

Annual Report 2011



AKTIESELSKABET

 Arbejdernes Landsbank

CVR-nr. 31 46 70 12, Copenhagen



Gert R. Jonassen
Chief Executive



Jan W. Andersen
Executive Bank Director



Ebbe Castella
Executive Bank Director
Retired on 1 February 2012

Agenda

for the annual general meeting of Arbejdernes
Landsbank, Monday 12 March 2012.

1. Election of chair.
2. Review of the activities of the Bank in 2011.
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, including amendments to the Articles of Association.
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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Vision of continued growth



In 2011 a number of European countries faced huge problems with their national debt etc. and therefore this was not the year in which the talk of crisis in previous years was replaced with renewed optimism. Serious socio-economic challenges remain, with high unemployment and deep deficits on public finances.

In Denmark, the financial sector is often accused of being the main cause of all this tribulation. The truth is that, together with the rest of society, the sector has a joint responsibility for the crisis and therefore it also has a joint responsibility for improving the situation to benefit employment and the economy.

Internationally, developments have not been any better. With Greece at the sharp end, some Euro countries have had to face the risk of looming bankruptcy. The crisis has been exacerbated by the fact that some countries in particular have not followed appropriate economic policies and this has led to a lack of confidence in the financial markets that the same Euro countries will be capable of solving their problems. Now there is an extremely unusual situation in which countries' credit ratings are being questioned in the same way as companies.

Again in 2011 a number of Danish banks were forced to cease operation as independent undertakings. Urgent efforts have been necessary to find practicable solutions to safeguard confidence in the Danish financial sector. Efforts have primarily aimed at finding solutions to secure deposits of ordinary customers in the event of a bank floundering.

The new 'Bank Package IV' has been used, but as yet it is too early to say whether it will be adequate for durable solutions. The challenge is to help raise capital and secure appropriate liquidity for the banks affected. One solution involves adapting the number of banks, and in my opinion this will remain part of the agenda for the years to come.

At Arbejdernes Landsbank we are pleased that we do not have the same problems in raising capital and liquidity. In May 2011 we completed a successful issue of hybrid core capital totalling DKK 400 mill. The issue was only offered to the Bank's shareholders and certain pension funds linked to the trade-union movement. The issue means that the Bank has strengthened its capital base by DKK 391 mill.

With a deposits surplus of around DKK 6 bn., Arbejdernes Landsbank has a sound business and several important financial ratios are satisfactory. Therefore, even in these uncertain times, the Bank can confidently plan how, in the longer perspective, it will secure attractive funding.

Both now and in the future the Bank has to convince current and potential customers that an account with Arbejdernes Landsbank is an extremely safe place to entrust your money. Therefore we are pleased to note that in 2011 customers' deposits increased by DKK 2 bn. We are deeply grateful for this show of confidence, but it is also an incentive to make our Bank even more efficient and to constantly introduce improvements to benefit customers, employees and owners.

The Board of Directors has noted that there were compliments from the Danish Financial Supervisory Authority (Danish FSA) after their inspection of the Bank in 2011 about the quality of the Bank's loan portfolio, our good liquidity and that our solvency need is as it should be for the composition of our business. The Danish FSA also issued some improvement notices, which of course will be addressed. We have to recognise that, in particular with regard to money laundering, the Bank has not displayed the required due diligence, and there should be no doubt that there will now be strong efforts against money laundering in order to meet expectations for this area as well. The report from the Danish FSA, and the improvement notices, have been published on the Bank's website at www.al-bank.dk.

In 2007, Vision 2012 was launched and our goals for increased visibility, sustainable growth, increased competitiveness, customer focus, and an attractive workplace have been fully satisfied. We have now initiated Vision 2015, which builds further on our philosophy that growth should be on a sustainable foundation, no matter whether such growth is organic or through strategic acquisitions.

The Group's accounting results reflect the continuing economic slow-down in 2011 and in particular, contrary to expectations, losses and write-downs on loans failed to normalise, but remained at the same high level as in 2010. With its investment of a large deposits surplus, the Bank has also been hard hit by investment losses as a result of falling share prices and increasing credit spread on the interest markets. It is expected that these losses will be recuperated in the years to come.

The Group operating profit of DKK 38.1 mill. after tax is not satisfactory. However, developments in our core bank activities are still moving in the right direction. In 2011 we welcomed more than 7,000 new customers (net). Customers' deposits with the Bank rose by DKK 2 bn. and we have been able to maintain lending levels so that new lending has matched relatively large repayments.

Like the rest of the financial sector, Arbejdernes Landsbank pays to cover expenditure incurred by the Financial Stability Company in connection with taking over banks in distress. We have to accept that these payments have become a recurring annual cost and therefore the Bank has decided to show such costs as a separate item in its core earnings model in order to isolate them from the other accounting items,

which we ourselves have more influence on. In 2011, sectoral costs amounted to DKK 35 mill., compared with DKK 107 mill. in 2010.

In 2012 we will have strong focus on reducing write-downs on loans etc. for which the cost for the year of DKK 210 mill. corresponded to 1.1 per cent of the Group's total lending and guarantees. The goal is 0.5 per cent, but we accept that this goal is unlikely to be met. In 2012 we expect to be able to keep write-downs at less than 0.8 per cent of group lending and guarantees.

We expect that 2012 will be a good year for the Bank with core profit before write-downs of around DKK 275-325 mill. and a profit before tax of around the same level.

Therefore we feel that the Bank is moving in the right direction and that it has a good foundation to meet future challenges. With this backdrop, the Board has recommended to the General Meeting a dividend of 8 per cent, amounting to DKK 24.0 mill.

On behalf of the Board of Directors and the Executive Management I would like to say thank you to the Bank's shareholders, Board of Representatives, local councils and customers for good and constructive collaboration in 2011. And I would like to extend a special thank you to the Group employees for their excellent work during 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 Financial and operating data

	2011 DKK '000	2010 DKK '000	2009 DKK '000	2008 DKK '000	2007 DKK '000
Income statement according to the core earnings model					
Net interest income	1,076,055	932,373	930,627	766,212	674,576
Net fees and commission income, etc.	329,848	303,778	268,653	246,046	234,900
Core earnings, excl. trading earnings	1,405,903	1,236,151	1,199,280	1,012,258	909,476
Trading earnings	87,436	97,721	81,670	87,153	111,421
Total core earnings	1,493,339	1,333,872	1,280,950	1,099,411	1,020,897
Staff costs	-631,096	-627,108	-574,017	-518,779	-495,310
Administrative costs and depreciation/amortisation	-505,792	-491,074	-483,979	-386,227	-386,896
Core results before write-downs	356,451	215,690	222,954	194,405	138,691
Write-downs on loans, etc.	-209,896	-174,897	-256,807	-124,372	24,194
Core results	146,555	40,793	-33,853	70,033	162,885
Investment portfolio earnings, excl. investment securities	-195,251	80,981	369,772	-169,198	-5,985
Investment securities	87,876	114,174	-85,984	54,874	75,350
Profit/loss before sector solutions	39,180	235,948	249,935	-44,291	232,250
Contributions to sector solutions	-34,756	-107,162	-132,198	-43,278	241
Profit/loss before tax	4,424	128,786	117,737	-87,569	232,491
Tax	33,647	5,109	-42,156	27,797	-39,988
Profit/loss	38,071	133,895	75,581	-59,772	192,503
Other financial and operating data					
Net interest and fee income	1,439,446	1,349,935	1,253,601	1,045,461	960,110
Value adjustments	-226,729	27,143	276,669	-71,041	-2,237
Staff and administration expenses	-1,074,817	-1,064,412	-984,286	-860,217	-819,906
Profit from equity investments in associates and group companies	110,755	101,433	-17,866	-38,053	91,845
Loans and other receivables at amortised cost	17,001,600	16,933,065	16,943,243	17,351,571	13,222,594
Bonds at fair value	13,034,557	10,464,216	8,722,428	8,723,912	5,551,720
Deposits, incl. pools	22,943,120	20,946,291	21,398,966	19,069,192	14,542,896
Issued bonds at amortised cost	3,631,912	3,614,444	813,663	499,487	0
Subordinated debt	718,620	328,000	328,000	328,000	0
Equity	3,157,260	3,118,224	2,939,710	2,847,539	2,951,311
Total assets	34,633,710	32,385,274	30,533,702	31,834,076	25,709,125
Total contingent liabilities	4,076,221	4,180,600	4,506,195	4,413,303	6,789,351

A/S Arbejdernes Landsbank – Group Financial ratios

		2011	2010	2009	2008	2007
Financial ratios						
Solvency						
Solvency ratio	%	13.5	13.1	13.0	12.0	12.1
Core capital ratio	%	12.4	12.0	12.1	11.2	12.1
Earnings						
Return on equity before tax	%	0.1	4.3	4.1	-3.0	8.0
Return on equity after tax	%	1.2	4.4	2.6	-2.1	6.7
Ratio of operating income to operating expenses	DKK	1.00	1.09	1.08	0.92	1.27
Earnings per DKK 1,000 nominal share value	DKK	126.9	446.2	251.9	-199.2	641.7
Market risk						
Interest-rate risk	%	0.3	3.3	4.1	5.6	3.9
Currency position	%	7.0	8.0	6.7	15.7	13.2
Exchange-rate risk	%	0.2	0.1	0.2	0.2	0.1
Liquidity						
Loans plus write-downs in relation to deposits	%	77.9	84.2	81.8	92.8	92.2
Excess liquidity in relation to statutory requirements for liquidity	%	242.4	232.2	218.9	104.3	121.8
Credit						
Sum of large exposures*)	%	53.7	65.5	52.1	67.2	35.9
Write-down ratio for the year	%	1.1	1.1	1.4	0.7	-0.1
Growth in loans for the year	%	0.4	-0.1	-2.4	31.2	18.7
Loans in relation to equity		5.4	5.4	5.8	6.1	4.5
Equity						
Equity value	DKK	1,052.4	1,039.4	979.9	949.2	983.8
Proposed dividend per DKK 1,000 nominal share value	DKK	80.0	80.0	0.0	0.0	200.0
Employees						
Average number of employees during the financial year, converted to full-time employees		1,053	1,040	1,035	963	953

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

2011 for Arbejdernes Landsbank Group

The Group's profit after tax was DKK 38.1 mill. The result was seriously affected by write-downs on loans and capital losses which meant profit before tax amounted to DKK 4.4 mill. Though calculated tax showed tax income of DKK 33.7 mill., management considers the overall result of DKK 38.1 mill. as unsatisfactory.

However, core results which represent Group earnings on customer-related business activities, showed a continued satisfactory development and amounted to DKK 146.6 mill. against DKK 40.8 mill. in 2010. Note that core results compared with the 2010 statement are now calculated excluding sectoral costs. The comparative figures have been adjusted in accordance with this.

On the basis of the core earnings model, the main points for the profit/loss for the year in the annual report, see page 6, are:

- Increase in core earnings of 12.0 per cent
- Small increase in costs of 1.7 per cent
- Continued high write-downs on loans, etc. of DKK 210 mill.
- Investment portfolio earnings of -DKK 107 mill.
- Sector-related costs of DKK 35 mill.

Core earnings have been affected positively by increasing net interest as well as fee income compared with 2010 owing to positive growth in the number of customers and activities, and this was among other things attributable to the Bank's takeover of 2,700 private customers from the Financial Stability Company. In addition, the interest-rate differential increased as a reaction to higher funding costs and the Bank's share of sectoral costs in connection with the takeover of the Financial Stability Company of banks in distress.

Therefore, in 2011 the balance sheet shows:

- Lending unchanged at DKK 17.0 bn.
- Deposits, including pools increased by DKK 2.0 bn. to DKK 22.9 bn.
- Bonds in issue increased by DKK 3.0 bn. to DKK 15.1 bn.

Solvency amounted to 13.5 per cent against 13.1 per cent in 2010. The core capital ratio amounted to 12.4 per cent against 12.0 per cent in 2010.

Compared with the 2011 budget, a profit before tax of around DKK 110-140 mill. was not realised. The downwards adjustment of DKK 50 mill. before tax in

the 2011 interim financial statements was not pessimistic enough, as developments in the financial markets hit the Bank relatively hard. The Bank maintained its investment strategy and has great confidence that it will recover the majority of the capital losses in the years to come. There is still a great need for write-downs on loans, and against all expectations, 2011 was not the year to turn the negative tide. Other customer activities developed as expected and gave rise to optimism about future results.

Distribution of profit

The Bank has senior capital and bonds issued with state guarantees of DKK 5.0 bn. in total, and was therefore subject to a dividend cap in 2011. The Bank can pay a maximum dividend corresponding to the result achieved in 2011. The Board has recommended to the General Meeting a dividend of 8 per cent, amounting to DKK 24.0 mill.

Outlook for 2012

Due to the uncertain economic cycle the Bank's earnings expectations are naturally subject to uncertainty. The Bank expects the interest-rate differential to remain unchanged, but that core earnings will increase as a result of greater activity. 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 results after write-downs. This also includes concentrating on tight cost management.

For 2012 as a whole, the Group expects a positive core profit before write-downs of around DKK 275-325 mill. In the opinion of the Bank there will be some uncertainty regarding the level of write-downs in 2012.

Investment portfolio earnings will depend on trends in the financial markets, but we expect positive results in relation to recovering a number of capital losses from 2011. The Bank has relatively large liquidity reserves due to state-guarantee funding which will expire in 2013. Profit before tax is expected to be around DKK 275-325 mill., given the current expected changes in interest rates.

Income statement

On the basis of the core earnings model on page 6 of the annual report, developments in operating profit for 2011 at Group level may be described as follows:

Core earnings

Core earnings amounted to DKK 1,493.3 mill.; an increase of 12.0 per cent compared with 2010. Net interest income increased by DKK 143.7 mill. to DKK 1,076.1 mill. The positive trend in net interest is mainly due to customer growth and new business activities, but also a consequence of pricing in the market in recent years which has been influenced by new factors, such as covering sectoral costs for banks in distress and the fact that official market rates are not necessarily reflected in actual funding costs. The uncertainty contributed to an increase in the interest-rate differential, and like our competitors, the Bank had to transfer part of these costs to customers in order to protect the Bank and retain a sound and solid foundation. Arbejdernes Landsbank is still an extremely attractive bank with competitive prices and the Bank views the current structural adjustments as characteristic for the whole sector. This also means that there is still particularly fierce price competition on sustainable exposures.

Net fees and commission income increased by 8.6 per cent to DKK 329.8 mill. The increase was achieved at many levels.

Trading earnings dropped by 10.5 per cent to DKK 87.4 mill. and this is thought to be a consequence of customers' reluctance to trade in securities because of the uncertainties in financial markets.

Staff and administration expenses etc.

Staff costs amounted to DKK 631.1 mill. and include a moderate increase of DKK 4.0 mill., or 0.6 per cent compared with 2010. The number of employees calculated as the average number of full-time employees increased from 1,040 in 2010 to 1,053 in 2011.

Administrative costs of DKK 505.8 mill. increased by DKK 14.7 mill., or 3.0 per cent, and are primarily attributable to increasing IT costs.

Write-downs on loans etc.

Write-downs on loans, etc. amounted to DKK 209.9 mill. against DKK 174.9 mill. in 2010. Write-downs for the year amounted to 1.1 per cent per annum of total loans and guarantees, which is considered high. The aim is to bring write-downs under 0.5 per cent.

However, there is no indications that this aim will be met in 2012; we expect write-downs of around 0.8 per cent due to uncertainty about developments in housing prices and the employment situation in 2012.

The Group's accumulated write-downs and provisions on loans and guarantees, etc. amounted to DKK 893.6 mill. in total. 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, excl. investment securities amounted to DKK -195.3 mill. against DKK 81.0 mill. in 2010. The negative earnings from investment portfolios should be considered in terms of the general trends in the financial markets, with falling share prices and increasing credit spread.

Investment securities

The profit on investment securities amounted to DKK 87.9 mill. against DKK 114.2 mill. in 2010 and this is primarily related to the development in the operating profits of Alka Forsikring and LR Realkredit which showed a gross surplus of DKK 102.2 mill. compared with a gross surplus of DKK 147.5 mill. in 2010.

Profit for the year

The profit before tax was DKK 4.4 mill. against a profit of DKK 128.8 mill. in 2010. Calculated tax shows net tax income of DKK 33.7 mill. against tax income of DKK 5.1 mill. in 2010.

After this, the profit for the year was DKK 38.1 mill. against a profit of DKK 133.9 mill. in 2010.

Balance sheet

At the end of December 2011, total assets amounted to DKK 34.6 bn., and this is an increase of DKK 2.2 bn. compared with December 2010. This increase is primarily attributable to higher deposits from our customers.

Total deposits

Total deposits, including savings in pooled schemes amounted to DKK 22.9 bn., and this is an increase of DKK 2.0 bn. compared with December 2010. The increase is attributable to all groups of customers – private customers, associations and businesses – thus displaying great confidence in the Bank.

Lending

Group lending amounted to DKK 17.0 bn. against DKK 16.9 bn. in 2010. The unchanged level shows that new lending matches the repayment profile on the loan portfolio as well as the write-downs made during the year. The Group maintains a credit policy where lending must be based on a sustainable foundation.

The portfolio of private customers from the previous Roskilde Bank which was stranded in the Financial Stability Company is developing reasonably well. Despite a difficult financial basis, many of the customers have been given a fresh start with durable solutions in Arbejdernes Landsbank.

Liquidity

Excess liquidity amounted to 242.4 per cent, corresponding to DKK 8.4 bn. This considerable excess liquidity should be seen on the basis of uncertainty about the future prospects for obtaining funding, given that the Bank's funding of DKK 5.0 bn. in total is based on a state guarantee that will expire in 2013. The Bank also maintains a high degree of liquidity to cover the trade-union movement's needs during negotiations for new collective agreements in 2012.

On the basis of the Bank's liquidity forecast, the Bank expects to continue with a high degree of liquidity throughout 2012.

Benchmarks from the Danish Financial Supervisory Authority (Danish FSA)

As part of their monitoring of the financial sector, the Danish FSA has launched a set of selected financial ratios in the form of five benchmarks which are to be fully implemented by banks by the end of 2012.

The benchmarks concern the following areas:

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

The Danish FSA expects the Board of Directors to plan and implement the Bank's strategy after 2012 so as to counteract any breaches, if the Bank is to prevent any 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.

