

Annual Report 2013



 Arbejdernes Landsbank

Aktieselskabet Arbejdernes Landsbank | CVR-no. 31 46 70 12 | Copenhagen

Annual General Meeting

*of aktieselskabet Arbejdernes Landsbank,
Monday 10 March 2014.*

Agenda

1. Election of chair.
2. Review of the activities of the Bank in the past year.
3. Submission of the audited annual report and auditors' report, see Article 23(2) of the Article of Association and approval hereof.
4. Proposed appropriation of the profit according to the annual report, see Article 24 of the Articles of Association.
5. Processing of proposals received.
6. Election of members to the Board of Representatives, see Article 17 of the Article of Association.
7. Election of auditors, see Article 22 of the Article of Association.



GERT R. JONASSEN
Chief Executive

JAN W. ANDERSEN
Executive Bank Director

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Yet another good year for the Bank

With a profit after tax of DKK 423 mill. and a return on equity of 11.2% the Group has achieved a very satisfactory result – and without compromising its demands for growth on a sustainable foundation.

The financial crisis seems to be over and the second half-year has seen good indications that employment and house prices are moving in the right direction in urban areas. However, improvements in the general economy will not take a firm foothold until private households really start to convert savings into consumption, or until enterprises start increasing investment. That said, a return to pre-crisis consumption patterns cannot be recommended. Right now, what we really do not need is initiatives that point straight towards a new bubble. Focus on stability and sustainable growth should not only be maxims for Arbejdernes Landsbank; they apply for all of society.

The financial crisis has left in its wake a new financial sector, in which financial buffers and well-managed operations have clearly emerged as vital tools for the banking business of the future. Therefore the years to come will see continued adjustments in the sector, although to a lesser extent than we have seen in the recent past. A new factor that will differentiate banks in the years to come seems to be the way in which banks choose to approach their customers. Technologically, banks will increasingly use and invest in advanced self-service solutions.

At Arbejdernes Landsbank, as well as applying the most up-to-date technological advances, we have chosen to ensure that there is still space for human contact; space to build confidence between customer and advisor, founded on the concept of “A bank for life”. This helps define the Bank as a bank with room for everyone. For us it is a matter of course that making withdrawals from your salary should be free of charge, provided this is within the framework of our rules. However, we will not compromise quality, including that there must be the ability and the will to service loans.

In 2013 the Bank grew by more than 25,000 customers, corresponding to an historically high growth of 11.6%. For the fifth successive year, Arbejdernes Landsbank again had the most satisfied customers in the independent Voxmeter survey by the CEM Institute, and this confirms that our customers acknowledge and support the way we run the Bank. Apart from being enormously proud to lead the Bank, this also gives rise to humility in the face of meeting the expectations of such a large number of customers. Fortunately, this also applies for the Bank’s employees who, despite their demanding work, are able to meet customers with a smile and the professionalism required when discussing financial issues.

Responsibility is rendered high value by the Bank and this has been in special focus in 2013. Therefore, it was unacceptable that in 2012 the Bank was issued with an order from the Danish Financial Supervisory Authority regarding tightening our measures against money laundering, and that in 2013 the Public Prosecutor for Serious Economic Crime (SØIK) determined that we should pay a fine of DKK 5.5 mill. because our automatic monitoring of customers’ transactions was inadequate back in 2011. Of course we have applied the resources necessary to rectify this matter, but in addition to this we were in no doubt that the concept of responsibility also includes openness regarding matters which are not being observed in relation to our own codex.

2013 has been a busy year in many areas. In June we took over three branches in East Jutland from Østjysk Bank as well as about 7,000 new customers. In October we opened new branches at Østerfælled Torv in Copenhagen and on Randersvej in Aarhus. At the start of the new year we will be opening a branch at Gug near Aalborg and later in

the year there will be branch openings in Holbæk and on Gl. Kongevej in Copenhagen. Therefore, we are looking forward to welcoming even more customers to the Bank.

