R. Jonassen

Chief Executive

Member of the Board of Directors of:
Finanssektorens Uddannelsescenter
Foreningen Bankernes EDB Central
Handels ApS Panoptikon
Kooperationen
Nordisk Finans IT P/S
Danish Regional Bankers' Association

Ebbe Castella

Executive Bank Director

Member of the Board of Directors of:
A/S Arbejdernes Landsbanks Fond
Forvaltningsinstituttet for Lokale Pengeinstitutter
Pensionskassen for Arbejdernes Landsbanks Personale

Jan W. Andersen

*Executive Bank Director
As of 1 January 2011*

No positions of trust



Board of Representatives

Chairman:

Thorkild E. Jensen

Trade Union President:
Dansk Metal

Vice President:

Harald Børsting

Chairman
Landsorganisationen i Danmark

Lars Andersen

Managing Director
AE – Arbejderbevægelsens
Erhvervsråd

Steen Andersen

Vice President
Fagligt Fælles Forbund – 3F

Inger Bolwinkel

Trade Union Secretary
FOA – Fag og Arbejde

Jens Bærentsen

CEO
Forsikrings-Aktieselskabet Alka

Poul Erik Skov Christensen

Trade Union President
Fagligt Fælles Forbund – 3F

Jeppé Christiansen

Managing Director
Fondsmæglerselskabet LD Invest A/S

Karsten Hansen

Trade Union President
Serviceforbundet

Kurt Jakobsen

Organisation secretary
Fødevareforbundet NNF

Claus Jensen

Vice President
Dansk Metal

Flemming Knudsen

Councillor
Aarhus

Mette Kindberg

Vice President
HK/Danmark

Max Meyer

Trade Union President
Blik- og Rørarbejderforbundet
i Danmark

Poul Monggaard

Trade Union President
Dansk Frisør- og Kosmetiker Forbund

Ulrich K. Mortensen

Manager of Financial Department
HK/Danmark

Frode Nicolaisen

Managing Director
Lo-skolen

Jørn Erik Nielsen

Trade Union President
Malerforbundet i Danmark

Claus Paulsen

Treasurer
Forbundet Træ-Industri-Byg
i Danmark

Torben Poulsen

Chief Treasurer
Dansk Metal

Jørgen Juul Rasmussen

Trade Union President
Dansk El-Forbund

Lizette Risgaard

Vice President
Landsorganisationen i Danmark

Kim Simonsen

Trade Union President
HK/Danmark

Johnny Skovengaard

Trade Union President
Forbundet Træ-Industri-Byg
i Danmark

Mona Striib

Vice President
FOA – Fag og Arbejde

Ulla Sørensen

Chief Treasurer
Fagligt Fælles Forbund – 3F

Ole Wehlast

Trade Union President
Fødevareforbundet NNF

Employee representatives

Tom Hansen

Bank Security Officer

Ulla Strøm Nordenhof

Shop steward

Henrik Thagaard

Production Manager

Management etc.

Board of Directors

Chairman:

Poul Erik Skov Christensen
Vice President

Lars Andersen
Executive Bank Director,
Chairman of the audit committee

Harald Børsting
Chairman

Thorkild E. Jensen
Trade Union President,
Member of the audit committee

Mette Kindberg
Vice President,
Member of the audit committee

Johnny Skovengaard
Vice President

Ole Wehlst
Vice President

Elected by the Bank's employees:

Jette Kronborg
Customer Advisor

John Markussen
Customer Consultant

Ulla Strøm Nordenhof
Shop Steward

Henrik Thagaard
Production Manager

Executive Management

Gert R. Jonassen
Chief Executive

Ebbe Castella
Executive Bank Director

Jan W. Andersen
Executive Bank Director
as at 1 January 2011

Audit

Deloitte
Statsautoriseret
Revisionsaktieselskab

Anne Marie Haas
Head of Internal Audit Department
Internal audit

Senior Management

Gert R. Jonassen
Chief Executive

Ebbe Castella
Executive Bank Director

Jan W. Andersen
Executive Bank Director
as at 1 January 2011

Lasse Kiær Nielsen
Executive Head of Credit Department

Kjeld Gosvig-Jensen
Executive Head of Legal Department

Finn Hansen
Executive Head of HR Department

Leif Klinge
Executive Head of Financial Department

Susanne Bechsgaard
Regional Manager

Svend Randers
Regional Manager

Per Rick
Regional Manager

Staff functions

Management Secretariat
and Legal Department:
Kjeld Gosvig-Jensen
Executive Head of Legal Department