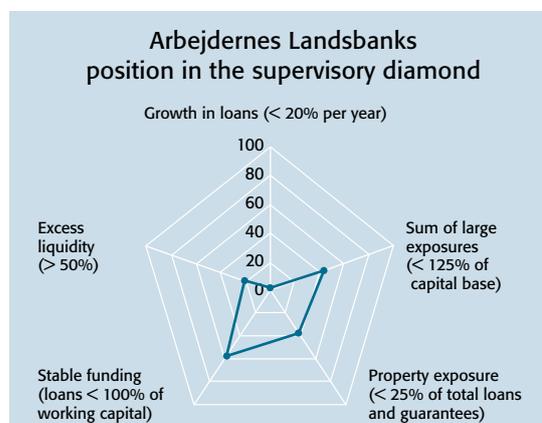
Growth in lending must stay below a maximum of 20 per cent. With moderate growth of 0.4 per cent in 2011, the Group is far from this critical value.

Large exposures, which amount to more than 10 per cent of capital base, calculated on the basis of exposures granted, amount to 54 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 in relation to real property and completion of building projects (see Statistics Denmark DB07) before write-downs totalled 9 per cent of loans and guarantees. The Danish FSA has set this critical value at a maximum 25 per cent.

Stable funding means lending must not exceed working capital. Working capital is defined as the sum of deposits, debt to Danmarks Nationalbank with remaining term of >1 year, issued bonds with remaining term of >1 year, subordinated debt and equity. With a financial ratio of 59 per cent, the Group has a good margin to the critical value of 100 per cent.

Excess liquidity means excess liquidity according to the statutory requirement of 10 per cent of total debt and guarantee obligations is covered. This is expressed in financial ratios and for the Group amounts to 242 per cent which is far from the critical value, according to which excess liquidity must not exceed 50 per cent.



Capital situation

Capital base

The Group's capital base as at 31 December 2011 amounted to DKK 3,271.6 mill. of which core capital after deductions accounted for DKK 3,012.8 mill. In May 2011, the Bank raised hybrid core capital of DKK 391 mill. and the issue was only offered to the Bank's shareholders and pension companies affiliated with the trade-union movement. The issue emphasises the Bank's robust capital base and high credit rating.

Equity

Equity amounted to DKK 3,157.3 mill. at the end of 2011; an increase of DKK 39.1 mill. since the end of 2010. In addition to the profit for the year of DKK 38.1 mill. the change relates to a change in revaluation reserves on properties of DKK 25.0 mill. as well as a dividend distribution of DKK 24.0 mill. in March 2011.

Solvency

Group solvency is 13.5 per cent, of which the core capital ratio amounts to 12.4 per cent. At the end of 2010, solvency amounted to 13.1 per cent, of which the core capital ratio was 12.0 per cent. Risk-weighted items amounted to DKK 24.3 bn. at the end of December 2011. See note 5 for more details on risk-weighted items. The individual solvency requirement was calculated at 8.7 per cent at the end of December 2011.

	Group		Bank	
	2011	2010	2011	2010
Solvency need	%	%	%	%
Credit risk	4.4	5.3	4.4	5.3
Market risk	3.1	2.2	3.1	2.2
Operational risk	0.9	0.9	0.9	0.9
Other risks	0.3	0.6	0.3	0.6
Total solvency need	8.7	9.0	8.7	9.0

Other matters

The Bank's Executive Management as at 1 January 2011 expanded with the arrival of Jan W. Andersen, Executive Bank Director, who joined as part of the planned generation change when Ebbe Castella, Executive Bank Director, retired on 1 February 2012.

Events after expiry of the accounting period

No events have taken place after end of the financial year which have a significant impact on the assessment of the annual report.

Business foundation

Branch network

The Bank's customers are primarily serviced through its branch network of 67 branches located throughout Denmark. 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 also offers a number of these facilities via customers' mobile phones.

Private customers and services

Arbejdernes Landsbank has about 190,000 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 according which 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 skills of the branch network's 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 purpose of the Bank's compliance function is to check whether Arbejdernes Landsbank meets its obligations as a securities dealer, and to ensure that relevant legislation is implemented in the Group's systems and complied with by the Bank's staff. The function also checks and assesses whether the methods, procedures and measures adopted to remedy any shortcomings are effective. The compliance function is independent from the rest of the organisation and is located in the Legal Department.

Each year, in December, the Board of Directors approves a plan from the compliance function on work for the next 12 months. In addition, each year, the Board of Directors receives a compliance report describing the work performed and the results achieved.

The IT area

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 overall IT strategy is that, with efficient and secure data processing, the Bank can meet 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. 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 everyday life and helps maintain the close relationship with 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 989 people while the figure for the Group was 1,057.

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. This authorisation is expected to be extended at the General Meeting in 2012.

The share capital is made up of 38,846 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 2011, 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.

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 2011, the Board has proposed to distribute a dividend of 8 per cent, corresponding to DKK 24.0 mill.

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.

Good corporate governance

The Bank's shares are unlisted and the Bank is not subject to requirements to follow a specific corporate governance code of reporting. However, Arbejdernes Landsbank has chosen to account for a number of elements on corporate governance significant to the Group.

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 Director. The Board of Directors meets according to a pre-arranged plan and also whenever necessary. The Board of Directors held 12 meetings in 2011. 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 11 members of whom, each year, seven members are elected by the Board of Representatives from among its members. Members may be re-elected.

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. Employee representatives are elected for a period of four years. 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 page 92 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. There is no age limit for Board members. 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 Bank 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 Deputy Chairman.

Currently the Board of Representatives is composed of 29 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. Ebbe Castella, Executive Bank Director, retired on 1 February 2012 and the Executive Management is now composed of Gert R. Jonassen, Chief Executive and Jan W. Andersen, Executive Bank Director.

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 2011, remuneration for the Board of Directors amounted to DKK 1.35 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 for the Board of Directors, including remuneration for participation in the Audit Committee, as well as shareholding of each member of the Board of Directors in the Bank is specified as follows:

	Remuneration DKK '000	Share amounts DKK '000
Members of the Board of Directors		
Poul Erik Skov Christensen (Chairman)	200	5
Lars Andersen	150	0
Thorkild E. Jensen	150	5
Mette Kindberg	150	0
Harald Børsting	100	2
Johnny Skovengaard	100	1
Ole Wehlast	100	1
Jette Kronborg	100	1
John Markussen	100	11
Ulla Strøm Nordenhof	100	1
Henrik Thagaard	100	0

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 2011 amounted to DKK 7.7 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.

Remuneration of management in 2011 is specified as follows:

	Group DKK '000	Bank DKK '000
Executive Bank Directors		
Gert R. Jonassen	2,881	2,871
Jan W. Andersen	2,453	2,443
Ebbe Castella	2,405	2,405

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 the Bank's Executive Management or employees in the managerial group.

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. Reporting is done at bank and group level through an all risk function in the Financial Department to ensure consistent and systematic risk reporting.

Arbejdernes Landsbank is exposed to various types of risk and considers risk management an essential focus area. Risk management is described in more details in note 4.

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 cost.

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.

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:
https://www.al-bank.dk/media/documents/AL_GroupRiskReport_2011.pdf

Capital management

Arbejdernes Landsbank actively manages the composition of total capital taking into account the risk profile selected. The overall balance-sheet composition and assessment of risk are discussed at fixed meetings of the Bank's Balance Sheet Management Committee held quarterly and sometimes more often, if required. The Balance Sheet Management Committee is composed of the Executive Management, management of the Credit Department, the Financial Department, the Treasury Division and the head of all risk reporting.

The balance-sheet composition takes into account an assessment of existing and expected future risk and uncertainty.

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 risks. 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 Group can continue loan activities in periods of tough market conditions. Therefore the capital must be of such robustness that the statutory capital requirements can be met at any time, and such that it can counteract unexpected losses and changes in risks to which the Group has chosen to be exposed.

In 2011 the Bank received DKK 391 mill. in hybrid core capital from the Bank's shareholders and pension funds linked to the trade-union movement to strengthen our capital resources.

The Bank is actively using the calculation of the solvency need to see whether there is sufficient safety margin between solvency need and solvency ratio, and has prepared contingency plans for improving solvency if the limit values adopted are threatened or exceeded.

At international level there are plans for changes in solvency requirements which will tighten requirements for the Bank's capital base, in particular the share of core capital from total capital base and these are already being considered by the Bank. Group core capital after deduction amounted to 92 per cent of the capital base.

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 Report

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
- Society
- Climate and the environment

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,
- 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 an employer, we consider it our responsibility to create the framework for a healthy, safe and motivational 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 in the Bank,
- ensure a healthy physical and psychological working climate, and
- care for employees who suffer unfortunate social circumstances, including stress or sickness.

Society

We at Arbejdernes Landsbank want to support and get involved in good causes locally, nationally and internationally. This is being 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.

Climate and the environment

The Bank believes it has a responsibility to avoid unnecessary negative impacts on the environment.

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.

The Bank's full CSR Report is available at the Bank's website: https://www.al-bank.dk/media/documents/AL_CSR_Report_2011.pdf

Work on our vision in 2011

Work in 2011 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 2011:

- 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 2011 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.

Our more traditional marketing activities, with TV spots, adverts and student campaigns in various media and on Facebook, were followed up by a number of sponsorships and other efforts.

Arbejdernes Landsbank in the Super League

We have decided to be one of so far four main sponsors of Denmark's best football league which has changed its name back to "Superligaen" (Super League). 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 very good exposure from our sponsorship.



We are also a TopPartner for FC Nordsjælland who with their participation in the Europa League and a fine second place in the "Superligaen" (Super League) at the turn of 2011/2012, have been at the forefront of the football media in recent months.

Ice hockey sponsorship

Our sponsorship of AL-Bank Ligaen continued in 2011. In recent years, Danish ice hockey has enjoyed exciting developments both nationally and internationally, and in 2012 we will continue this sponsorship as a core activity in our marketing efforts.

We also run for life

In 2011 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. We have also supported larger running events, including the run over the Great Belt bridge and the FEMINA run for

women. Many employees from Arbejdernes Landsbank have participated in such events and contributed to a healthy culture in the Bank.



Motivated learning

We are continuing our work with Svend-Erik Schmidt, an expert in learning styles, writer and founder of Danmarks Læringsstilscenter. The popular "Motivated learning" (Lær med lyst) workshops were fully booked and our cooperation will continue in 2012.

Lectures

Danes are interested in hearing about how to live healthy – both mentally and physically. Therefore, in 2011, we again had great success with our lifestyle events with rower Arne Nielsson and psychologist and coach Nicolai Moltke-Leth.



Film for the whole family

Arbejdernes Landsbank secured itself a good and visible sponsorship in the Danish family film 'Far til fire – tilbage til naturen'. The popular 'Far til fire' films have sold between 300,000 and 500,000 tickets per film, thus contributing handsomely to our visibility. We have handed out about 12,000 tickets to our customers.

Sustainable growth

We are still attracting many new customers. In 2010, the net intake was 3.4 per cent; a result accomplished partly through our own branch network, and partly

from taking over about 2,700 private customers from the old Roskilde Bank.

In March 2011 we opened the doors of another new branch in Køge on the town square. We felt very well welcomed, and in 2011 the branch met our initial expectations to the fullest.



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.

According to Bank Analysis 2011, published by Analyse Danmark, of the ten largest banks in Denmark, Arbejdernes Landsbank's customers are the most satisfied with counselling services. This gives us a good starting point for taking in even more customers in the future.



From the beginning of January 2011 we invited 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". This year we talked to 22,000 customers and this way of thinking about private finances was very well received.

We also had Danish association and club life in consideration in 2011. We updated our prices and services for the Bank's association customers who now have even better possibilities of managing members' interests in the best way possible.

Small and medium-sized enterprises are an area of growth for the Bank. Therefore, in 2011, we invested in the development of a new concept for new and future corporate customers. Work on developing the new concept will continue in 2012.

Successful cooperative property concept

Like the rest of the property market, in 2011 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, but the overall financial situation of the individual cooperative property continues to be the basis for our credit rating.

In all of 2011 we registered new loans of DKK 325 mill. based on more than 900 customer activities. The total loan portfolio for private co-operative housing as at 31 December 2011 amounted to about DKK 4.4 bn.

Despite a market that was, in many ways, affected by the unfavourable conditions of the time, the total loan portfolio for private co-operative housing was DKK 38 mill. higher than at the end of 2010.

IT support

AL-NetBank has been further developed, focusing on better functionalities to provide private customers with spending statements and to make it easier for corporate and association customers to order services. In 2012 AL-NetBank will launch a "digital signature room" where customers can sign various documents electronically.

AL-MobilBank has been further developed with functionalities for e.g. managing securities, and as the first bank in Denmark we will also launch a message function so that a customer can communicate directly with his advisor via AL-MobilBank.

Attractive workplace

The strategy process – preparing Vision 2015

The Bank's Vision 2012 was replaced by Vision 2015 at the end of 2011.

The strategy process towards final adoption of Vision 2015 has been planned as a management development process. All managers have been involved in preparing the vision, including formulating five new personal competencies. Two, 2-day seminars have been held for all managers, resulting in the preparation of local visions and concrete aims for the coming years.

This work will continue in 2012 with a seminar focusing on implementation of five new personal competencies.

Revised SD system

We have revised the Bank's SD concept (SD = staff development) so that in the future we will focus more on employees' core values. Specifically, employees must prioritise the 3-4 values which are the most important motivational factor and which enable them to work effectively.

The employee must describe the values and assess the extent to which each value balances with everyday life. This description forms the basis for the SD interview between employee and manager.

Talent programme for deputy managers

In 2011, ten deputy managers started a demanding and challenging talent programme. The programme aims at preparing new talent for a possible branch manager job in the future. The programme runs over more than 1½ years and participants work with four modules: "You as a manager", "Day-to-day operations", "Relations" and "Business development". So far our experience with the programme has been extremely positive.

Number of students

We trained 12 financial trainees and five financial economists in 2011. In addition, we employed 11 financial trainees and 1 financial economist. Nine financial trainees are on their second year of training and in 2012 we expect to employ 10 financial trainees/financial economists.

Efficient work processes

We have developed so-called e-processes in which the employee is guided through the most effective case processing in both the private and association customer

area. This will continue in 2012 as an element of the corporate customer concept.

We have established new and more effective solutions for different administration and control tasks.

We have set up a Process Committee to ensure implementation of more efficient Bank processes so that our customers are given as much of our time as possible. The most important task of the Committee will be to identify, analyse, develop and implement efficient processes.

IT improvements

We are regularly working on improving the Bank's IT systems and applications. In 2011 this included:

- Implementation of virtual workplaces in the whole Bank and replacing the printers
- Upgrading our telephone solution, and implementation of a new strategy for mobile phones
- Launching a concept for mobile workplaces

In 2012 we will work to phase out fixed line phones for employees with mobile phones. A new and updated intranet with better possibilities for cooperation, dialogue and search functions will be implemented. The Bank's virtual workplaces will continue to be expanded and Office 2010 will be implemented.

Efficiency work will continue in 2012.

Vision 2015

At the end of the year, the Bank's Board of Directors approved the new Vision 2015. The new vision will form the basis for the strategic goals in the years to come.

Vision 2015 says:

'Arbejdernes Landsbank is an independent national bank with a full financial service concept aimed at private customers, corporate customers and association customers.

'With decision-makers close to the customers, and efficient work processes, the Bank ensures fast and competent business management.

'The Bank has a social responsibility policy (CSR) which is an integral part of activities.

Growth in business

In 2015, Arbejdernes Landsbank is one of the seven largest banks in Denmark in terms of working capital. The Bank will have realised sustainable growth of at least 25 per cent in business based on continued high credit ratings. Growth will be realised organically and through openness towards strategic takeovers.

The private customers area will be the Bank's main activity. Corporate customers will account for 25 per cent of business as a minimum.

Value creation

Arbejdernes Landsbank creates value in two dimensions:

- *For customers, through long-term cooperation based on the customers' needs and the Bank's values.*
- *For owners, by ensuring that the return on equity is as a minimum at the average for Danish Group 2 banks*).*

Customer satisfaction with Arbejdernes Landsbank is at the high end for the sector.

The Bank uses relevant technological possibilities to create value in the Bank's customer service functions and business activities.

Arbejdernes Landsbank signals financial security and strength with an international rating at the high end of the Danish Group 2 banks. The capital foundation of the Bank facilitates economic latitude.

Attractive workplace

Arbejdernes Landsbank is considered both externally and internally an attractive workplace. The Bank is known for high professionalism and personal development built up through professional learning environments.

'The culture in the Bank is characterised by open, constructive dialogue, responsibility and competent management.'

**) Banks with a working capital of DKK 10 bn. and up to DKK 50 bn.*

Working capital is defined as the sum of deposits, equity, issued bonds and subordinated debt.

Strategic goals

Arbejdernes Landsbank has the following long-term strategic goals:

1. Quick and competent business management

Success criteria for 2015:

- Time-saving and quality boosts through rationalisations and more efficient work processes for the Bank's staff functions and branches (which tasks support the Bank's Vision 2015; which is the most appropriate part of the organisation to carry out a task, and how tasks are carried out).
- More time for customers.

2. Sustainable growth of 25 per cent

Success criteria for 2015:

- The Bank's total economic business will grow by at least 25 per cent. Business includes growth in the segments; private customers, corporate customers and association customers. Growth comprises net intake of customers, combined with an expansion of business with existing customers.
- In 2015, corporate business will account for at least 25 per cent of the Bank's total business activities.

3. Attractive workplace

Success criteria for 2015:

- Arbejdernes Landsbank is known as an attractive workplace, internally as well as externally.
- Management measurement results for 'overall assessment of closest manager' is increased to index 77 (the sector is currently 75 and Arbejdernes Landsbank is 74).
- Defined career paths are supported by systematic training plans.

4. Financial security and strength

Success criteria for 2015:

- Keeping Bank solvency and core capital at a level where Arbejdernes Landsbank maintains excess cover in relation to the solvency need of 2.5 percentage points, although with an excess cover of the solvency need of at least 30 per cent.
- That Arbejdernes Landsbank is awarded an international rating in the top end of Danish Group 2 banks.

5. Create value in two dimensions

Success criteria for 2015:

- That the return on the Bank's equity is at least on average at par with Danish Group 2 banks.
- That customer satisfaction level in Arbejdernes Landsbank continues to be in the high end of the sector based on high-quality products and services at competitive prices.
- That customers and the outside world know the Bank for its continued openness and visibility.