In 2012, the Bank launched a business concept aimed at small and medium-sized enterprises, and at the end of 2013 we were almost ready with the full competences and manpower to provide expert sparring for companies. Experience from the crisis years has made us very aware of maintaining the principle that growth must be on a sustainable foundation. Our target for 2015 is that 25% of our business activity is to be with business customers, and with our current 19% we are well on the way.

Although technology must never over-shadow human contact, we are well aware that the Bank must always be up-to-date and innovative so that we can help our customers to an easier life in relation to their banking requirements. Therefore, Arbejdernes Landsbank's customers have access to high-quality self-service solutions so that a visit to the bank is generally only for advice.

The accounting results of the Group for 2013 reflect continuation of our strategy which made 2012 a record year for earnings.

After the first six months of 2013 we adjusted upwards our expectations for the year, to a profit before tax of DKK 400-450 mill. With a final profit before tax of DKK 517 mill., it is clear that this adjustment was too conservative. Primarily our securities portfolio, the results of which are mainly disclosed under investment portfolio earnings, has performed better than expected.

Write-downs continue at their high levels and the forecast in early 2013 of expected write-downs of around DKK 140 mill. has proved to be inadequate, with actual indication of impairment of DKK 235 mill. This does not mean that the money has necessarily been lost, but it does indicate that it is taking our customers longer than expected to shake off the crisis years.

Profit after tax of DKK 423 mill. is very satisfactory. This contributes to increasing consolidation and solidity, as is apparent from the solvency ratio of now 14.9%. With our focus on the consolidation necessary through operations and continued confidence in massive support for the Bank, we believe that in the years to come Arbejdernes Landsbank will continue as a textbook example of a modern Bank, with a visible values base, and able to retain and develop its customer base.

In 2014 we will focus on managing continued customer growth so that we can establish even stronger customer services, although expectations are lower than for 2013. We are still convinced that the current level of write-downs can be reduced and together with our customers we will strive to improve their financial situation so that indications of impairment can be reduced or removed. Our target for the coming years is write-downs of around DKK 150 mill., corresponding to about 0.7%. This is realistic provided the current positive trends in the economy do not reverse in 2014.

In 2014 we expect to achieve a core profit before write-downs of around DKK 350-400 mill. and a profit before tax of the same level.

The Board has recommended to the General Meeting a dividend of 20%, corresponding to DKK 60 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 2013. And I would like to extend a special thank you to the Group employees for an excellent and productive year. Together we make up a very strong team and I am convinced that the Bank will maintain its positive development in 2014 and thereafter.