Niels Elkjær Madsen
Manager of the Executive
Management Secretariat

Kirsten Fynbo
Manager of Debt Collection

HR Department:
Finn Hansen
Executive Head of HR Department

Simon Sinding Jørgensen
Manager of HR Development

IT Department:

Bent Bøjden
Head of IT

Credit area:
Lasse Kiær Nielsen
Executive Head of Credit Department

Jesper K. Karlsen
Credit Manager

Morten Pii Johannessen
Risk Analysis Manager

Jens Damgaard Nielsen
Manager of Housing Association

Treasury Division:
Lars Theilmann
Head of Business Support

Jørn N. Jensen
Head of Treasury and Finance/LIFI

Peter Normand
Head of Customers Office

Marketing Department:
Peter Froulund
Head of Marketing

Owner-occupied properties
and Mortgages Department:
Søren Zak
Head of Owner-occupied properties
and Mortgages

Financial Department:
Leif Klinge
Executive Head of Financial Department

Klaus Gydesen
Head of Buildings and Facilities

Henrik Krog-Meyer
Head of Distribution and Stores

Henrik Schneller
Head of Procurement and
Property Administration

Production centres

Henrik Thagaard
Production Manager,
Glostrup and Odense

Morten Kjær
Production Manager,
Aarhus



Branches

Jutland

Branch in Esbjerg

Kongensgade 13, 6701 Esbjerg
Branch manager: Klaus K. Andersen

Branch in Fredericia

Danmarksgade 6, 7000 Fredericia
Branch manager: Tommy Stricker

Branch in Frederikshavn

Danmarksgade 67, 9900 Frederikshavn
Branch manager: Bent Fick

Branch in Frydenlund

Frydenlunds Allé 1, 8210 Aarhus V
Branch manager: Erik Dahl

Branch in Grindsted

Vestergade 12, 7200 Grindsted
Head of branch: Karin Liboriussen

Branch in Haderslev

Gravene 3, 6100 Haderslev
Branch manager: Henrik Borring

Branch in Herning

Østergade 44, 7400 Herning
Branch manager: John Dalum

Branch in Hjørring

Sct. Olai Plads 2, 9800 Hjørring
Branch manager: Jens Nørgård Jensen

Branch in Holstebro

Nørregade 32, 7500 Holstebro
Branch manager: Jimmy Käehne

Branch in Horsens

Søndergade 48, 8700 Horsens
Branch manager: Susanne Daugaard

Branch in Kolding

Buen 1, 6000 Kolding
Branch manager: Jan Andersen

Filialen på Nordals

Nordborgvej 24, 6430 Nordborg
Head of branch: Rene Grau

Branch in Nørresundby

Brotorvet 4, 9400 Nørresundby
Branch manager: Jesper Stærmosen

Branch in Randers

Østervold 18, 8900 Randers
Branch manager: Lars Møller

Branch in Silkeborg

Tværgade 7, 8600 Silkeborg
Branch manager: Dorte Bechmann

Branch in Skive

Nørregade 34, 7800 Skive
Branch manager: Ellen Sandholm

Branch in Sønderborg

Jernbanegade 7, 6400 Sønderborg
Branch manager: Hans Termansen

Branch in Vejgaard

Hadsundvej 39, 9100 Aalborg
Branch manager: Carsten Christensen

Branch in Vejle

Nørregade 18, 7100 Vejle
Branch manager: Lars Thøstesen

Branch in Viborg

Sct. Mathias Gade 34, 8800 Viborg
Branch manager: Jesper Grave Andersen

Branch in Viby

Skanderborgvej 190, 8260 Viby J.
Branch manager: Jens Vorup

Branch in Vojens

Vestergade 35, 6500 Vojens
Branch manager: Hanne Westergaard

Branch in Aabenraa

H.P. Hanssens Gade 12, 6200 Aabenraa
Branch manager: Tom Kronborg

Branch in Åbyhøj

Haslevej 17, 8230 Åbyhøj
Branch manager: Steffen Kristensen

Branch in Aalborg

Vingårdsgade 9, 9100 Aalborg
Branch manager: Morten Juhl

Branch in Aarhus

M.P. Bruuns Gade 22-24, 8100 Aarhus C
Branch manager: Torben Andersen

Funen

Branch in Dalum

Dalumvej 52, 5250 Odense SV
Branch manager: Jakob Damgård Schmidt

Branch in Hunderup

Skovsbovænget 10B, 5230 Odense M
Branch manager: John Schmidt

Branch in Højstrup

Rismarksvej 115A, 5210 Odense NV
Branch manager: Ann Daugaard Skøt

Branch in Nyborg

Kongegade 4, 5800 Nyborg
Branch manager: Ulrik Duvier Stærmosen

Branch in Odense

Fisketorvet 1, 5100 Odense C
Acting Branch manager: Martin Smed
Branch manager: Klaus Justesen
(1 February 2011)