Rich on independence

The wealth of being independent is about more than money. Good businesses are driven by passion and pride in one's profession; the dream of owning a business. They are also built on sound values such as perseverance, hard work and a determination to succeed.



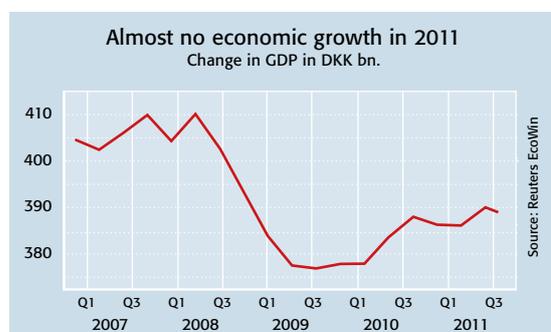
The Danish economy 2011

No sustainable Danish recovery in 2011

It has been a difficult year for the Danish economy. The optimistic mood at the beginning of the year was quashed over the spring and summer by the European debt crisis. Therefore the economic upturn hoped for at the start of the year failed to materialise. Two of the most important elements in an emerging recovery are increases in private consumption and investment, and neither of these occurred in 2011.

No economic growth in 2011...

Following rather good economic growth in 2010, in 2011, growth came to a halt. In terms of gross domestic product GDP the economy stood more or less still in 2011. Therefore the economy failed to make good the dramatic declines of 2008 and 2009.



Domestic demand is the primary culprit. Danish households have been reluctant to spend money and as a result private consumption has fallen. This has been against a backdrop of falling house prices and insecure consumers who are increasingly looking to a more gloomy future. Neither has willingness to invest demonstrated any significant turn-around in the private sector. Furthermore both central and local governments are focussing on savings. Neither has public consumption therefore been able to act as a locomotive for growth.

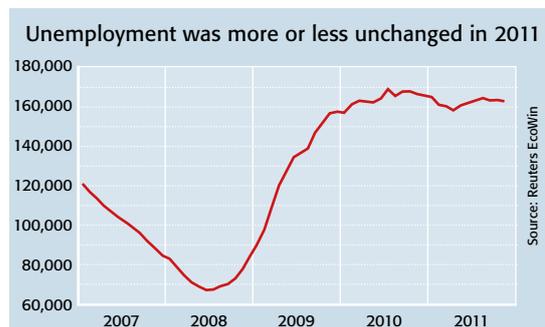


But 2011 wasn't all doom and gloom. Danish exports saw good growth throughout 2011. This is because not all European economies experienced a downturn in

2011 in particular two of Denmark's most important export markets; Sweden and Germany.

...and no new jobs

Following a fall in unemployment towards the end of 2010 and in early 2011 unemployment again began to rise slightly later in 2011. At the end of the year, however, unemployment remained below the peak of summer 2010. All in all, however, unemployment continues to be no great distance from the level considered compatible with stable economic growth. This was not so with the very low unemployment level in 2008, for example. This was clearly the result of an overheated economy.



Danish economy leading internationally

The financial markets were kind to the Danish economy throughout 2011. Demand for Danish government bonds and mortgage-credit bonds was strong and this caused interest rates to fall to record low levels; a development which pleased both the government and home owners. That Denmark should be considered more attractive economically than Germany was previously considered unthinkable. Nevertheless this was the case in 2011 when certain Danish interest rates were lower than the corresponding German rates.

Denmark's good international position is primarily attributable to the relatively good Danish public finances. As a result of budget deficits and government loans to banks, the national debt has increased since the start of the crisis. In 2011, the EMU debt amounted to 47 per cent of GDP. This compares with 34 per cent of GDP in 2008. Compared with other European countries, Denmark is still clearly at the good end of the field.

Preliminary estimates of the deficit on public finances for 2011 indicate that it will remain at 4 per cent for 2011, and the government expects this to rise to 5.5 per cent for 2012. However, there is every indication that the deficit will correct itself in 2013.

Change of government from right to left

Danes voted on 15 September 2011, resulting in a government change from centre-right to centre-left wing. The new government comprising the Danish Social Democrats, the Danish Social-Liberal Party and the Socialist People's Party has not demonstrated any great change in course economically in 2011, and in many central areas it will continue the policies followed by the previous government. The government has announced that it will continue the fixed exchange rate policy and efforts to meet the provisions of the EU Stability and Growth Pact. A reform of the early retirement pension system was also adopted by a parliamentary majority, despite resistance from two of the government parties.

The reform of the early retirement pension system means that in future fewer Danes will take early retirement, as the financial incentive to do so has been undermined for large groups of the population. As there has been an element of individual contributions to the early retirement pension, in 2012 it will be possible to opt out of the early retirement pension scheme and have the individual contributions paid out as a lump sum.

A new measure was the announcement of a 'kick-start' for the economy in 2012, primarily in the form of accelerated public investments. The government expects that this will advance growth by 0.4 percentage points in 2012. At the same time, the early retirement pension reform means that contributions repaid could imply increased private consumption in 2012. The government estimates that this will add 0.25 percentage points to growth.

The financial markets 2011

Disappointing expectations for 2011

2011 began well with positive expectations for the global economy. The financial crisis of 2008-2009 seemed to have been overcome, and the European and American economies looked good for a recovery to normal growth. This assessment was also reflected by the European Central Bank (ECB), which in April and July raised its interest rate on lending twice by 25 basis points, and Denmark's Nationalbank followed suit.

However, the positive expectations were dashed as the year progressed. A dramatic escalation of the European government debt crisis took over, commencing with the Greek difficulties in repaying loans taken out in 2010. Furthermore there was unresolved crisis, in particular among the European banks. Finally prospects for the global economy were much bleaker.

For the financial markets, this meant investors became very cautious and fled to the safe government bonds in the US, Germany and Denmark. This in turn led to very low interest rates in the three countries. In addition, investors sold bonds from more uncertain countries, which therefore saw considerable interest rate rises. In parallel with this, shares plummeted in many countries.

International economy impacted by the debt crisis and downturn

In 2011, the US was unexpectedly hit by an economic downturn which commenced with the natural disaster in Japan in March. Apart from the human cost, the disaster also meant a drop in Japanese industrial production, which disrupted the global supply chain. It hit US industry, and not least the motor industry. Moreover the downturn was exacerbated by widespread reductions in inventories. The mood in the business community and of consumers was also influenced negatively by a chaotic political process for the US debt ceiling, which meant that the US saw a downwards adjustment of its credit rating. US GDP growth also fell off and at one point there were fears of a new recession.

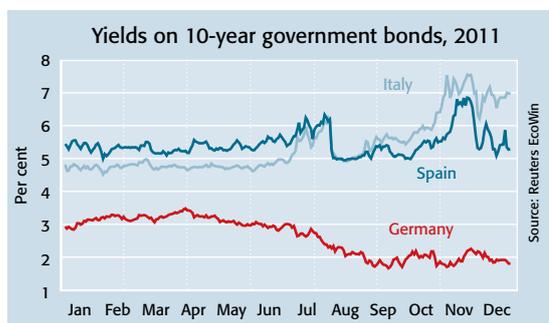
However, economic signals from the US began to regain their upwards direction at the end of the year. A new recession was avoided and replaced with moderate economic growth. Signs of progress were also evident in two other areas towards the end of the year.

1. The housing market began to show tentative signs of the end to the long and deep crisis which began back in 2006.
2. The labour market also began to look better, primarily with a fall in the number of redundancies, although the next step with new jobs was still to come.

For the Euro countries, 2011 began strongly with GDP growth of 0.8 per cent for the first quarter. As inflation was also increasing, the ECB tightened its monetary policy by increasing interest rates in April and July. However, during the spring another downturn set in, primarily because of the worsening debt crisis which undermined confidence and spread despondency among consumers and the business community. Private consumption and new investment again suffered, resulting in an economic downturn. Even the hitherto successful German economy began to run out of breath.

The worsening debt crisis was highlighted when bond yields increased dramatically, first in Portugal, which in May had to follow in the tracks of Greece

and Ireland and apply for a crisis loan from the IMF and EU. Over the summer, interest-rate increases spread to Italy and Spain.



Behind the worsening debt crisis lay the fact that financial markets were dissatisfied with the slow progress in reducing budget deficits in many Euro countries as well as the rate at which EU political measures were bringing the crisis under control.

There was no shortage of political initiatives in 2011. At summit after summit, European politicians gradually moved towards something that in the long term could become a financial policy union with an extensive coordinated financial policy between countries. Politicians also decided to increase the resources for the funds established to counter the effects of the debt crisis. The debt-plagued countries took their share of the burden with tough cut-backs in public budgets, and in most cases this has led to a downturn in these countries' economies.

All in all these measures could have brought the debt crisis under control, if it had not been that the crisis seems to be trapped in the cross fire between impatient financial markets on the one side and a cumbersome political system on the other, with voters and ratification processes in national parliaments to take into account.

At the end of 2011, Greece seemed to be on the way towards controlled debt reconstruction, in which private investors will also suffer losses. Two countries, Greece and Italy, have established temporary, unelected governments of technocrats. The uncertainty and unpredictability basically remained as high as before.

The Euro countries seemed to be slipping into recession, with negative GDP growth at the end of 2011. The recession arose from the despondency among consumers and businesses caused by the debt crisis.

First the ECB increases interest rates, then it cuts them

The European Central Bank increased its leading lending rates in April and July, by 25 bp both times.

This was on the backdrop of increasing inflation in the Euro countries and generally positive expectations for growth. But as the year progressed, the outlook for growth looked increasingly bleak as the debt crisis worsened, and this pulled back expectations of rising inflation. The ECB therefore made a U-turn and reduced rates in November and December; again by 25 bp both times to 1.0 per cent, the same as the level at the start of the year.

There were two other important elements in the ECB monetary policy in 2011:

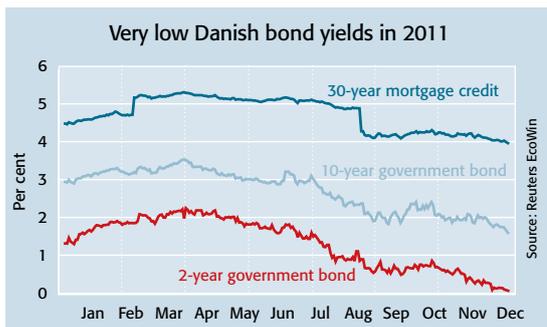
1. Purchases to support government bonds from indebted countries such as Italy, although this only had a limited effect on interest rates as the ECB had no mandate for more extensive bond purchases.
2. Liquidity support from the ECB for the banking sector. At the end of the year, this support was considerably increased by allocating liquidity over three years.

Danmarks Nationalbank followed suit and increased its lending rate by 25 bp in both April and July. In the second half of the year, the DKK rose against the Euro because of large amounts of capital flowing into Denmark, which had become a 'safe haven' for foreign investors with uncertainty about the Euro. Danmarks Nationalbank tried to alleviate this rise by dropping interest rates by more than the ECB. In three interest rate reductions, the lending rate fell to 0.70 per cent, and for the first time in the ten-year history of the Euro, short Danish lending rates were lower than in the Euro countries.

Very low bond yields in the safe countries

Developments in European bond markets were very influenced by the raging debt crisis. Investors sought towards safe havens, including German and Danish government bonds. Therefore, interest rates fell to levels that would have been unthinkable just a few years ago. The yield on a 10-year Danish government bond fell from 3 per cent at the end of 2010 to just 1.7 per cent at the end of 2011. The 10-year German yield fell to less than the Danish, and the Danish-German yield spread thus went from positive to negative.

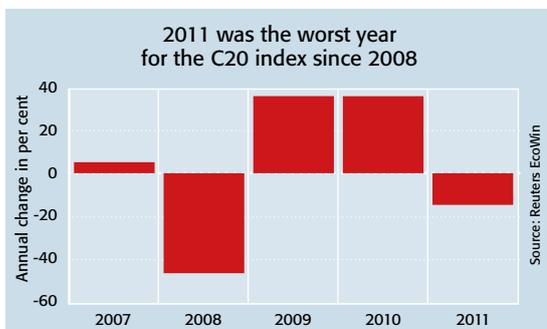
The significant Danish fall in interest rates and the reductions by Danmarks Nationalbank were of benefit to home owners as the rate on a one-year floating-rate loan fell to the lowest level ever for refinancing in December, i.e. just over 1 per cent, or almost half a percentage point less than the year before.



At the other end of the scale, the considerable increase in bond yields in the debt-ridden Euro countries meant that investors were keen to sell out of their holdings. Greece was worst affected, and the 10-year state yield at the end of the year was 32 per cent, reflecting the widespread expectation of an impending debt write-down under which private investors will suffer losses. Italy was also hit by increasing interest rates, partly because of uncertainty about how investors will meet some very large bond issues in the first quarter of 2012.

Large drops in European share prices

The European stock markets were hard hit by worsening prospects of growth in Europe. Therefore the year saw a 15 per cent drop in both the leading Danish C20 index and the Stoxx50, which covers the 50 largest European companies. This is the worst drop since 2008, when the financial crisis exploded.



Shares in emerging markets were also hard hit by investors' general reluctance to take risks, and shares here fell by 21 per cent in 2011.

US shares performed best with no movement overall in 2011. US shares were bolstered by brighter prospects for the American economy as well as more liquidity in the US financial cycle.

Outlook for economic development in 2012

Outlook for the international economy

Expectations for the economy in the Euro countries are extremely uncertain. We expect that the Euro countries will be hit by a short, but mild recession over the winter 2011/2012, and that the economy will again start to grow during the spring. Growth in GDP for 2012 as a whole is expected to be very low, at around 0.5 per cent at the best.

The expected improvement in the economy rests on the assumption that the EU and ECB will be able to bring the debt crisis under control.

However, there is a great risk of the opposite happening. Much can derail the nascent optimism, including the parliamentary elections in Greece and Italy, the French presidential election, and the large Italian bond auctions in the first quarter, as well as possible problems with ratification by national parliaments of EU decisions.

In contrast, the US economy is expected to develop quite nicely with GDP growth in 2012 of about 2 per cent and with a moderate reduction in unemployment over the year. Tighter economic policy is the greatest risk for disappointing growth in the US. There is also a great risk for an indecisive political system after the presidential elections in November 2012.

Outlook for the Danish economy

2012 looks like yet another challenging year for the Danish economy. To a very great extent, Denmark's fate rests on developments in the European debt crisis and the consequential mood of the financial markets. Denmark will get a boost from the 'kick-start', which will primarily underpin the building sector. Whether the 'kick-start' tears Denmark out of crisis in earnest depends on impacts from the rest of Europe, however. Projections for the European economy are far from bright, and this means that it is very likely that Denmark will see only very moderate growth.

We expect moderate growth in Danish GDP in 2012 in line with the government's estimate at 1 per cent and unemployment to be slightly higher at the end of the year.

Outlook for interest rates

Monetary policy is expected to remain loose throughout 2012. It is possible that the ECB, and therefore Danmarks Nationalbank, will sink lending rates

further at the start of 2012, and then keep rates steady for the rest of the year.

The US central bank has announced that it will increase leading rates no earlier than in mid 2013, given the current economic outlook.

Bond yields in Germany and Denmark are expected to remain low, although with slightly increasing trends over 2012. Interest rates are expected to increase moderately as the debt crisis calms, and prospects for the European economy are expected to improve during 2012. Inflation is expected to remain low.

Overview of the development of the Bank

Year	Share capital DKK '000	Equity DKK '000	Total deposit 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 %
2011	300,000	3,157,260	22,932,631	16,948,118	34,570,204	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 2011 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 Bank 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 management's review has been prepared in accordance with the regulations laid down in the Danish Financial Business Act.

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 2011 and of the results of the Group's activities and cash flows for the financial year 1 January - 31 December 2011 in accordance with International Financial Reporting Standards as approved by the EU.

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 Bank as well as a description of the most significant risks and uncertainty factors that may influence the Group and the Bank.

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

Copenhagen, 8 February 2012

Executive Management:

Gert R. Jonassen
Chief Executive

Ebbe Castella

Jan W. 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

Auditors' report

Internal auditors' report

Endorsement of the consolidated financial statements and the annual financial statements

We have audited the consolidated financial statements and the annual financial statements for Aktieselskabet Arbejdernes Landsbank for the financial year 1 January to 31 December 2011. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the annual financial statements have 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 the international auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the annual financial statements 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 internal controls, 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 and the annual financial statements. 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 and the annual financial statements.

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 Bank'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 Bank's assets, liabilities and financial position as at 31 December 2011 and of the results of the Group's and the Bank's operations and cash flows for the financial year 1 January to 31 December 2011 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 contains a true and fair report in accordance with the Danish Financial Business Act.

Statement on the management's review

We have read through the management's review in accordance with the Danish Financial Business Act. We have not acted further other than the audit carried out of the consolidated financial statements and the annual financial statements.

In our opinion, the information in the management's review is in accordance with the consolidated financial statements and annual financial statements.

Copenhagen, 8 February 2012

Anne Marie Haas
Head of Internal Audit Department

The independent auditors' report

To the shareholders of Aktieselskabet Arbejdernes Landsbank Endorsement of the consolidated financial statements and the annual financial statements

We have audited the consolidated financial statements and the annual financial statements of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January to 31 December 2011 comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes, including accounting policies for both the Group and the Parent Company. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the annual financial statements for the Bank have been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and the annual financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements and annual financial statements in accordance with the International Financial Reporting Standards as approved by the EU, in accordance with the Danish Financial Business Act. Management is also responsible for the internal control deemed necessary by management in order to prepare consolidated financial statements and annual financial statements without material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the annual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements and the annual financial statements, 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 and the annual financial statements. The purpose is 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 and the annual financial statements.

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 2011 and of the results of the Group's activities and cash flows for the financial year 1 January – 31 December 2011 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 2011, as well as of the result of the activities and cash flows of the Bank for the financial year 1 January – 31 December 2011 in accordance with the Danish Financial Business Act.

Statement on the management's review

We have read through the management's review in accordance with the Danish Financial Business Act. We have not acted further other than the audit carried out of the consolidated financial statements and the annual financial statements.

Furthermore, in our opinion, the management's review is in accordance with the consolidated financial statements and the annual financial statements.