On behalf of the Board of Directors

Poul Erik Skov Christensen

Chairman of the Board of Directors



POUL ERIK SKOV CHRISTENSEN
Former Trade Union President

A/S Arbejdernes Landsbank – Group

Financial and operating data

	2013 DKK '000	2012 DKK '000	2011 DKK '000	2010 DKK '000	2009 DKK '000
Income statement					
– according to the core earnings model					
Net interest income	1,174,921	1,125,548	1,076,055	932,373	930,627
Net fees and commission income etc.	410,378	355,347	329,848	303,778	268,653
Core earnings, excl. trading earnings	1,585,299	1,480,895	1,405,903	1,236,151	1,199,280
Trading earnings	102,805	95,700	87,436	97,721	81,670
Total core earnings	1,688,104	1,576,595	1,493,339	1,333,872	1,280,950
Staff costs	-699,863	-673,004	-631,096	-627,108	-574,017
Administrative costs and depreciation/amortisation	-570,894	-503,449	-505,792	-491,074	-483,979
Core profit before write-downs	417,347	400,142	356,451	215,690	222,954
Write-downs on loans etc.	-235,493	-277,193	-209,896	-174,897	-256,807
Core profit	181,854	122,949	146,555	40,793	-33,853
Investment portfolio earnings, excl. investment securities	289,822	378,919	-195,251	80,981	369,772
Investment securities	86,940	84,022	87,876	114,174	-85,984
Profit before sector solutions	558,616	585,890	39,180	235,948	249,935
Contributions to sector solutions	-41,603	-26,015	-34,756	-107,162	-132,198
Profit before tax	517,013	559,875	4,424	128,786	117,737
Tax	-93,651	-103,274	33,647	5,109	-42,156
Profit	423,362	456,601	38,071	133,895	75,581
Other financial and operating data					
Net interest expense and fee income	1,580,141	1,496,559	1,439,446	1,349,935	1,253,601
Value adjustments	278,719	344,709	-226,729	27,143	276,669
Staff and administration expenses	-1,152,574	-1,093,067	-1,074,817	-1,064,412	-984,286
Profit/loss from equity investments in associates and group companies	112,645	128,035	110,755	101,433	-17,866
Loans and other receivables at amortised cost	18,148,528	17,751,986	17,001,600	16,933,065	16,943,243
Bonds at fair value	12,748,674	13,843,097	13,034,557	10,464,216	8,722,428
Deposits incl. pools	28,145,612	24,106,931	22,943,120	20,946,291	21,398,966
Issued bonds at amortised cost	262,158	3,090,796	3,631,912	3,614,444	813,663
Subordinated debt	725,950	720,951	718,620	328,000	328,000
Equity	3,929,360	3,607,213	3,157,260	3,118,224	2,939,710
Total assets	37,648,464	36,839,247	34,633,710	32,385,274	30,533,702
Total contingent liabilities	3,226,520	3,130,635	4,076,221	4,180,600	4,506,195

A/S Arbejdernes Landsbank – Group Financial ratios

		2013	2012	2011	2010	2009
Financial ratios						
Solvency						
Solvency ratio	%	14.9	14.6	13.5	13.1	13.0
Core capital ratio	%	14.0	13.6	12.4	12.0	12.1
Earnings						
Return on equity before tax	%	13.7	16.6	0.1	4.3	4.1
Return on equity after tax	%	11.2	13.5	1.2	4.4	2.6
Ratio of operating income to operating expenses	DKK	1.33	1.37	1.00	1.09	1.08
Earnings per DKK 1,000 nominal share value	DKK	1,411.2	1,522.0	126.9	446.2	251.9
Market risk						
Interest-rate risk	%	-1.8	-1.0	0.3	3.3	4.1
Currency position	%	4.4	3.3	7.0	8.0	6.7
Currency risk	%	0.1	0.0	0.2	0.1	0.2
Liquidity						
Loans plus write-downs in relation to deposits	%	69.0	78.1	77.9	84.2	81.8
Excess liquidity in relation to statutory requirements for liquidity *)	%	261.2	261.2	242.4	232.2	218.9
Credit						
Sum of large exposures **)	%	46.4	35.4	53.7	65.5	52.1
Write-down ratio for the year	%	1.1	1.3	1.1	1.1	1.4
Growth in loans for the year **)	%	2.3	3.6	0.4	-0.1	-2.4
Loans in relation to equity		4.6	4.9	5.4	5.4	5.8
Equity						
Equity value	DKK	1,309.8	1,202.4	1,052.4	1,039.4	979.9
Proposed dividend per DKK 1,000 nominal share value	DKK	200.0	350.0	80.0	80.0	0.0
Employees						
Average number of employees during the financial year converted to full-time employees		1,076	1,061	1,053	1,040	1,035

*) The definition of excess liquidity in relation to statutory requirements for liquidity was changed in 2013. Excess liquidity must now be calculated according to the highest value of the 10%-15% requirement. The financial ratio for 2013 is calculated according to the 15% requirement; the other years are calculated according to the 10% requirement.

**) The definition of growth in loans for the year (2012) and large exposures (2010) has changed. Comparative figures have been adjusted.