Branch in Seden

Svendsagervej 2A, 5240 Odense NØ
Branch manager: Claus Bo Petersen

Branch in Svendborg

Voldgade 16, 5700 Svendborg
Branch manager: Tenna Holm Malling

Zealand

Branch in Frederikssund

Havnegade 18, 3600 Frederikssund
Branch manager: Per Jegsen Schmidt

Branch in Helsingør

Klostergade 1, 3000 Helsingør
Branch manager: Anne Jørgensen

Branch in Hillerød

Nordstensvej 2, 3400 Hillerød
Branch manager: Claus Lundsgaard

Branch in Kalundborg

Bredgade 55, 4400 Kalundborg
Branch manager: Kim Krog

Branch in Køge

Torvet 9, 4600 Køge
Branch manager: Jane Skouv Lapain
The branch opens in March 2011

Branch in Næstved

Vinhusgade 9, 4700 Næstved
Branch manager: Niels Olsen

Branch at Ro's Torv

Ro's Torv 14, 4000 Roskilde
Branch manager: Kim Dam

Branch in Roskilde

Støden 1, 4000 Roskilde
Branch manager: John Nielsen

Branch in Slagelse

Jernbanegade 2, 4200 Slagelse
Branch manager: Jan Larsen

Lolland-Falster

Branch in Nykøbing F

Langgade 32, 4800 Nykøbing F
Branch manager: Flemming Møller

Greater Copenhagen

Branch on Amager

Amagerbrogade 60, 2300 København S
Branch manager: Jørgen Palle Jensen

Branch in Ballerup

Centrumgaden 35, 2750 Ballerup
Branch manager: Thomas Larsen

Filialen på Bispebjerg

Frederiksborgvej 98, 2400 København NV
Branch manager: Anette Ryefelt

Branch in Brønshøj

Frederikssundsvej 128, 2700 Brønshøj
Branch manager: Christian Barrett

Branch in City

Vesterbrogade 5, 1502 København V
Branch manager: Oskar Nielsen

Branch at Enghave Plads

Enghave Plads 5, 1670 København V
Branch manager: Jørgen Petersen

Filialen på Frederiksberg

Falkoner Allé 62, 2000 Frederiksberg
Branch manager: Lars Alsøe

Branch in Gladsaxe

Søborg Hovedgade 193, 2860 Søborg
Branch manager: Niels Lund Sørensen

Branch in Glostrup

Banegårdsvej 9, 2600 Glostrup
Branch manager: Jesper A. Nielsen

Branch in Herlev

Herlev Hovedgade 136, 2730 Herlev
Branch manager: Bo Møller Larsen

Branch in Hvidovre

Hvidovrevej 85, 2650 Hvidovre
Branch manager: Anita Skov Carlsen

Branch in Kastrup

Kastrupvej 201, 2770 Kastrup
Branch manager: Niels Jørgen Jørgensen

Branch on Kongelundsvej

Kongelundsvej 289, 2770 Kastrup
Branch manager: Marianne Skov Jacobsen

Branch in Lyngby

Jernbaneplassen 14, 2800 Lyngby
Branch manager: Jens Kristian Petersen

Branch in Mimersgade

Mimersgade 49, 2200 København N
Head of branch: Henrik Larsen

Branch on Nørrebro

Nørrebrogade 62, 2200 København N
Branch manager: Helge Olsen

Branch at Rundetårn

Landemærket 8, 1119 København K
Branch manager: Kåre S. M. Breinholt

Branch in Rødovre

Tårnvej 221, 2610 Rødovre
Branch manager: Kim Dam
(1 January 2011)

Branch in Sydhavnen

Borgbjergsvej 32, 2450 København SV
Branch manager: Kim Foss Lund

Branch in Taastrup

Køgevej 75, 2630 Taastrup
Branch manager: Jette Lund

Branch in Valby

Valby Langgade 136, 2500 Valby
Head of branch: Helle Hjarsø

Branch in Vanløse

Jernbane Alle 66, 2720 Vanløse
Head of branch: Lars Ottosen

Branch on Østerbro

Ndr. Frihavsgade 74, 2100 København Ø
Branch manager: Lisbeth Ringsted





AKTIESELSKABET

 **Arbejdernes Landsbank**

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Building on sound values