Copenhagen, 8 February 2012

Deloitte
Statsautoriseret Revisionspartnerselskab
John Ladekarl Christian Dalmose Pedersen
State-authorized auditors

Annual financial statements and consolidated financial statements

Income statement and comprehensive income

Note	Group	2010	Bank	2010	
	2011	2010	2011	2010	
	DKK '000	DKK '000	DKK '000	DKK '000	
Income statement					
7	Interest income	1,491,955	1,283,856	1,413,527	1,211,823
8	Interest expenses	-377,742	-297,186	-377,331	-296,759
	Net interest income	1,114,213	986,670	1,036,196	915,064
	Dividends from shares, etc.	32,643	49,727	32,643	49,727
9	Fee and commission income	366,023	348,945	325,480	318,680
	Fees and commissions paid	-73,433	-35,407	-52,147	-18,628
	Net interest and fee income	1,439,446	1,349,935	1,342,172	1,264,843
10	Value adjustments	-226,729	27,143	-220,870	26,968
	Other operating income	74,706	64,521	32,685	30,779
11	Staff and administration expenses	-1,074,817	-1,064,412	-1,008,150	-1,005,347
	Depreciation and amortisation as well as impairment losses on intangible assets and property, plant and equipment	-41,264	-39,242	-8,717	-12,630
12	Other operating costs	-67,280	-89,937	-67,280	-89,880
13	Write-downs on loans and receivables, etc.	-210,393	-220,655	-199,509	-208,984
	Profit from equity investments in associates and group companies	110,755	101,433	127,321	116,672
	Profit/loss before tax	4,424	128,786	-2,348	122,421
14	Tax	33,647	5,109	40,419	11,426
	Net profit or loss for the year	38,071	133,895	38,071	133,847
Proposal for distribution of profit:					
	Dividends for the year	24,000	24,000	24,000	24,000
	Transfer to equity	14,071	109,895	14,071	109,847
	Total for distribution	38,071	133,895	38,071	133,847
Comprehensive income					
	Net profit or loss for the year	38,071	133,895	38,071	133,847
	Other comprehensive income				
	Change in the valuation of owner-occupied properties *)	24,965	44,666	24,965	44,666
14	Tax on realised revaluation of properties	0	-48	0	0
	Total other comprehensive income	24,965	44,618	24,965	44,666
	Total comprehensive income	63,036	178,513	63,036	178,513

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

Balance sheet

Note	Group	2010	Bank	2010	
	2011	2010	2011	2010	
	DKK '000	DKK '000	DKK '000	DKK '000	
Assets					
	Cash in hand and demand deposits with central banks	383,352	400,728	383,340	400,712
15	Receivables from credit institutions and central banks	975,524	1,803,359	973,169	1,800,651
4	Loans and other receivables at amortised cost	17,001,600	16,933,065	16,948,118	16,917,430
16	Bonds at fair value	13,034,557	10,464,216	13,034,557	10,464,216
4	Shares, etc.	866,677	867,193	866,677	867,193
17, 40	Investments in associates	802,813	410,437	802,813	410,437
40	Investments in group companies	0	0	95,236	78,974
18	Assets linked to pooled schemes	366,499	352,955	366,499	352,955
21	Intangible assets	10,992	9,291	1,878	1,640
19	Total land and buildings	608,654	524,995	608,654	524,995
	Investment properties	55,000	0	55,000	0
	Owner-occupied properties	553,654	524,995	553,654	524,995
20	Other property, plant and equipment	176,020	147,818	47,529	39,354
	Current tax assets	1,376	1,361	1,376	1,361
23	Deferred tax assets	58,482	24,833	100,653	60,233
22	Other assets	323,195	417,711	317,392	398,571
	Accruals	23,969	27,312	22,312	25,446
	Total assets	34,633,710	32,385,274	34,570,204	32,344,168
Liabilities					
Debt					
24	Debt to credit institutions and central banks	3,448,197	2,877,014	3,448,197	2,877,014
25	Deposits and other debt	22,576,621	20,593,336	22,566,132	20,589,494
	Deposits in pooled schemes	366,499	352,955	366,499	352,955
26	Issued bonds at amortised cost	3,631,912	3,614,444	3,630,918	3,613,450
27	Other liabilities	641,825	1,287,661	596,649	1,257,531
	Prepayments	31,597	30,075	24,750	23,935
	Total debt	30,696,651	28,755,485	30,633,145	28,714,379
28	Provisions				
	Provisions for pensions and similar liabilities	8,673	10,300	8,673	10,300
	Provisions for losses on guarantees	9,825	119,870	9,825	119,870
	Other provisions	42,681	53,395	42,681	53,395
	Total provisions	61,179	183,565	61,179	183,565
Subordinated debt					
29	Subordinated debt	718,620	328,000	718,620	328,000
	Total subordinated debt	718,620	328,000	718,620	328,000
Equity					
30	Share capital	300,000	300,000	300,000	300,000
	Revaluation reserves	186,241	161,276	186,241	161,276
	Other reserves	360,865	259,925	443,270	326,068
	Statutory reserves	360,865	259,925	443,270	326,068
	Retained earnings or losses	2,286,154	2,373,023	2,203,749	2,306,880
	Proposed dividend	24,000	24,000	24,000	24,000
	Total equity	3,157,260	3,118,224	3,157,260	3,118,224
	Total liabilities	34,633,710	32,385,274	34,570,204	32,344,168

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 2011						
Equity as at 1.1.2011	300,000	161,276	259,925	2,373,023	24,000	3,118,224
Net profit or loss for the year		0	100,940	-86,869	24,000	38,071
Other comprehensive income		24,965		0		24,965
Total comprehensive income		24,965	100,940	-86,869	24,000	63,036
Dividend paid for 2010					-24,000	-24,000
Total changes in equity		24,965	100,940	-86,869	0	39,036
Equity carried forward at the end of 2011	300,000	186,241	360,865	2,286,154	24,000	3,157,260
Group 2010						
Equity as at 1.1.2010	300,000	117,266	166,749	2,355,695	0	2,939,710
Net profit or loss for the year		0	93,176	16,719	24,000	133,895
Other comprehensive income		44,010		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
Bank 2011						
Equity as at 1.1.2011	300,000	161,276	326,068	2,306,880	24,000	3,118,224
Net profit or loss for the year		0	117,202	-103,131	24,000	38,071
Other comprehensive income		24,965		0		24,965
Total comprehensive income		24,965	117,202	-103,131	24,000	63,036
Dividend paid for 2010					-24,000	-24,000
Total changes in equity		24,965	117,202	-103,131	0	39,036
Equity carried forward at the end of 2011	300,000	186,241	443,270	2,203,749	24,000	3,157,260
Bank 2010						
Equity as at 1.1.2010	300,000	116,610	217,770	2,305,330	0	2,939,710
Net profit or loss 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

Cash flow statement *)

Note	Group	2010	Bank	2010
	2011	2010	2011	2010
	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss for the year before tax	4,424	128,786	-2,348	122,421
Adjustment for non-cash operating items				
Depreciation, amortisation and write-downs of intangible assets	2,946	12,156	248	10,509
Depreciation, amortisation and revaluations of property, plant and equipment	38,318	27,086	8,469	2,121
Write-downs on loans, etc.	210,393	220,655	199,509	208,984
Net profit for the year adjusted for non-cash operating items	256,081	388,683	205,878	344,035
Loans and receivables with credit institutions, etc.	-433,574	-122,911	-404,905	-102,235
Bonds and shares	-2,569,825	-1,782,865	-2,569,825	-1,782,865
Deposits and debt to credit institutions, etc.	2,573,890	-4,135,655	2,567,243	-4,146,780
Other working capital	-1,004,578	456,809	-1,030,417	451,820
Corporation tax paid	0	0	0	0
Change in working capital	-1,434,087	-5,584,622	-1,437,904	-5,580,060
Cash flows from operating activities	-1,178,006	-5,195,939	-1,232,026	-5,236,025
Acquisition of intangible assets	-4,646	-10,275	-486	-1,640
Acquisition of property, plant and equipment	-159,594	-99,504	-76,352	-34,118
Sales of property, plant and equipment	34,380	34,381	1,014	790
Acquisition and sale of associates and group companies	-124,058	0	-124,058	0
Cash flows from investment activities	-253,918	-75,398	-199,882	-34,968
Loan with state guarantee	-5,878	2,169,230	-5,878	2,169,230
Bonds issued	17,468	2,800,781	17,468	2,800,781
Hybrid core capital issued	390,620	0	390,620	0
Dividend paid	-24,000	0	-24,000	0
Cash flows from financing activities	378,210	4,970,011	378,210	4,970,011
Changes in cash and cash equivalents	-1,053,714	-301,326	-1,053,698	-300,982
36 Cash and cash equivalents brought forward	1,986,709	2,288,035	1,986,422	2,287,404
36 Cash and cash equivalents carried forward	932,995	1,986,709	932,724	1,986,422

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

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Notes to the financial statements

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. Financial statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions, etc., as well as 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.

Financial and operating data and financial ratios for 2007-2008 have not been adjusted to the changed accounting policies introduced in 2010 when we started reporting according to IFRS.

The annual report is presented in Danish kroner (DKK).

Changes in accounting policies

As of 1 January 2011, Arbejdernes Landsbank has implemented the following new and changed standards and interpretation contributions:

- IAS 24, Related Party Disclosures (November 2009)
- IAS 32, Financial instruments: Disclosure and Presentation (Classification of Rights Issues) (October 2009)
- IFRIC 14, Limit on a Defined Benefit Asset, Minimum Funding
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (November 2009)
- Minor changes to various standards following the IASB's annual improvement measures (May 2010)

Implementation of the new and changed standards and interpretation contributions has not led to changes in accounting policies in relation to recognition and measurement.

The core earnings model has been modified so that expenses for sector solutions are specified in a separate item.

The new item: Contributions to sector solutions which are identical at bank and group level may be allocated according to how expenses would be presented under the previous presentation of accounts.

	2011 DKK '000	2010 DKK '000
Contributions to sector solutions		
Share, net fees and commission income	0	171
Share, administrative costs	-34,259	-61,575
Share, write-downs on loans, etc.	-497	-45,758
Total	-34,756	-107,162

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, and therefore have not been incorporated in the 2011 annual report. 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,

Notes

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 group and the value of the asset can be measured reliably. A liability is recognised in the balance sheet when the group has a legal or actual obligation, and it is probable that future financial benefits will flow from the group, and the value of the liability can be measured reliably. Purchase and sale of financial instruments are recognised on the settlement date. At recognition and measurement, unpredictable risks and losses that arise before the annual financial statements are presented, and which confirm or disconfirm conditions that existed on the reporting date, must be 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 pooled 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 methods of valuation.

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.

Notes

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 transaction. Gains and losses, which arise between the date of transaction and the settlement date, are recognised in the income statement. On 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 trading earnings and core earnings excluding trading earnings.

Trading earnings include commission and charging extra brokerage fees on trading activities with financial instruments and currency. Trading 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 and cooperate with other financial institutions as an independent credit institution.

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 lease 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 interest and capital repayment 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.

Notes

Other operating income and expenses

Other operating income and expenses include items of secondary character in relation to the Bank's activities, including profit/loss incurred from administering real property and selling leasing assets.

Profit/loss 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".

Tax

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 for the year and changes in deferred tax, is recognised in the income statement as the amount attributable to profit/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 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, as well as 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 income tax 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 with 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

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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 43 groups broken down into 1 group of public authorities, 1 group of credit institutions, 25 groups of private customers and 16 groups of corporate customers.

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

Receivables 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

Investments in associates

Investments in associates 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 equity investments in associates.

Investments in group companies

Investments in group companies 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

Notes

of profit after tax of group companies are recognised in the income statement under equity investments 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, which are properties from where the Group carry out its activity as a credit institution, 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. As part of the annual assessment a number of properties are selected for control calculation with regard to local allowance when collecting an assessment from an independent assessor.

Increases in the revalued amount after tax are recognised directly in equity unless 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

Investment properties

Investment properties owned for the purpose of collecting rent and/or achieving capital gains, are measured at fair value on the reporting date. Gains or losses obtained due to changes in the fair value of the investment properties are recognised in the result for the period in which they are incurred. Fair value is determined according to the returns method. Measurement of fair value is carried out by external experts.

Other property, plant and equipment

Other property, plant and equipment comprises machinery, fixtures and equipment and IT equipment as well as assets held under operating leases, measured at cost less accumulated depreciation and any 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 property, plant and equipment and intangible assets

The carrying amounts of property, plant and equipment and intangible assets 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,

Notes

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, etc.

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 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 at initial recognition and at subsequent recognition. Accruals mainly comprise prepaid fees and commissions.

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 calculated as 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.

Notes

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 profit/loss for the year before tax. Cash flows include value adjustments of security and currency forward transactions for the year. Cash flows from operations are calculated as profit/loss for the year before tax 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 and amounts 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 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 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 and provisions
- 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

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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 and guarantees 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 ensures updated mortgaging values on the Bank's collateral in cooperative property, and in 2011 there was a drop in the overall collateral value of cooperative property.

This method also provides security that in addition to focusing on exposure development and credit rating, all necessary information is collected 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.

Uncertainty about the Bank's model for group write-downs has been reduced by the Bank's objective and automatic rating model, as the model ensures customers automatically migrate to groups with lower or higher loss rates when a customer's rating code is changed.

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 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. This could be changed behaviour/risk of loss within the same risk class as well as changes in the economy which are expected to influence customers' future credit ratings. Falling collateral values in cooperative property and the subsequently higher unsecured part is an example of this, which at the end of 2011 resulted in a managerial estimate to raise loss rates in the cooperative property segment.

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 2011, 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

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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

No events have taken place after end of the financial year which have a significant impact on the assessment of the annual report.

Note 4 Risk management

General

The Bank has set up an all risk function which is to ensure that the Executive Management and Board of Directors receive relevant risk reporting at Bank and Group levels, to ensure coherence and provide the overall view necessary to manage the Bank's overall risk exposure. Special issues of a cross-sectoral nature are treated by a Balance Sheet Management Committee set up by the Executive Management and composed of the Executive Management as well as the Head of Risk Management.

There is a person responsible for risk management for major activity areas, such as providing credit and management of securities, as specific competencies and knowledge about these areas are very important.

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's central credit area. 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.

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. 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. Generally, the Bank does not participate in geared investment transactions nor does it wish to finance projects of a speculative nature. Granting credit is based on an ethical profile aimed at avoiding bringing the Bank into disrepute.

The bank focuses on avoiding concentrations of risk, and Group credit policy is to minimise the risk of large single exposures. The sum of large exposures less deduction, excl. credit institutions which individually exceed 10 per cent of the Group's capital base, was reduced to 53.7 per cent in 2011, broken down by 4 exposures. These exposures are in the interval 10-16 per cent of the Group's capital base, and have been established after a thorough evaluation of whether there is acceptable risk and collateralisation.

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

Furthermore, it is Group credit policy to minimise credit risk in agriculture. Agriculture accounts for just 0.7 per cent of the Group's overall business loans. 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 increased its focus on work methods and tools that contribute to better and more effective management and monitoring of

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credit risk. 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 2012 to focus on management of the Bank's lending balance and management of the Bank's write-downs with a view to minimising the Bank's risk of losses.

The Bank has a structural separation between customer functions and the control and monitoring function, and focuses greatly on deciding loans and credits in close cooperation with the customer.

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 Executive Management and Board of Directors.

The Credit Department regularly performs credit reviews in which branches are given an extraordinary analysis of weak customers and a hands-on review of the contents of customer files. There is a rotation system which means all branches will be reviewed every 3-4 years.

Credit risk management

In recent years, the Bank has increased focus on improving the Bank's credit risk management through development of new risk management tools.

During 2010, the Bank introduced a rating model for rating the Bank's private and corporate customers. The model was developed by the Bank and based on a combination of payment behaviour as well as objective information about the customer, including accounting data for corporate customers.

The Bank's rating model is an expert model with 10 rating classes which are comparable with the credit quality categories laid down by the Danish FSA. Rating classes range from 1-10 where rating 1 is the best and 10 is the poorest:

- Rating classes 1-4: Customers with exposures of good credit quality
- Rating classes 5-8: Customers with exposures requiring more monitoring, as well as customers who only to a limited extent need additional loans
- Rating classes 9-10: Customers with poor credit rating

Regardless of the customer's rating class, each credit decision, whether it is a new loan or a reassessment of an existing loan, always be based on the Bank's overall assessment of the customer.

For corporate customers, the Bank, in 2011, introduced a new corporate concept which is to ensure a more coordinated processing of corporate customers. Furthermore, the Bank introduced a strength profile, which together with the rating and the new corporate concept is to alleviate the process of granting loans and provide a better overview of the risk of the customer and the Bank.

At the beginning of 2011, the rating was incorporated as a more essential parametre in the selection of customers with an objective evidence of impairment (OEI) and this rating is also applied in the Bank's model for group write-downs.

Credit risk is reported quarterly to the Board of Directors with more detailed comments on the development in rating classes, overdrafts, customer segments and branches.

When unauthorised overdrafts arise, an assessment of their acceptability is made. In relation to many good customers, the Bank will accept overdrafts causing temporary changes in liquidity, if there is a valid reason and depending on the customer's future cash flows. In 2011, arrears, see notes on page 52, increased though with a generally improved credit quality, and the unsecured part was reduced. Arrears are defined as overdrafts and 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 two to three 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.

In addition, credit monitoring is underpinned by ad hoc analyses on the basis of development in the portfolio, and cross-sectoral analyses of specific areas are prepared.

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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. However, all exposures exceeding 1 per cent of the Bank's capital base are assessed, as a minimum, each quarter where a calculated of the individual solvency need per exposure is carried out. In addition, an assessment of the value of the collateral is an important factor when determining the Bank's risk.

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 46 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 and cars – about 70 per cent of current market value 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

The developments in the Bank's overall collateral within the above main groups are shown in the notes on page 53. Properties show falling values which is a

consequence of more cautious valuation of cooperative property values.

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 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 set as collateral.