Management's review

2013 for the Arbejdernes Landsbank Group

Results

In 2013 the Group earned a profit after tax of DKK 423 mill. This is better than the expectations stated in the 2012 annual report and in the 2013 interim report.

The Bank's budget for 2013 indicated a profit before tax of DKK 325-350 mill. and the upwards adjustment after the first half year of 2013 to DKK 400-450 mill. was not optimistic enough, as the actual profit achieved was DKK 517 mill. A key reason for this was investment portfolio earnings, which developed better than expected. This was because of very positive returns on the Bank's trading portfolio and a good return on the Bank's equity investments.

The profit is considered extremely satisfactory, but the level of write-downs on loans remains unsatisfactory.

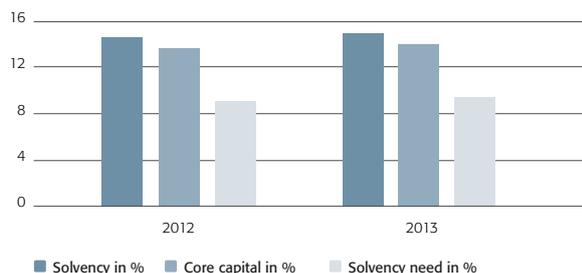
Take over of activities

In June Arbejdernes Landsbank took over three branches and their activities from Østjydsk Bank. The takeover of loans and guarantees of DKK 0.7 bn. has stabilised the Bank's level of lending in a falling loans market. The fair values of loans and deposits were calculated at the date of the takeover at DKK 0.6 bn. and DKK 1.0 bn. respectively and the effect of the ordinary operations of the activity taken over represents DKK 7 mill. All business activities and customers were converted to the Bank's IT platform in October. The branch in Skanderborg will continue independently, whereas the branches in Horsens and Vejle will be combined with the respective branches of the Bank in the same towns. In the long term, earnings from the activities taken over are assessed to be in full alignment with the earnings of the Bank's existing branches.

Solid solvency

Solvency increased to 14.9% against 14.6% in 2012. The core capital ratio amounted to 14.0% against 13.6% in 2012. Solvency need amounted to 9.4% against 9.1% in 2012.

Solvency conditions



Distribution of profit

The Board has recommended to the General Meeting a dividend of 20%, corresponding to DKK 60 mill.

Outlook for 2014

The Bank considers the financial crisis to be over now, and the second half of 2013, in particular, has seen good indications that employment and housing prices are moving in the right direction. However, improvements in the general economy are not expected to take a firm foothold until private households really start to convert savings into consumption. More moderate purchasing behaviour than before the crisis is expected. Once the budding optimism in society is converted into dynamism in the form of increased consumption, the positive rub-off effect will motivate customers to borrow money from the bank.

In combination with our own activities aimed at customer growth and business growth on a sustainable foundation, this will contribute to an increase in core earnings. The Bank expects the interest-rate differential to remain unchanged because of the competitive situation. Tight cost management with room for investments in controlled growth will define 2014.

There is continued uncertainty about the level of write-downs. We previously forecast that write-downs in 2013 would normalise, but this was not the case, even though developments did head in the right direction. In 2014 we have decided to make the same forecast, because the intensive focus in recent years on covering and containing weak exposures will result in further reductions in the need for write-downs.

Investment portfolio earnings will depend on trends in the financial markets, but we expect positive results, although at a much lower level than in 2013.

Group outlook for 2014 expressed in profit before tax was DKK 350-400 mill., corresponding to a return on equity before tax of around 9-10%.

Income statement

On the basis of the core earnings model on page 6, developments in operating profit for 2013 at Group level can be described as follows:

Core earnings

Core earnings amounted to DKK 1,688 mill.; an increase of 7.1% compared with 2012. Net interest income increased by DKK 49 mill. to DKK 1,175 mill. This positive development in net interest is due to customer growth and new business activity, as the interest-rate differential has remained stable. In our opinion Arbejdernes Landsbank is still an extremely attractive bank, with competitive prices.