Notes

	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
Maximum credit exposure *)				
Receivables from credit institutions and central banks	975,524	1,803,359	973,169	1,800,651
Loans at amortised cost	17,001,600	16,933,065	16,948,118	16,917,430
Bonds at fair value	13,034,557	10,464,216	13,034,557	10,464,216
Shares, etc.	866,677	867,193	866,677	867,193
Investments in associates	802,813	410,437	802,813	410,437
Investments in group companies	0	0	95,236	78,974
Positive market value of derivative financial instruments	38,425	222,963	44,558	222,963
Guarantees	2,006,528	2,135,237	2,006,528	2,135,237
Irrevocable credit commitments less than 1 year	2,047,800	1,926,258	1,545,000	1,459,544
Irrevocable credit commitments more than 1 year	0	95,284	0	95,284
Total	36,773,924	34,858,012	36,316,656	34,451,929

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

Loans and guarantees				
Loans before write-downs	17,868,150	17,643,079	17,800,660	17,604,599
Guarantees before provisions	2,016,353	2,255,107	2,016,353	2,255,107
Total loans and guarantees before write-downs, etc.	19,884,503	19,898,186	19,817,013	19,859,706
Individual write-downs on loans	812,321	648,117	799,650	626,823
Group write-downs on loans	54,229	61,897	52,892	60,346
Provided for the Private Contingency Association	0	109,470	0	109,470
Individual provisions for other guarantees	5,566	5,808	5,566	5,808
Group provisions for other guarantees	4,259	4,592	4,259	4,592
Total loans and guarantees after write-downs, etc.	19,008,128	19,068,302	18,954,646	19,052,667

Loans and guarantees before write-downs analysed by sector				
Public authorities	100,805	99,666	100,805	87,320
Corporate				
Agriculture, hunting, forestry and fisheries	52,947	101,194	37,777	79,843
Industry and extraction of raw materials	405,482	461,950	255,475	316,835
Energy supply	1,137	860	121	714
Building and construction	619,523	658,762	547,344	579,797
Trade	918,601	1,499,806	660,837	1,160,104
Transport, hotels and restaurants	687,154	682,846	591,323	601,531
Information and communication	213,421	219,961	158,554	176,781
Financing and insurance	1,397,736	932,362	3,200,006	2,743,054
Real property	1,518,733	1,170,915	1,508,803	1,159,229
Other corporate	2,306,447	2,536,365	2,107,065	2,232,137
Total corporate	8,121,181	8,265,021	9,067,305	9,050,025
Private	11,662,517	11,533,499	10,648,903	10,722,361
Total	19,884,503	19,898,186	19,817,013	19,859,706

Notes

	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
Loans and guarantees analysed by groups of customers				
Private				
Loans and guarantees before write-downs	12,843,880	12,720,586	11,893,619	11,904,920
Loans and guarantees after write-downs	12,414,348	12,394,021	11,469,243	11,583,137
Collateral	8,179,497	8,442,552	7,281,176	7,730,736
Arrears	42,024	22,714	37,835	20,890
Actual loss written off	57,586	32,295	49,151	23,878
Corporate				
Loans and guarantees before write-downs	5,875,101	5,972,857	6,757,872	6,750,043
Loans and guarantees after write-downs	5,462,784	5,479,024	6,354,407	6,274,273
Collateral	2,066,728	2,208,672	1,111,562	1,146,171
Arrears	51,774	12,238	32,834	10,971
Actual loss written off *)	131,851	14,678	119,625	5,065
Other				
Loans and guarantees before write-downs	1,165,522	1,204,743	1,165,522	1,204,743
Loans and guarantees after write-downs	1,130,996	1,195,257	1,130,996	1,195,257
Collateral	732,962	791,049	732,962	791,049
Arrears	15,612	15,490	15,612	15,490
Actual loss written off	1,224	2,543	1,224	2,543
Total				
Loans and guarantees before write-downs	19,884,503	19,898,186	19,817,013	19,859,706
Loans and guarantees after write-downs	19,008,128	19,068,302	18,954,646	19,052,667
Collateral	10,979,187	11,442,273	9,125,700	9,667,956
Arrears	109,410	50,442	86,281	47,351
Actual loss written off	190,661	49,516	170,000	31,486

The distribution into Private, Corporate and Other is based on the Bank's internal customer groupings. The Bank has adjusted the internal grouping compared with 2010, and comparative figures are adjusted in accordance herewith.

*) In 2011, there were write-offs on a guarantee set in connection with the Private Contingency Association. This amount was previously set aside.

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	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
Loans in arrears				
Value of collateral for loans in arrears				
Properties	683,478	321,972	683,478	321,972
Securities, bonds, cash deposits, etc.	39,248	22,177	39,248	22,177
Cars	102,880	55,082	36,266	6,255
Boats and aircraft	141	357	141	357
Transfers, including life-assurance and invoice discounting	13,644	0	0	0
Warrants and guarantees	215	0	215	0
Chattels	4,344	2,040	75	2,040
Other collateral	35,214	21,086	35,214	14,726
Total	879,164	422,714	794,637	367,527
Age distribution for arrears				
1-30 days	77,488	27,713	61,479	25,411
31-60 days	5,907	4,420	5,907	4,272
61-90 days	3,602	2,827	3,602	2,667
More than 90 days	22,413	15,482	15,293	15,001
Total arrears	109,410	50,442	86,281	47,351
Age distribution for loans in arrears				
1-30 days	1,572,194	1,404,967	1,512,094	1,360,181
31-60 days	157,837	79,378	157,837	76,508
61-90 days	45,289	29,778	45,289	26,668
More than 90 days	88,358	68,681	63,902	59,323
Total loans in arrears	1,863,678	1,582,804	1,779,122	1,522,680

Mortgaging value of collateral, sum of amounts in arrears as well as the sum of loans at amortised cost for customers in arrears at the end of the year, not individually written down.

Concentration risk

Overall, Group business strategy for lending activity is concentrated in three areas: Private, Corporate and Other. According to section 145 of the Danish 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.

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	1,516,881	1,723,132	1,516,881	1,723,132
Other corporate				
Credit exposure after deductions	1,757,310	1,894,576	1,757,310	1,894,576
Number of large exposures				
Credit institutions before deductions	8	9	8	9
Other corporate before deductions	5	4	6	5
Greater than 20 per cent of capital base	0	1,204,477	0	1,204,477
15-20 per cent of capital base	523,611	1,383,141	1,044,810	1,383,141
10-15 per cent of capital base	2,750,580	1,030,090	2,229,381	1,030,090
Sum of large exposures, excl. credit institutions in per cent of the capital base	54	66	54	66

Notes

	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
Concentration of total Group collateral				
Private				
Properties	6,448,148	6,821,941	6,448,148	6,821,941
Securities, bonds, cash deposits, etc.	190,622	206,200	190,622	206,200
Cars	1,187,454	950,000	338,318	357,958
Boats and aircraft	15,384	14,502	15,384	14,502
Transfers, including life-assurance and invoice discounting	2,027	2,906	2,027	2,906
Warrants and guarantees	993	800	740	800
Chattels	49,574	927	642	927
Other collateral	285,295	445,276	285,295	325,502
Total	8,179,497	8,442,552	7,281,176	7,730,736
Corporate				
Properties	751,854	801,696	751,854	801,696
Securities, bonds, cash deposits, etc.	263,102	207,338	263,102	207,338
Cars	464,734	612,675	32,022	41,906
Boats and aircraft	814	986	814	986
Transfers, including life-assurance and invoice discounting	446,731	451,407	2,851	1,290
Warrants and guarantees	500	2,000	500	2,000
Chattels	21,118	9,544	10,030	9,544
Other collateral	117,875	123,026	50,389	81,411
Total	2,066,728	2,208,672	1,111,562	1,146,171
Other				
Properties	377,461	457,871	377,461	457,871
Securities, bonds, cash deposits, etc.	310,133	292,632	310,133	292,632
Cars	1,300	2,179	1,300	2,179
Boats and aircraft	280	480	280	480
Transfers, including life-assurance and invoice discounting	11,074	2,890	11,074	2,890
Warrants and guarantees	0	0	0	0
Chattels	0	0	0	0
Other collateral	32,714	34,997	32,714	34,997
Total	732,962	791,049	732,962	791,049
Total collateral				
Properties	7,577,463	8,081,508	7,577,463	8,081,508
Securities, bonds, cash deposits, etc.	763,857	706,170	763,857	706,170
Cars	1,653,488	1,564,854	371,640	402,043
Boats and aircraft	16,478	15,968	16,478	15,968
Transfers, including life-assurance and invoice discounting	459,832	457,203	15,952	7,086
Warrants and guarantees	1,493	2,800	1,240	2,800
Chattels	70,692	10,471	10,672	10,471
Other collateral	435,884	603,299	368,398	441,910
Total	10,979,187	11,442,273	9,125,700	9,667,956

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

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	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
Credit quality – Loans before write-down				
Non-impairment customers analysed by primary business areas				
Private				
Rating 1-3	2,469,054	2,464,433	2,469,054	2,464,433
Rating 4	5,361,905	5,408,247	4,527,977	4,647,474
Rating 5-10	3,544,314	3,402,708	3,444,716	3,366,435
Total	11,375,273	11,275,388	10,441,747	10,478,342
Corporate				
Rating 1-3	1,171,652	1,425,537	1,171,652	1,425,537
Rating 4	1,809,723	1,860,989	2,722,037	2,684,145
Rating 5-10	898,697	588,941	880,075	565,091
Total	3,880,072	3,875,467	4,773,764	4,674,773
Other				
Rating 1-3	534,299	661,666	534,299	661,665
Rating 4	134,245	164,241	134,245	164,241
Rating 5-10	310,528	309,561	310,528	309,561
Total	979,072	1,135,468	979,072	1,135,467

	Group 2011 in %	2010 in %	Bank 2011 in %	2010 in %
Average write-down ratio for non-impairment customers analysed by primary business area				
Private				
Rating 1-3	0.000	0.000	0.000	0.000
Rating 4	0.133	0.116	0.146	0.134
Rating 5-10	0.888	1.003	0.910	1.014
Corporate				
Rating 1-3	0.000	0.000	0.000	0.000
Rating 4	0.370	0.426	0.223	0.301
Rating 5-10	0.814	1.388	0.828	1.441
Others	0.161	0.195	0.161	0.195

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 (loss rates) of the Group/Bank 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.

Notes

	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
Reasons for individual impairment on loans				
Amortised cost, loans before write-down				
Bankruptcy	80,182	130,191	75,964	114,496
Debt collection	284,925	207,535	278,172	200,594
Debtors in financial difficulties	1,268,626	1,019,031	1,251,941	1,000,927
Amortised cost, loans before write-down	1,633,733	1,356,757	1,606,077	1,316,017
Written down on loans				
Bankruptcy	60,573	96,846	56,895	81,819
Debt collection	205,693	154,606	202,968	152,198
Debtors in financial difficulties	546,055	396,666	539,787	392,806
Written down on loans	812,321	648,118	799,650	626,823
Amortised cost, loans after write-down				
Collateral	420,398	307,670	405,414	288,226
Unsecured	401,014	400,969	401,013	400,968
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	1,443,222	1,107,976	1,415,566	1,067,237
Write-down	621,810	399,337	609,139	378,043
Loans at amortised cost after write-down	821,412	708,639	806,427	689,194
Group assessment				
Loans at amortised cost before write-down	8,250,036	9,130,674	6,813,255	7,650,681
Write-down	54,229	61,898	52,892	60,346
Loans at amortised cost after write-down	8,195,807	9,068,776	6,760,363	7,590,335
Assessment in total				
Loans at amortised cost before write-down	9,868,064	10,238,650	8,403,628	8,717,918
Write-down	850,846	461,235	836,838	438,389
Loans at amortised cost after write-down	9,017,218	9,777,415	7,566,790	8,279,529

Notes

	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
The Group as lessor				

The subsidiary 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	103,527	95,065	0	0
Duration between 1-5 years	138,825	135,589	0	0
Duration more than 5 years	120,703	102,613	0	0
Total	363,055	333,267	0	0
Gross investments in finance leases				
Duration up to 1 year	121,220	98,139	0	0
Duration between 1-5 years	143,314	158,762	0	0
Duration more than 5 years	149,128	126,778	0	0
Total	413,662	383,679	0	0
Unearned financing income	50,608	50,412	0	0
Write-down on finance leases	939	849	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	21,404	31,600	0	0
Duration between 1-5 years	96,409	72,481	0	0
Duration more than 5 years	6,613	149	0	0
Total	124,426	104,230	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 or as securities-related credit risk in the form of investments in credit bonds.

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 risks.

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	2011 DKK '000	2010 DKK '000
Broken down by types of business		
Bonds, etc.	214,538	128,216
Mortgages	13,338	9,776
Deposits and loans as well as receivables with credit institutions	18,225	24,559
Derivative financial instruments	-238,118	-74,104
Total	7,983	88,447

Interest-rate risk	2011 DKK '000	2010 DKK '000
Broken down by foreign-exchange rate		
DKK	103,856	74,427
EUR	-102,401	11,666
GBP	2,914	381
NOK	1,863	1,181
SEK	1,457	159
USD	213	443
CHF	54	189
Other currencies	27	1
Total	7,983	88,447

Noter

Interest-rate risk	2011 DKK '000	2010 DKK '000
Broken down by modified duration (D)		
0 < V ≤ 3 mths.	14,888	7,633
3 < V ≤ 6 mths.	736	972
6 < V ≤ 9 mths.	4,362	250
9 < V ≤ 12 mths.	4,725	9,254
1 < V ≤ 2 years	34,519	-43,147
2 < V ≤ 3.6 years	-95,705	39,346
3.6 years < V	44,458	74,139
Total	7,983	88,447

Securities-related credit risk

Part of the Bank's interest-rate risk is position taking in credit bonds which involves an additional risk element in the form of fluctuations in credit spreads which may be specific to the security or denote general changes in a wide spectrum of all securities. In recent years, credit bonds have become increasingly more important to the Bank's bonds portfolio. The securities are recognised at fair value in the financial statements.

Currency risk

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

Fluctuations in EUR of 2 per cent and in other currencies of 10 per cent unfavourable to the Bank lead to negative results and effects on equity before tax of DKK 33.3 mill. (2010: DKK 23.9 mill.).

	2011	2010
Currency risk		
Currency indicator 1 in DKK '000	211,342	212,744
Currency indicator 1 in per cent of core capital less deduction	7.0	8.0
Currency indicator 2 in DKK '000	6,456	3,210
Currency indicator 2 in per cent of core capital less deduction	0.2	0.1

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 exposure

The size of the Bank's share price exposure 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. Holdings are spread over as many companies as possible so that a general fall in the stock markets of 10% would lead to a capital loss of DKK 23.5 mill.

However, 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 exposure	2011 DKK '000	2010 DKK '000
Share portfolios		
Trading portfolio		
Listed shares	223,514	89,433
Unlisted shares, etc.	11,248	12,535
Total trading portfolio	234,762	101,968
Investment securities		
Unlisted shares, etc.	631,915	765,225
Associates	802,813	410,437
Total investment securities	1,434,728	1,175,662
Total	1,669,490	1,277,630

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.

Notes

Most of the Bank's liquidity risk is in 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. The contingency plan must also be considered activated if significant impairments in liquidity occur – even if the goals of excess cover are met.

Notes

Balance sheet items by remaining term – Group

	On demand DKK '000	Up to and incl. 3 months DKK '000	More than 3 months and up to 1 year DKK '000	More than 1 year and up to 5 years DKK '000	More than 5 years DKK '000	Total DKK '000
2011						
Assets						
Cash in hand and demand deposits with central banks	383,352	0	0	0	0	383,352
Receivables from credit institutions	154,627	395,016	238,673	187,208	0	975,524
Loans at amortised cost	1,462,093	3,217,821	2,725,912	5,857,080	3,738,694	17,001,600
Bonds at fair value	0	0	941,706	6,055,609	6,037,242	13,034,557
Total	2,000,072	3,612,837	3,906,291	12,099,897	9,775,936	31,395,033
Liabilities						
Debt to credit institutions and central banks	786,002	2,126,511	235,684	300,000	0	3,448,197
Deposits and other debt	17,606,356	1,082,944	316,694	2,504,697	1,065,930	22,576,621
Issued bonds at amortised cost	0	0	0	3,631,912	0	3,631,912
Subordinated debt	0	0	0	0	718,620	718,620
Total	18,392,358	3,209,455	552,378	6,436,609	1,784,550	30,375,350
Guarantees	0	283,951	334,285	987,226	401,066	2,006,528
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

Notes

Balance sheet items by remaining term – Bank

	On demand DKK '000	Up to and incl. 3 months DKK '000	More than 3 months and up to 1 year DKK '000	More than 1 year and up to 5 years DKK '000	More than 5 years DKK '000	Total DKK '000
2011						
Assets						
Cash in hand and demand deposits with central banks	383,340	0	0	0	0	383,340
Receivables from credit institutions	154,627	394,757	237,990	185,795	0	973,169
Loans at amortised cost	3,322,638	2,638,247	2,391,222	4,945,495	3,650,516	16,948,118
Bonds at fair value	0	0	941,706	6,055,609	6,037,242	13,034,557
Total	3,860,605	3,033,004	3,570,918	11,186,899	9,687,758	31,339,184
Liabilities						
Debt to credit institutions and central banks	786,002	2,126,511	235,684	300,000	0	3,448,197
Deposits and other debt	17,596,210	1,082,944	316,352	2,504,697	1,065,930	22,566,132
Issued bonds at amortised cost	0	0	0	3,630,918	0	3,630,918
Subordinated debt	0	0	0	0	718,620	718,620
Total	18,382,212	3,209,455	552,036	6,435,615	1,784,550	30,363,867
Guarantees	0	283,951	334,285	987,226	401,066	2,006,528
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

Notes

Note	Group	2010	Bank	2010
	2011	2010	2011	2010
	DKK '000	DKK '000	DKK '000	DKK '000
5 Capital and solvency				
Transformation from equity to capital base				
Equity including net profit/loss for the year	3,157,260	3,118,224	3,157,260	3,118,224
Proposed dividend	24,000	24,000	24,000	24,000
Intangible assets	10,992	9,291	1,878	1,640
Deferred tax assets	58,482	24,833	100,653	60,233
Revaluation reserves	186,241	161,276	186,241	161,276
Core capital after primary deductions	2,877,545	2,898,824	2,844,488	2,871,075
Hybrid core capital	390,620	0	390,620	0
Deductions *)	255,413	248,828	255,413	250,216
Core capital after deductions	3,012,752	2,649,996	2,979,695	2,620,859
Subordinated debt	328,000	328,000	328,000	328,000
Revaluation reserves	186,241	161,276	186,241	161,276
Capital base before deductions	3,526,993	3,139,272	3,493,936	3,110,135
Deductions *)	255,413	248,829	255,413	250,216
Capital base	3,271,580	2,890,443	3,238,523	2,859,919
*) Deduction according to section 28(1), nos 10, 12 and 13 of the Danish Executive Order on Calculation of Capital Base				
Capital requirement from pillar I (8 per cent)	1,942,261	1,759,435	1,947,046	1,761,510
Weighted items				
Items with credit risk	16,551,013	16,489,372	16,752,191	16,704,206
Items with market risk	5,022,248	3,015,497	5,102,232	3,015,497
Items with operational risk	2,705,003	2,488,066	2,479,879	2,299,176
Total weighted items	24,278,264	21,992,935	24,334,302	22,018,879
Solvency ratio	in %	13.5	13.1	13.3

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. the model on page 6 of the Annual Report.

However, activities listed under core results depend on the Bank's holding activities, which secure 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 one operating segment which comprises core results and investment portfolio earnings.

Notes

Note	Group	2010	Bank	2010
	2011	DKK '000	2011	DKK '000
7 Interest income				
Receivables from credit institutions and central banks	26,320	24,105	26,204	23,960
Loans at amortised cost	1,213,377	1,065,929	1,134,846	994,250
Interest on exposures written down	-19,901	-16,939	-19,901	-16,939
Bonds	304,546	225,956	304,546	225,956
Derivative financial instruments				
Currency contracts	-14,992	806	-14,992	806
Interest-rate contracts	-17,353	-16,293	-17,353	-16,293
Share contracts	0	0	0	0
Total derivative financial instruments	-32,345	-15,487	-32,345	-15,487
Other interest income	-42	292	177	83
Total interest income	1,491,955	1,283,856	1,413,527	1,211,823
Of this, genuine purchase and resale transactions posted under				
Receivables from credit institutions and central banks	1,061	847	1,061	847
8 Interest expenses				
Debt to credit institutions and central banks	-32,035	-19,907	-32,035	-19,907
Deposits and other debt	-272,837	-232,925	-272,447	-232,669
Bonds issued	-38,128	-30,548	-38,108	-30,527
Subordinated debt	-34,716	-13,598	-34,716	-13,598
Other interest expenses	-26	-208	-25	-58
Total interest expenses	-377,742	-297,186	-377,331	-296,759
Of this, genuine sale and repurchase transactions posted under				
Debt to credit institutions and central banks	-5,172	-1,950	-5,172	-1,950
9 Fee and commission income				
Securities trading and custody accounts	61,104	67,649	61,104	67,649
Money transmission services	80,401	75,305	80,401	75,305
Loan fees	127,756	122,325	114,734	111,377
Guarantee commission	20,024	21,575	20,157	21,596
Other fees and commissions	76,738	62,091	49,084	42,753
Total fee and commission income	366,023	348,945	325,480	318,680
10 Value adjustments				
Bonds	60,456	114,910	60,456	114,910
Shares, etc.	-44,485	14,213	-44,485	14,213
Currency	8,839	-7,169	8,732	-7,344
Derivative financial instruments				
Currency contracts	-19,299	12,425	-19,299	12,425
Interest-rate contracts	-234,235	-111,707	-228,269	-111,707
Share contracts	25	-1,021	25	-1,021
Total derivative financial instruments	-253,509	-100,303	-247,543	-100,303
Assets linked to pooled schemes	-6,789	32,718	-6,789	32,718
Deposits in pooled schemes	6,789	-32,718	6,789	-32,718
Other assets	1,970	336	1,970	336
Other liabilities	0	5,156	0	5,156
Total value adjustments	-226,729	27,143	-220,870	26,968

Notes

Note	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
11 Staff and administration expenses				
Salaries and remuneration to the Board of Directors, Executive Management and Board of Representatives				
Executive Management	-7,739	-5,067	-7,719	-5,057
Board of Directors	-1,350	-1,400	-1,350	-1,400
Board of Representatives	-508	-542	-508	-542
Total	-9,597	-7,009	-9,577	-6,999
Staff expenses				
Salaries	-519,853	-516,292	-479,478	-482,686
Pensions	-58,368	-64,909	-54,462	-61,788
Social security expenses	-4,960	-4,376	-4,743	-4,174
Payroll tax	-47,751	-42,962	-44,315	-40,345
Total	-630,932	-628,539	-582,998	-588,993
Other administration expenses	-434,288	-428,864	-415,575	-409,355
Total staff and administration expenses	-1,074,817	-1,064,412	-1,008,150	-1,005,347
Executive Management's payment, pension and resignation terms, etc.				
Number of employees	3	2	3	2
Fixed remuneration	-6,541	-4,215	-6,521	-4,205
Variable remuneration	0	0	0	0
Pension scheme (contribution-based)	-1,198	-852	-1,198	-852
Total	-7,739	-5,067	-7,719	-5,057
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".				
Terms of payment and pension for the Board of Directors				
Number of employees	11	11	11	11
Fixed remuneration	-1,350	-1,400	-1,350	-1,400
Variable remuneration	0	0	0	0
Pension scheme (contribution-based)	0	0	0	0
Total	-1,350	-1,400	-1,350	-1,400
Terms of payment and pension for other employees whose activities significantly influence the risk profile of the company (Risk Takers)				
Number of employees	5	6	4	5
Fixed remuneration	-6,021	-7,422	-4,518	-5,970
Variable remuneration	-300	-395	-300	-395
Pension scheme (contribution-based)	-572	-756	-450	-638
Total	-6,893	-8,573	-5,268	-7,003

Notes

Note	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
11 Staff and administration expenses, continued				
Number of employees				
Average number of employees during the financial year, converted to full-time employees	1,053	1,040	988	987
Auditors' remuneration				
Total remuneration for the audit firm elected by the general meeting to carry out the statutory audit				
Statutory audit of the annual financial statements	-1,519	-1,649	-1,375	-1,500
Other declaration assignments with security	-1,213	0	-1,213	0
Tax counselling	-34	0	-34	0
Other services	0	-250	0	-250
Total	-2,766	-1,899	-2,622	-1,750
12 Other operating costs				
Expenses for the Private Contingency Association	0	-61,575	0	-61,575
Expenses for the Guarantee Fund for Depositors and Investors	-34,259	0	-34,259	0
Expenses for operating the Bank's properties	-29,505	-24,758	-29,505	-24,701
Other operating costs	-3,516	-3,604	-3,516	-3,604
Total other operating costs	-67,280	-89,937	-67,280	-89,880

Notes

Note	Group	2010	Bank	2010
	2011	2010	2011	2010
	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	847,117	648,288	824,272	619,813
Write-downs and provisions for the year *)	370,878	393,288	364,374	385,844
Reversal of write-downs and provisions for the year	-177,736	-176,184	-175,495	-172,857
Actual loss (written off) previously written down	-166,584	-35,214	-153,484	-25,467
Interest-rate adjustments	19,901	16,939	19,901	16,939
Total write-downs and provisions carried forward	893,576	847,117	879,568	824,272
*) of this provided in connection with "Bank Package I"	0	45,758	0	45,758
Write-downs on loans, etc. carried forward	866,550	710,014	852,542	687,169
Provisions on guarantees, etc. carried forward *)	9,825	119,870	9,825	119,870
Write-downs/provisions on other items carried forward	17,201	17,233	17,201	17,233
Total write-downs and provisions carried forward	893,576	847,117	879,568	824,272
*) of this provided in connection with "Bank Package I"	0	109,470	0	109,470
Net impact recognised in the income statement				
Net write-downs and provisions for the year	-193,142	-217,104	-188,879	-212,987
Loss, not previously written down	-24,077	-14,302	-16,516	-6,018
Recognised in claims previously written-off	6,826	10,751	5,886	10,021
Total net impact recognised in the income statement *)	-210,393	-220,655	-199,509	-208,984
*) of which net effect in connection with "Bank Package I"	-497	-45,758	-497	-45,758
Individual write-downs on loans				
Individual write-downs on loans brought forward	648,117	489,995	626,823	462,781
Write-downs for the year	355,238	310,352	348,735	303,213
Reversal of write-downs for the year	-151,049	-131,908	-149,023	-128,596
Actual loss (written off) previously written down	-57,114	-35,214	-44,014	-25,467
Interest-rate adjustments	17,129	14,892	17,129	14,892
Total individual write-downs on loans carried forward	812,321	648,117	799,650	626,823
Group write-downs on loans				
Group write-downs on loans brought forward	61,897	64,068	60,346	62,807
Write-downs for the year	14,931	34,539	14,930	34,234
Reversal of write-downs for the year	-25,371	-38,757	-25,156	-38,742
Interest-rate adjustments	2,772	2,047	2,772	2,047
Total group write-downs on loans carried forward	54,229	61,897	52,892	60,346
Individual provisions on guarantees, etc.				
Individual provisions on guarantees brought forward	115,278	71,455	115,278	71,455
Provisions for the year	571	46,130	571	46,130
Reversal of provisions for the year	-813	-2,307	-813	-2,307
Actual loss (written off) previously provided	-109,470	0	-109,470	0
Total individual provisions on guarantees, etc. carried forward	5,566	115,278	5,566	115,278
Group provisions on guarantees, etc.				
Group provisions on guarantees brought forward	4,592	5,506	4,592	5,506
Provisions for the year	138	2,267	138	2,267
Reversal of provisions for the year	-471	-3,181	-471	-3,181
Total group provisions on guarantees, etc. carried forward	4,259	4,592	4,259	4,592
Write-downs/provisions on other items				
Written down/provided brought forward	17,233	17,264	17,233	17,264
Write-downs/provisions for the year	0	0	0	0
Reversal of write-downs/provisions for the year	-32	-31	-32	-31
Total write-downs/provisions on other items carried forward	17,201	17,233	17,201	17,233

Notes

Note	Group	2010	Bank	2010
	2011	2010	2011	2010
	DKK '000	DKK '000	DKK '000	DKK '000
14 Tax				
Calculated income tax for the year	0	0	0	0
Change in deferred tax in respect of the year	32,637	5,135	40,504	11,509
Adjustments in respect of previous years	1,010	-74	-85	-83
Total tax	33,647	5,061	40,419	11,426
Tax for the year broken down by type				
Tax calculated on profit/loss for the year before tax by 25 per cent	-1,106	-32,197	587	-30,605
Tax base of expenses not deductible for tax purpose	-4,186	-3,579	-2,099	-1,988
Tax base of holdings in associates	27,689	25,359	27,689	25,359
Tax base of gains not deductible for tax purposes	10,240	15,552	14,327	18,743
Adjustments in respect of previous years	1,010	-74	-85	-83
Total tax	33,647	5,061	40,419	11,426
15 Receivables from credit institutions and central banks				
Receivables with notice from central banks	0	0	0	0
Receivables from credit institutions	975,524	1,803,359	973,169	1,800,651
Total receivables from credit institutions and central banks	975,524	1,803,359	973,169	1,800,651
16 Bonds at fair value				
Government bonds	189,334	278,501	189,334	278,501
Mortgage-credit bonds	7,749,676	6,753,660	7,749,676	6,753,660
Other bonds	5,095,547	3,432,055	5,095,547	3,432,055
Total bonds at fair value	13,034,557	10,464,216	13,034,557	10,464,216
For collateral deposited with Danmarks Nationalbank, clearing centres, etc.				
Market value, bonds	4,015,463	3,737,839	4,015,463	3,737,839
Of which, surplus collateral	4,015,463	3,737,839	4,015,463	3,737,839
17 Investments in associates				
Cost brought forward	150,512	150,512	150,512	150,512
Additions *)	291,436	0	291,436	0
Cost carried forward	441,948	150,512	441,948	150,512
Revaluations and write-downs brought forward	259,925	166,749	259,925	166,749
Adjustment of equity value *)	33,564	0	33,564	0
Profit/loss	77,191	101,433	77,191	101,433
Dividends	9,815	8,257	9,815	8,257
Revaluations and write-downs carried forward	360,865	259,925	360,865	259,925
Carrying amount carried forward	802,813	410,437	802,813	410,437

*) In 2011, the Bank has invested a further DKK 124.1 mill. in Bankernes EDB Central, making the total investment DKK 291.4 mill. This additional investment means that the Bank's ownership interest now exceeds 20 per cent and Bankernes EDB Central is thus grouped as an associate.

Notes

Note	Group	2010	Bank	2010
	2011	DKK '000	2011	DKK '000
	DKK '000	DKK '000	DKK '000	DKK '000
18 Assets linked to pooled schemes				
Cash	10,651	13,699	10,651	13,699
Index-linked bonds	62,507	53,776	62,507	53,776
Other bonds	167,869	144,425	167,869	144,425
Investment association units	42,395	87,654	42,395	87,654
Other shares, etc.	80,900	51,437	80,900	51,437
Other assets	2,177	1,964	2,177	1,964
Total pooled assets	366,499	352,955	366,499	352,955
19 Land and buildings				
Investment properties				
Fair value brought forward	0	0	0	0
Additions during the year *)	55,000	0	55,000	0
Disposals during the year	0	0	0	0
Revaluation for the year to fair value	0	0	0	0
Total fair value carried forward	55,000	0	55,000	0
Rent income	0	0	0	0
Operating costs	-61	0	-61	0
*) The property was acquired in December 2011				
Owner-occupied properties				
Revalued amount brought forward	524,995	461,823	524,995	461,063
Additions during the year	1,250	12,538	1,250	12,538
Disposals during the year	0	760	0	0
Depreciation	2,894	2,300	2,894	2,300
Changes in value recognised in other comprehensive income	24,965	44,666	24,965	44,666
Changes in value recognised in the income statement	5,338	9,028	5,338	9,028
Total revalued amount carried forward	553,654	524,995	553,654	524,995
20 Other property, plant and equipment				
Cost brought forward	200,186	178,978	52,033	40,979
Additions during the year, including improvements	100,530	83,821	17,288	18,435
Disposals during the year	47,572	62,613	1,586	7,381
Total cost carried forward	253,144	200,186	67,735	52,033
Amortisation/depreciation and write-downs brought forward	52,368	50,693	12,679	13,567
Disposals during the year	13,192	28,992	572	6,591
Depreciation for the year	37,948	30,667	8,099	5,703
Total amortisation/depreciation and write-downs carried forward	77,124	52,368	20,206	12,679
Total other property, plant and equipment	176,020	147,818	47,529	39,354
Written off immediately during the year	2,814	3,147	2,814	3,146

Notes

Note	Group	2010	Bank	2010
	2011	DKK '000	2011	DKK '000
	DKK '000	DKK '000	DKK '000	DKK '000
21 Intangible assets				
Goodwill				
Cost brought forward	0	15,243	0	15,243
Additions during the year	0	0	0	0
Disposals during the year	0	15,243	0	15,243
Total cost carried forward	0	0	0	0
Write-downs brought forward	0	4,734	0	4,734
Disposals during the year	0	15,243	0	15,243
Write-downs for the year	0	10,509	0	10,509
Total write-downs carried forward	0	0	0	0
Total goodwill	0	0	0	0
Other intangible assets				
Cost brought forward	14,580	4,305	1,640	0
Additions during the year	4,647	10,275	486	1,640
Disposals during the year	0	0	0	0
Total cost carried forward	19,227	14,580	2,126	1,640
Amortisation/depreciation and write-downs brought forward	5,289	3,642	0	0
Disposals during the year	0	0	0	0
Depreciation for the year	2,946	1,647	248	0
Write-downs for the year	0	0	0	0
Total amortisation/depreciation and write-downs carried forward	8,235	5,289	248	0
Total other intangible assets	10,992	9,291	1,878	1,640
Total intangible assets				
Cost brought forward	14,580	19,548	1,640	15,243
Additions during the year	4,647	10,275	486	1,640
Disposals during the year	0	15,243	0	15,243
Total cost carried forward	19,227	14,580	2,126	1,640
Amortisation/depreciation and write-downs brought forward	5,289	8,376	0	4,734
Disposals during the year	0	15,243	0	15,243
Depreciation for the year	2,946	1,647	248	0
Write-downs for the year	0	10,509	0	10,509
Total amortisation/depreciation and write-downs carried forward	8,235	5,289	248	0
Total intangible assets	10,992	9,291	1,878	1,640
22 Other assets				
Positive market value of derivative financial instruments and spot transactions	38,425	224,348	44,558	224,348
Interest receivable	182,398	131,545	182,130	131,271
Other assets	102,372	61,818	90,704	42,952
Total other assets	323,195	417,711	317,392	398,571

Notes

Note	Group	2010	Bank	2010
	2011	DKK '000	2011	DKK '000
	DKK '000	DKK '000	DKK '000	DKK '000
23 Deferred tax assets and tax liabilities				
+ = tax assets - = tax liabilities				
Deferred tax brought forward	24,833	19,772	60,233	48,926
Changes in deferred tax	33,649	5,061	40,420	11,307
Total deferred tax carried forward	58,482	24,833	100,653	60,233
Deferred tax broken down by type				
Property, plant and equipment	-29,434	-28,427	4,157	6,484
Loans	-353	564	-503	337
Losses carried forward	82,854	41,342	91,583	42,023
Employee obligations	18,990	21,927	18,990	21,927
Other	-13,575	-10,573	-13,574	-10,538
Total deferred tax carried forward	58,482	24,833	100,653	60,233
24 Debt to credit institutions and central banks				
Debt to central banks	0	0	0	0
Debt to credit institutions	3,448,197	2,877,014	3,448,197	2,877,014
Total debt to credit institutions and central banks	3,448,197	2,877,014	3,448,197	2,877,014
25 Deposits and other debt				
Call amounts	16,895,906	15,796,137	16,885,759	15,792,877
Amounts with notice period	504,297	561,109	503,955	560,527
Time deposits	931,782	151,135	931,782	151,135
Funding guaranteed by the Danish government	2,163,352	2,169,230	2,163,352	2,169,230
Special types of deposit	2,081,284	1,915,725	2,081,284	1,915,725
Total deposits and other debt	22,576,621	20,593,336	22,566,132	20,589,494
26 Issued bonds at amortised cost				
Bonds listed on London Stock Exchange *)	2,872,800	2,806,650	2,872,800	2,806,650
Bonds listed on Irish Stock Exchange	250,000	0	250,000	0
Other bonds	509,112	807,794	508,118	806,800
Total issued bonds at amortised cost	3,631,912	3,614,444	3,630,918	3,613,450
*) The bonds are guaranteed by the Danish government				
27 Other liabilities				
Negative market value of derivative financial instruments and spot transactions	187,301	330,108	187,301	330,108
Interest and commissions due	36,920	37,710	36,920	37,710
Other liabilities	417,604	919,843	372,428	889,713
Total other liabilities	641,825	1,287,661	596,649	1,257,531

Notes

Note	Group	2010	Bank	2010
	2011	DKK '000	2011	DKK '000
	DKK '000	DKK '000	DKK '000	DKK '000
28 Provisions				
Provisions for pensions, etc.				
Provisions for the year brought forward	10,300	14,133	10,300	14,133
Provisions for the year	0	0	0	0
Reversal of provisions for the year	1,627	3,833	1,627	3,833
Total provisions carried forward	8,673	10,300	8,673	10,300
Provisions for losses on guarantees				
Provisions for the year brought forward	119,870	76,961	119,870	76,961
Provisions for the year	709	48,397	709	48,397
Reversal of provisions for the year	1,284	5,488	1,284	5,488
Final loss for the year	109,470	0	109,470	0
Total provisions carried forward	9,825	119,870	9,825	119,870
Other provisions				
Provisions for the year brought forward	53,395	53,214	53,395	53,214
Provisions for the year	154	734	154	734
Reversal of provisions for the year	10,868	553	10,868	553
Total provisions carried forward	42,681	53,395	42,681	53,395
Total provisions carried forward	61,179	183,565	61,179	183,565
29 Subordinated debt				
Subordinated debt in the form of supplementary capital				
Variable per cent nominal DKK 328 mill., matures on 3 December 2018, can be redeemed before maturity on 1 December 2015	328,000	328,000	328,000	328,000
Subordinated debt in the form of hybrid core capital *)				
Variable per cent nominal DKK 390.6 mill., indefinite maturity, can be redeemed before maturity on 23 May 2018	390,620	0	390,620	0
Total subordinated debt	718,620	328,000	718,620	328,000
Subordinated debt as included in calculation of capital base	718,620	328,000	718,620	328,000
*) Costs for taking loans in the period	2,000	0	2,000	0

Notes

Note	Bank	
	2011 DKK '000	2010 DKK '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	24,316	23,804
2,000	1,368	1,390
3,000	994	1,007
4,000	8,739	8,750
5,000	748	755
10,000	583	590
20,000	782	791
100,000	1,228	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 Copenhagen V
- 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.

	Group		Bank	
	2011 DKK '000	2010 DKK '000	2011 DKK '000	2010 DKK '000
31 Contingent liabilities				
Guarantees				
Financial guarantees	451,934	645,707	451,934	645,707
Guarantees for losses on mortgage loans	151,161	140,781	151,161	140,781
Private Contingency Association	10,268	0	10,268	0
Land registration and conversion guarantees	13,688	15,078	13,688	15,078
Guarantees for group companies	0	0	35,200	9,200
Other guarantees	1,379,477	1,333,671	1,344,277	1,324,471
Total guarantees	2,006,528	2,135,237	2,006,528	2,135,237
Other contingent liabilities				
Irrevocable credit commitments less than 1 year	2,047,800	1,926,258	1,545,000	1,459,544
Irrevocable credit commitments more than 1 year	0	95,284	0	95,284
Unutilised pension commitments	16,400	19,000	16,400	19,000
Other contingent liabilities	5,493	4,821	5,493	4,821
Total other contingent liabilities	2,069,693	2,045,363	1,566,893	1,578,649
Total contingent liabilities	4,076,221	4,180,600	3,573,421	3,713,886

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.

Loans by Totalkredit provided by the Bank from 2007 are covered by an agreed right of set-off against future ongoing 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 if the bank resigns its membership.

Notes

Note	Group	2010	Bank	2010
	2011	2010	2011	2010
	DKK '000	DKK '000	DKK '000	DKK '000
32 Hedge accounting				
Assets hedged with interest-rate contracts				
Loans				
Amortised cost	121,589	160,970	121,589	160,970
Changes in carrying amount brought forward	11,618	11,281	11,618	11,281
Changes in value for the year	1,969	337	1,969	337
Changes in carrying amount carried forward	13,587	11,618	13,587	11,618
Carrying amount	135,176	172,588	135,176	172,588
Interest-rate contracts				
Nominal value (principal amount)	119,620	158,339	119,620	158,339
Carrying amount of the hedge leg	134,045	170,448	134,045	170,448
Liabilities hedged with interest-rate contracts				
Deposits				
Amortised cost	0	0	0	0
Changes in carrying amount brought forward	0	5,157	0	5,157
Changes in value for the year	0	-5,157	0	-5,157
Changes in carrying amount carried forward	0	0	0	0
Carrying amount	0	0	0	0
Interest-rate contracts				
Nominal value (principal amount)	0	0	0	0
Carrying amount of the hedge leg	0	0	0	0

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	2010	Bank	2010
	2011	2010	2011	2010
	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	267,369	643,870	267,369	643,870
Of the equity and liability items below, genuine sale and repurchase transactions account for				
Debt to credit institutions and central banks	530,361	0	530,361	0
Assets sold as part of genuine sale and repurchase transactions				
Bonds at fair value	538,909	0	538,909	0

Notes

Note	Nominal value DKK '000	Net market value DKK '000	Positive market value DKK '000	Negative market value DKK '000
34 Derivative financial instruments and spot transactions Group – 2011				
Currency contracts				
Spot transactions, purchase	76,186	1	2	1
Spot transactions, sale	33,191	23	37	14
Forward transactions/Futures, purchase	445,907	-7,788	40	7,828
Forward transactions/Futures, sale	741,220	7,341	7,472	131
Options, acquired	1,304,283	3,681	3,681	0
Options, issued	1,258,993	-5,674	0	5,674
Currency swaps	2,862,029	-18,586	0	18,586
Interest-rate contracts				
Spot transactions, purchase	553,781	471	895	424
Spot transactions, sale	610,595	-515	459	974
Forward transactions/Futures, purchase	442,739	2,070	2,096	26
Forward transactions/Futures, sale	6,884,630	-50,214	19	50,233
Options, issued	223,026	-67	0	67
Swaps	700,000	9,316	12,650	3,334
Interest-rate swaps	3,180,145	-88,947	10,313	99,260
Share contracts				
Spot transactions, purchase	103,239	521	628	107
Spot transactions, sale	106,653	-509	133	642
Total	16,918,051	-148,876	38,425	187,301
Derivative financial instruments and spot transactions Group – 2010				
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, 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
Total	21,702,244	-105,760	224,348	330,108

Notes

Note	Nominal value DKK '000	Net market value DKK '000	Positive market value DKK '000	Negative market value DKK '000
34 Derivative financial instruments and spot transactions, continued				
Bank – 2011				
Currency contracts				
Spot transactions, purchase	76,186	1	2	1
Spot transactions, sale	33,191	23	37	14
Forward transactions/Futures, purchase	445,907	-7,788	40	7,828
Forward transactions/Futures, sale	741,220	7,341	7,472	131
Options, acquired	1,304,283	3,681	3,681	0
Options, issued	1,258,993	-5,674	0	5,674
Currency swaps	2,862,029	-18,586	0	18,586
Interest-rate contracts				
Spot transactions, purchase	553,781	471	895	424
Spot transactions, sale	610,595	-515	459	974
Forward transactions/Futures, purchase	442,739	2,070	2,096	26
Forward transactions/Futures, sale	6,884,630	-50,214	19	50,233
Options, issued	223,026	-67	0	67
Swaps	700,000	9,316	12,650	3,334
Interest-rate swaps	3,480,145	-82,814	16,446	99,260
Share contracts				
Spot transactions, purchase	103,239	521	628	107
Spot transactions, sale	106,653	-509	133	642
Total	17,218,051	-142,743	44,558	187,301
Derivative financial instruments and spot transactions				
Bank – 2010				
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, 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
Total	21,702,244	-105,760	224,348	330,108

Notes

Note	Net market value					Total DKK '000
	Up to and incl. 3 months DKK '000	More than 3 months and up to 1 year DKK '000	More than 1 year and up to 5 years DKK '000	More than 5 years DKK '000		
35 Derivative financial instruments analysed by maturity Group – 2011						
Currency contracts						
Forward transactions/Futures, purchase	-7,815	27	0	0	-7,788	
Forward transactions/Futures, sale	7,341	0	0	0	7,341	
Options, acquired	670	3,011	0	0	3,681	
Options, issued	-2,481	-3,193	0	0	-5,674	
Currency swaps	0	0	-18,586	0	-18,586	
Interest-rate contracts						
Forward transactions/Futures, purchase	2,059	11	0	0	2,070	
Forward transactions/Futures, sale	-50,214	0	0	0	-50,214	
Options, issued	-67	0	0	0	-67	
Swaps	0	9,316	0	0	9,316	
Interest-rate swaps	0	-2,841	-34,092	-52,014	-88,947	
Total	-50,507	6,331	-52,678	-52,014	-148,868	
Derivative financial instruments analysed by maturity Group – 2010						
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, issued	0	0	0	0	0	
Swaps	0	-171	0	0	-171	
Interest-rate swaps	0	5,909	-12,970	-9,970	-17,031	
Total	-19,923	-483	-75,408	-9,970	-105,784	

Notes

Note	Net market value				Total DKK '000
	Up to and incl. 3 months DKK '000	More than 3 months and up to 1 year DKK '000	More than 1 year and up to 5 years DKK '000	More than 5 years DKK '000	
35 Derivative financial instruments analysed by maturity, continued Bank – 2011					
Currency contracts					
Forward transactions/Futures, purchase	-7,815	27	0	0	-7,788
Forward transactions/Futures, sale	7,341	0	0	0	7,341
Options, acquired	670	3,011	0	0	3,681
Options, issued	-2,481	-3,193	0	0	-5,674
Currency swaps	0	0	-18,586	0	-18,586
Interest-rate contracts					
Forward transactions/Futures, purchase	2,059	11	0	0	2,070
Forward transactions/Futures, sale	-50,214	0	0	0	-50,214
Options, issued	-67	0	0	0	-67
Swaps	0	9,316	0	0	9,316
Interest-rate swaps	0	-2,841	-27,959	-52,014	-82,814
Total	-50,507	6,331	-46,545	-52,014	-142,735
Derivative financial instruments analysed by maturity Bank – 2010					
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, issued	0	0	0	0	0
Swaps	0	-171	0	0	-171
Interest-rate swaps	0	5,909	-12,970	-9,970	-17,031
Total	-19,923	-483	-75,408	-9,970	-105,784



Notes

Note	Group	2010	Bank	2010
	2011	2010	2011	2010
	DKK '000	DKK '000	DKK '000	DKK '000
36 Cash and cash equivalents				
Brought 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
Carried forward				
Cash in hand and demand deposits with central banks	383,352	400,728	383,340	400,712
Receivables from credit institutions and central banks	549,643	1,585,981	549,384	1,585,710
Total	932,995	1,986,709	932,724	1,986,422

Notes

Note

37 Financial assets and liabilities

Bonds at fair value, shares etc., assets linked to pooled 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 difference to fair values is 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 assumed to be included in write-downs on loans for carrying amounts as well as for fair values.

Loans, issued bonds, subordinated debt and transactions with credit institutions have been recognised at amortised cost. The difference to fair values is 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 assumed to be included in write-downs on credit institutions for carrying amounts as well as for 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 2011 DKK '000	Fair value 2011 DKK '000	Carrying amount 2010 DKK '000	Fair value 2010 DKK '000
Financial assets				
Cash in hand and demand deposits with central banks	383,352	383,352	400,728	400,728
Receivables from credit institutions and central banks	975,524	979,519	1,803,359	1,809,602
Loans at amortised cost	17,001,600	17,050,186	16,933,065	16,968,547
Bonds at fair value	13,034,557	13,034,557	10,464,216	10,464,216
Shares, etc.	866,677	866,677	867,193	867,193
Derivative financial instruments	38,425	38,425	224,348	224,348
Total financial assets	32,300,135	32,352,716	30,692,909	30,734,634
Financial liabilities				
Debt to credit institutions and central banks	3,448,197	3,448,421	2,877,014	2,877,014
Deposits	22,576,621	22,578,033	20,593,336	20,593,411
Issued bonds at amortised cost	3,631,911	3,631,693	3,614,444	3,614,556
Subordinated debt	718,620	717,839	328,000	327,392
Derivative financial instruments	187,301	187,301	330,108	330,108
Total financial liabilities	30,562,650	30,563,287	27,742,902	27,742,481

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.

All active markets use officially listed closing prices as fair value. 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.

Notes

Note	Listed prices DKK '000	Observable input DKK '000	Non-observable input DKK '000	Total DKK '000
37 Financial assets and liabilities, continued Group – 2011				
Financial assets				
Bonds at fair value	11,713,514	1,321,043	0	13,034,557
Shares, etc.	223,514	0	643,163	866,677
Derivative financial instruments	0	38,425	0	38,425
Total financial assets	11,937,028	1,359,468	643,163	13,939,659
Financial liabilities				
Derivative financial instruments	0	187,301	0	187,301
Total financial liabilities	0	187,301	0	187,301
Group – 2010				
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
Group				
Non-observable input				
Fair value brought forward			777,760	752,283
Annual capital gain/loss in the income statement			5,932	4,471
Net purchase for the year			26,849	21,006
Other disposals *)			-167,378	0
Total fair value carried forward			643,163	777,760

*) In 2011 the Bank invested additional capital in Bankernes EDB Central (BEC). The investment has meant that the equity interest exceeds 20 per cent and that Bankernes EDB Central (BEC) can be grouped as an associate.

Notes

Note	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	
38 Return and classification of financial assets and liabilities Group – 2011					
Return					
Interest income	304,546	0	1,187,409	-	1,491,955
Interest expenses	-	-	-	-377,742	-377,742
Net interest income	304,546	0	1,187,409	-377,742	1,114,213
Dividends from shares, etc.	1,859	30,784	-	-	32,643
Value adjustments	-237,531	8,832	1,970	0	-226,729
Total return	68,874	39,616	1,189,379	-377,742	920,127
Financial assets					
Cash in hand and demand deposits with central banks	-	-	383,352	-	383,352
Receivables from credit institutions and central banks	-	-	975,524	-	975,524
Loans at amortised cost	-	-	17,001,600	-	17,001,600
Bonds at fair value	13,034,557	0	-	-	13,034,557
Shares, etc.	235,944	630,733	-	-	866,677
Derivative financial instruments	38,425	-	-	-	38,425
Assets linked to pooled schemes	-	366,499	-	-	366,499
Total financial assets	13,308,926	997,232	18,360,476	-	32,666,634
Financial liabilities					
Debt to credit institutions and central banks	-	-	-	3,448,197	3,448,197
Deposits	-	-	-	22,576,621	22,576,621
Issued bonds at amortised cost	-	-	-	3,631,912	3,631,912
Subordinated debt	-	-	-	718,620	718,620
Derivative financial instruments	187,301	-	-	-	187,301
Deposits in pooled schemes	-	366,499	-	-	366,499
Total financial liabilities	187,301	366,499	-	30,375,350	30,929,150

Notes

	Fair value recognised in the income statement		Amortised cost		
	Trading portfolio DKK '000	Fair value option DKK '000	Assets DKK '000	Liabilities DKK '000	Total DKK '000
38 Return and classification of financial assets and liabilities, continued Group – 2010					
Return					
Interest income	225,956	0	1,057,900	-	1,283,856
Interest expenses	-	-	-	-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 pooled 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 pooled schemes	-	352,955	-	-	352,955
Total financial liabilities	330,108	352,955	-	27,412,794	28,095,857

Notes

Note	Group 2011 DKK '000	2010 DKK '000	Bank 2011 DKK '000	2010 DKK '000
39 Transactions with related parties				
Balances and outstanding accounts with group companies				
Loans at amortised cost	0	0	1,883,561	1,813,871
Deposits and other debt	0	0	13,003	13,217
Issued guarantees	0	0	35,200	9,200
Collateral and guarantees received	0	0	0	0
	0			
Interest in respect of loans at amortised cost	0	0	41,859	30,258
Interest in respect of deposits and other debt	0	0	114	83
Fees and other operating income	0	0	1,857	1,711
Balances and outstanding accounts with associates				
Loans at amortised cost	37,500	58,710	37,500	58,710
Deposits and other debt	206,972	28,217	206,972	28,217
Issued guarantees	0	0	0	0
Collateral and guarantees received	8,234	8,223	8,234	8,223
Interest in respect of loans at amortised cost	2,663	2,686	2,663	2,686
Interest in respect of deposits and other debt	2,439	13,806	2,439	13,806
Fees and other operating income	3,051	4,416	3,051	4,416
Executive Management and Board of Directors				
Loans at amortised cost	2,443	1,566	2,443	1,566
Deposits and other debt	7,515	7,180	7,515	7,180
Issued guarantees	2,268	29	2,268	29
Collateral and guarantees received	2,973	1,563	2,973	1,563
Interest in respect of loans at amortised cost	57	49	57	49
Interest in respect of deposits and other debt	111	85	111	85
Fees and other operating income	130	80	130	80
Major shareholders				
Loans at amortised cost	84,408	83,316	84,408	83,316
Deposits and other debt	62,111	56,432	62,111	56,432
Issued guarantees	0	0	0	0
Collateral and guarantees received	5,000	5,000	5,000	5,000
Interest in respect of loans at amortised cost	2,472	708	2,472	708
Interest in respect of deposits and other debt	1,011	8,710	1,011	8,710
Fees and other operating income	7,427	8,397	7,427	8,397

Notes

39 Transactions with related parties, continued

Related parties are defined by the Group to include members of the Bank's Executive Management and Board of Directors, including their related parties, as well as group companies and associates. Related parties also include shareholders who own more than 20 per cent of the Bank's shares or possess more than 20 per cent of the voting rights.

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 companies and associates as well as with 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 2011 are 4.0%-11.5% (2010: 4.0% - 8.5%) for the Executive Management and related parties, and 2.0% - 11.5% (2010: 2.0% - 10.5%) 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. (2010: DKK 10,000).

Arbejdernes Landsbank compensates members of the Executive Management, if they resign or are dismissed according to terms of agreement, or if they are made redundant as a result of a takeover.

Notes

Note	Group	2010	Bank	2010
	2011	2010	2011	2010
	DKK '000	DKK '000	DKK '000	DKK '000
40 Group overview				
Associates				
Forsikrings-Aktieselskabet Alka, Høje Taastrup				
Financial and operating data				
Share capital	88,099	88,099	88,099	88,099
Equity	1,486,480	1,315,950	1,486,480	1,315,950
Ownership interest (per cent)	32,1	32,1	32,1	32,1
Assets	4,342,423	4,036,445	4,342,423	4,036,445
Liabilities	2,855,943	2,720,495	2,855,943	2,720,495
Net assets	1,486,480	1,315,950	1,486,480	1,315,950
Arbejdernes Landsbank's share of net assets	477,816	423,001	477,816	423,001
Total revenue	1,226,852	1,595,938	1,226,852	1,595,938
Total profit/loss for the period	201,032	203,555	201,032	203,555
Arbejdernes Landsbank's share of profit/loss for the period	64,620	65,431	64,620	65,431
Statement for 2011 as at 30 September 2011 (not revised)				
Statement for 2010 as at 31 December 2010				
Revenue is defined as premium income				
Foreningen Bankernes EDB Central (BEC), Roskilde				
Financial and operating data				
Capital contributions	1,327,900	1,053,944	1,327,900	1,053,944
Equity	1,622,900	1,253,600	1,622,900	1,253,600
Ownership interest (per cent)	21,9	15,9	21,9	15,9
Assets	2,083,700	1,740,319	2,083,700	1,740,319
Liabilities	460,800	504,719	460,800	504,719
Net assets	1,622,900	1,235,600	1,622,900	1,235,600
Arbejdernes Landsbank's share of net assets	356,180	196,227	356,180	196,227
Total revenue	934,400	1,201,770	934,400	1,201,770
Total profit/loss for the period	113,300	36,946	113,300	36,946
Arbejdernes Landsbank's share of profit/loss for the period	24,866	5,867	24,866	5,867
Statement for 2011 as at 30 September 2011 (not revised)				
Statement for 2010 as at 31 December 2010				

Notes

Note	Bank	
	2011 DKK '000	2010 DKK '000
40 Group overview, continued		
Consolidated group companies		
AL Finans A/S, Glostrup		
Share capital	6,000	6,000
Equity	82,446	65,947
Ownership interest (per cent)	100	100
Profit/loss	16,499	14,935
The financing company 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 65 staff in terms of full-time employees in 2011.		
Handels ApS Panoptikon, København		
Share capital	500	500
Equity	12,790	13,027
Ownership interest (per cent)	100	100
Profit/loss	67	304
Currently, the company is inactive. The company has not employed any staff during 2011.		

Notes

Note	2011 DKK '000	2010 DKK '000	2009 DKK '000	2008 DKK '000	2007 DKK '000
41 Financial and operating data for the Bank					
Income statement					
Net interest income	999,649	862,104	870,436	724,827	637,238
Net fees and commission income, etc.	272,706	256,377	228,870	209,352	204,728
Core earnings, excl. trading earnings	1,272,355	1,118,481	1,099,306	934,179	841,966
Trading earnings	87,436	97,721	81,670	87,153	111,421
Total core earnings	1,359,791	1,216,202	1,180,976	1,021,332	953,387
Staff costs	-583,143	-587,552	-542,147	-489,071	-468,642
Administrative costs and depreciation/amortisation	-452,808	-444,897	-445,412	-352,811	-355,493
Core results before write-downs	323,840	183,753	193,417	179,450	129,252
Write-downs on loans, etc.	-199,012	-163,226	-237,954	-98,712	27,374
Core results	124,828	20,527	-44,537	80,738	156,626
Investment portfolio earnings, excl. investment securities	-195,251	80,981	369,772	-169,197	-5,985
Investment securities	102,831	128,075	-80,558	41,315	78,417
Profit/loss before sector solutions	32,408	229,583	244,677	-47,144	229,058
Contributions to sector solutions	-34,756	-107,162	-132,198	-43,278	241
Profit/loss before tax	-2,348	122,421	112,479	-90,422	229,299
Tax	40,419	11,426	-36,898	30,650	-36,796
Profit/loss	38,071	133,847	75,581	-59,772	192,503
Other financial and operating data					
Net interest and fee income	1,342,172	1,264,843	1,183,738	994,531	914,831
Value adjustments	-220,870	26,968	276,784	-72,427	-2,054
Staff and administration expenses	-1,008,150	-1,005,347	-937,805	-817,285	-779,222
Profit from equity investments in associates and group companies	127,321	116,672	-10,568	-47,160	98,370
Loans	16,948,118	16,917,430	16,954,659	17,401,113	13,255,086
Bonds at fair value	13,034,557	10,464,216	8,722,428	8,723,912	5,551,720
Deposits, incl. pools	22,932,631	20,942,449	21,406,246	19,079,536	14,575,944
Issued bonds at amortised cost	3,630,918	3,613,450	812,669	499,487	0
Subordinated debt	718,620	328,000	328,000	328,000	0
Equity	3,157,260	3,118,224	2,939,710	2,847,539	2,951,311
Total assets	34,570,204	32,344,168	30,512,085	31,819,407	25,721,904
Total contingent liabilities	3,573,421	3,713,886	4,223,958	4,088,436	6,302,844

Notes

Note		2011	2010	2019	2008	2007	
42 Financial ratios for the Bank							
Solvency							
	Solvency ratio	%	13.3	13.0	12.8	11.9	12.0
	Core capital ratio	%	12.2	11.9	11.9	11.1	12.0
Earnings							
	Return on equity before tax	%	-0.1	4.0	3.9	-3.1	7.9
	Return on equity after tax	%	1.2	4.4	2.6	-2.1	6.7
	Ratio of operating income to operating expenses	DKK	1.00	1.09	1.08	0.91	1.28
	Earnings per DKK 1,000 nominal share value	DKK	126.9	446.2	251.9	-199.2	641.7
Market risk							
	Interest-rate risk	%	0.2	3.0	3.8	5.3	3.7
	Currency position	%	7.1	8.1	6.7	15.8	13.4
	Exchange-rate risk	%	0.2	0.1	0.2	0.2	0.1
Liquidity							
	Loans plus write-downs in relation to deposits	%	77.6	84.1	81.7	92.8	92.2
	Excess liquidity in relation to statutory requirements for liquidity	%	248.0	237.4	221.9	104.8	121.5
Credit							
	Sum of large exposures *)	%	54.3	66.2	52.6	67.9	36.2
	Write-down ratio for the year	%	1.0	1.1	1.4	0.6	-0.1
	Growth in loans for the year	%	0.2	-0.2	-2.6	31.3	18.8
	Loans in relation to equity		5.4	5.4	5.8	6.1	4.5
Equity							
	Equity value	DKK	1,052.4	1,039.4	979.9	949.2	983.8
	Proposed dividend per DKK 1,000 nominal share value	DKK	80.0	80.0	0.0	0.0	200.0
Employees							
	Average number of employees during the financial year, converted to full-time employees		988	987	991	921	909

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

Notes

Note

43 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 =	$\frac{\text{Profit/loss before tax} \times 100}{\text{Equity (average)}}$
4. Return on equity after tax =	$\frac{\text{Profit after tax} \times 100}{\text{Equity (average)}}$
5. Ratio of operating income to operating expenses per DKK =	$\frac{\text{Income}}{\text{Costs (excl. tax)}}$
6. Interest-rate risk =	$\frac{\text{Interest-rate risk} \times 100}{\text{Core capital after deductions}}$
7. Currency position =	$\frac{\text{Currency exchange rate indicator 1} \times 100}{\text{Core capital after deductions}}$
8. Exchange-rate risk =	$\frac{\text{Currency exchange rate indicator 2} \times 100}{\text{Core capital after deductions}}$
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

43 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 =	$\frac{\text{Profit/loss}}{\text{DKK '000 shares}}$
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*) =	$\frac{(\text{Gross loans and guarantees within the sector 'Completion of building projects' + the sector 'Real property'}) \times 100}{\text{Gross loans} + \text{guarantees}}$
19. Stable funding*) =	$\frac{\text{Loans}}{\text{Sum of deposits, including pools} + \text{debt to Danmarks Nationalbank with remaining term} > 1 \text{ year} + \text{issued bonds with remaining term} > 1 \text{ year} + \text{subordinated debt} + \text{equity}}$

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

Management, organisation etc. Management positions in other enterprises

Members of the Board of Directors

Poul Erik Skov Christensen

Born in 1952
*Trade Union President,
Fagligt Fælles Forbund – 3F
Member of the Board of Directors
since 1997*

Member of the board of directors in:
AKF Holding A/S
Arbejderbevægelsens Erhvervsråd
A/S A-Pressen
Fagbevægelsens Erhvervsinvestering A/S
Fonden Femern Belt Development
Landsorganisationen i Danmark
Lønmodtagernes Dyrtidsfond
PensionDanmark Holding A/S
PensionDanmark
Pensionsforsikringsaktieselskab
Malta Holding Ltd
Mellieha Holiday Centre Ltd

Lars Andersen

Born in 1958
*Managing Director,
AE – Arbejderbevægelsens Erhvervsråd
Member of the Board of Directors
since 2009*

Member of the board of directors in:
DSB, Danske Statsbaner
Industrialiseringsfonden
for Udviklingslandene IFU
Industriens Pensionsforsikring A/S
Industripension Holding A/S
Investeringsfonden for Østlandene
(IØ-Fonden)

Harald Børsting

Born in 1952
*President,
Landsorganisationen i Danmark
Member of the Board of Directors
since 2008*

Member of the board of directors in:
Arbejderbevægelsens Erhvervsråd
Arbejderbevægelsens Kooperative
Finansieringsfond
Arbejdsmarkedets tillægspension – ATP
A/S A-Pressen
Fagbevægelsens Erhvervsinvestering A/S
Højstrupgård A/S
LO Plus A/S
Lønmodtagernes Dyrtidsfond
Playa Atlantico S.A.
Malta Holding Ltd
Mellieha Holiday Centre Ltd

Thorkild E. Jensen

Born in 1950
*Trade Union President, Dansk Metal
Member of the Board of Directors
since 2004*

Member of the board of directors in:
Arbejderbevægelsens Erhvervsråd
Arbejderbevægelsens Kooperative
Finansieringsfond
A/S A-Pressen
A/S Dansk Erhvervsinvestering
Danmarks Vækstråd
Dansk Metal
Fagbevægelsens Erhvervsinvestering A/S
Industriens Pensionsforsikring A/S
Industriens Pension Service A/S
Industripension Holding A/S
Interforce
Landsorganisationen i Danmark
Lønmodtagernes Dyrtidsfond
Sampension Administrationsselskab A/S
Sampension KP Livsforsikring A/S
Teknologisk Institut

Mette Kindberg

Born in 1957
*Vice President, HK/Danmark
Member of the Board of Directors
since 2008*

Member of the board of directors in:
Asx 7 ApS
Fagbevægelsens Erhvervsinvestering A/S
HK Huset A/S
Kommanditselskabet Christiansminde

Johnny Skovengard

Born in 1950
*Vice President,
Fagligt Fælles Forbund – 3F
Member of the Board of Directors
since 2009*

Member of the board of directors in:
Forsikrings-Aktieselskabet Alka
Forsikrings-Aktieselskabet Alka Liv
Landsorganisation en i Danmark
Pensionskassen for
Arbejdernes Landsbanks Personale

Ole Wehlast

Born in 1959
*Trade Union President,
Fødevareforbundet NNF
Member of the Board of Directors
since 2006*

Member of the board of directors in:
AOF Danmark
Arbejderbevægelsens Erhvervsråd
Dansk Folkeferie Fonden
Industriens Pensionsforsikring A/S
Københavns Bagerafdeling's Fond
Landsorganisationen i Danmark
Lønmodtagernes Dyrtidsfond
Pensionskassen for
Arbejdernes Landsbanks Personale

Jette Kronborg

Born in 1967
*Customer Advisor,
Employee representative
Member of the Board of Directors
since 2002*

John Markussen

Born in 1957
*Customer Consultant,
Employee representative
Member of the Board of Directors
since 1997*

Ulla Strøm Nordenhof

Born in 1966
*Shop Steward,
Employee representative
Member of the Board of Directors
since 1998*

Member of the board of directors in:
Arbejderbevægelsens Kooperative
Finansieringsfond

Henrik Thagaard

Born in 1963
*Branch Support Manager,
Employee representative
Member of the Board of Directors
since 2008*

Management positions in other enterprises

Members of the Executive Management

Gert R. Jonassen

Born in 1959

*Chief Executive**Member of the Executive Management since 2004*

Member of the board of directors in:

AL Finans A/S

Komplementarselskabet NFIT A/S

LR Realkredit A/S

Multidata A/S

Multidata Holding A/S

Nets Holding A/S

Totalkredit A/S

Finanssektorens Uddannelsescenter

Foreningen Bankernes EDB Central

Kooperationen

Nordisk Finans IT P/S

Regionale Bankers Forening

Member of the board of directors in:

Handels ApS Panoptikon

Jan W. Andersen

Born in 1958

*Executive Bank Director**Member of the Executive Management since 2011*

Member of the board of directors in:

AL Finans A/S

BI Holding A/S

Forvaltningsinstituttet for

Lokale Pengeinstitutter

Ebbe Castella

Born in 1950

*Executive Bank Director**Member of the Executive Management since 1998*

Member of the board of directors in:

A/S Arbejdernes Landsbanks Fond

Pensionskassen for

Arbejdernes Landsbanks Personale

Other employees appointed by the Board of Directors

Approved by the Board of Directors of Aktieselskabet Arbejdernes Landsbank, cf. section 80 of the Danish Financial Business Act as at 31 December 2011

Kjeld Gosvig-Jensen,

Born in 1957

Executive Head of Legal Department

Member of the board of directors in:

AL Finans A/S

Member of Executive Management:

Handels ApS Panoptikon

Finn Hansen,

Born in 1958

Executive Head of HR Department

Member of Executive Management:

Handels ApS Panoptikon

Lasse Kiær Nielsen,

Born in 1966

Executive Head of Credit Department

Member of the board of directors in:

AL Finans A/S

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

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

Jeppe Christiansen

Managing Director
Fondsmæglerselskabet Maja Invest A/S

Karsten Hansen

Trade Union President
Serviceforbundet

Kurt Jakobsen

Organisation secretary
Fødevareforbundet NNF

Claus Jensen

Vice President
Dansk Metal

Flemming Knudsen

Member of the Regional Council
Aarhus

Mette Kindberg

Vice President
HK/Danmark

Jane Korczak

Vice President
Fagligt Fælles Forbund – 3F

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

Vice Treasurer
Fagligt Fælles Forbund – 3F

Torben Poulsen

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 Skovenggaard

Vice President
Fagligt Fælles Forbund – 3F

Ulla Sørensen

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

Branch Support Manager

Management etc.

Board of Directors

Chairman:

Poul Erik Skov Christensen
Trade Union President

Lars Andersen

Managing 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 Skovenggaard

Vice President

Ole Wehlast

Trade Union President

Elected by the Bank's employees:

Jette Kronborg

Customer Advisor

John Markussen

Customer Consultant

Ulla Strøm Nordenhof

Shop Steward

Henrik Thagaard

Branch Support Manager

Executive Management

Gert R. Jonassen

Chief Executive

Jan W. Andersen

Executive Bank Director

Ebbe Castella

Executive Bank Director

Management etc.

Other employees in day-to-day management

Finn Hansen

Executive Head of HR Department

Kjeld Gosvig-Jensen

Executive Head of Legal Department

Lasse Kiær Nielsen

Executive Head of Credit Department

Susanne Bechsgaard

Regional Manager

Svend Randers

Regional Manager

Per Rick

Regional Manager

Leif Klinge

Executive Head of Financial Department

Audit

Deloitte

*Statsautoriseret
Revisionspartnerselskab*

Anne Marie Haas

*Head of Internal Audit Department
Internal audit*

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

Solvejg Skovgaard Jensen

Head of International Department

Jørn Pohl Nielsen

Head of Securities Department

Jørn N. Jensen

Head of Treasury and Finance/LIFI

Carsten Hammershøj

Head of Trading

Peter Normand

Head of Customers Office

Yvonne Hansen

Head of Pensions

Thor Rasmussen

Head of Investment

Lone Kjærgaard

Chief Economist

Søren Ødum Nielsen

Head of Risk Management

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*

Branch Support

Henrik Thagaard

*Branch Support Manager,
Glostrup and Odense*

Morten Kjær

*Branch Support 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 Mette Danielsen

Branch in Horsens

Søndergade 48, 8700 Horsens
Branch manager Susanne Daugaard

Branch in Kolding

Buen 1, 6000 Kolding
Branch manager Jan Andersen

Branch of Nordals

Nordborgvej 24, 6430 Nordborg
Head of branch Rene Grau

Branch in Nørresundby

Brotorvet 4, 9400 Nørresundby
Branch manager Jesper Stærmosé

Branch in Randers

Østervold 18, 8900 Randers
Branch manager Lars Møller

Branch in Silkeborg

Tværgade 7, 8600 Silkeborg
Branch manager Dorthe 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 Thøstesén

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 Stærmosé

Branch in Odense

Fisketorvet 1, 5100 Odense C
Branch manager Klaus Justesen

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

Branch in Næstved

Vinhusgade 9, 4700 Næstved
Branch manager Niels Olsen
Branch manager Martin Bay Sørensen
as at 1 March 2012

Branch at Ro's Torv

Ro's Torv 14, 4000 Roskilde
Branch manager Kenneth M. Olsen

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 on 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 Bo Møller Larsen

Branch at Enghave Plads

Enghave Plads 5, 1670 København V
Branch manager Jørgen Petersen

Branch on 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 Robert Bjarnholt

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 Thomas H. Thørner

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

Branch in Sydhavnen

Borgbjergsvej 32, 2450 København SV
Branch manager Kim Foss Lund

Branch on Sydvestvej

Sydvestvej 130, 2600 Glostrup
Branch manager Oskar Nielsen

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**

CVR-nr. 31 46 70 12, København (Copenhagen)

Panoptikonbygningen

Vesterbrogade 5 · 1502 København V

Phone +45 38 48 48 48 · www.al-bank.dk