Net fees and commission income increased by 15.5% to DKK 410 mill., which was achieved through increases in activity due to the significant influx of customers in recent years.

Trading earnings increased by 7.4% to DKK 103 mill., and this was primarily a result of increasing activity in securities trading and deposit management for our customers.

Staff and administration expenses etc.

Staff costs amounted to DKK 700 mill., and include an increase of DKK 27 mill., among other things attributable to the takeover of 22 employees from Østjyds Bank in connection with the Bank's takeover of three branches in June 2013. In December the Bank outsourced the operations of its cafeterias and dismissed nine employees. The number of employees, calculated as the average number of full-time employees, increased from 1,061 in 2012 to 1,076 in 2013. Payroll tax amounted to DKK 61 mill. against DKK 48 mill. in 2012 and, as a consequence of increasing tax rates from 10.9% in 2013 to 15.3% in 2021, this will continue to increase in the years to come.

Administration expenses of DKK 571 mill. show an increase of DKK 67 mill. compared with 2012 as a result of a number of growth-stimulating activities. Like the rest of the sector, the Group cannot reclaim input VAT on a number of costs, and this in itself contributes to the high level of costs.

Write-downs on loans etc.

Write-downs on loans etc. amounted to DKK 235 mill. against DKK 277 mill. in 2012. Write-downs for the year correspond to 1.1% per annum of total loans and guarantees, which is considered unsatisfactory, but still an improvement compared with 2012.

The goal in the coming years is to achieve write-downs at around 0.7% to 0.8%. Fledgling positive developments in the housing market, and improvements in the employment situation will contribute to reducing write-downs to a more acceptable level in 2014.

Investment portfolio earnings

Investment portfolio earnings, excl. investment securities amounted to DKK 290 mill. against DKK 379 mill. in 2012. The positive earnings from investment portfolios reflect the general trends in the financial markets, with increasing share prices and narrowing credit spread.

Profit from investment securities amounted to DKK 87 mill. against DKK 84 mill. in 2012, and the return is primarily attributable to Forsikringsaktieselskabet ALKA and LR Realkredit A/S.

Contributions to sector solutions

The Bank's contribution to the guarantee fund etc. amounted to DKK 42 mill. in 2013 against DKK 26 mill. in 2012.

Profit for the year

The profit before tax was DKK 517 mill. against a profit of DKK 560 mill. in 2012. The profit after tax was DKK 423 mill. against a profit of DKK 457 mill. in 2012. Return on equity was 13.7% before tax and 11.2% after tax.

Equity and return on equity



Balance sheet

At the end of December 2013, total assets amounted to DKK 37.6 bn., and this is an increase of DKK 0.8 bn. compared with December 2012.

Deposits

Total deposits, incl. savings in pooled schemes amounted to DKK 28.1 bn., which is an actual increase of DKK 6.2 bn. compared with December 2012, after deduction of the redemption of senior capital with a state guarantee of

DKK 2.2 bn. This increase is attributable to all customer groups, which continue to show great confidence in the Bank. The takeover of three branches from Østjysk Bank led to recognition of about DKK 1 bn. at the date of the takeover.

Loans

At the end of December 2013, Group loans amounted to DKK 18.1 bn., and this is an increase of DKK 0.4 bn. compared with December 2012. The considerable customer growth and the business activities following in its wake compensated for higher refluxes on the loan portfolio as a natural consequence of changed behavioural patterns in times of crises, where customers increase their savings and/or attempt to reduce their debt. The takeover of three branches from Østjysk Bank led to recognition of about DKK 0.6 bn. at the date of the takeover. The limited growth in loans will not make the Group deviate from its credit policy, according to which loans must be based on a sustainable foundation.

In 2013 the Bank entered into an agreement with BRFkredit about joint funding. The agreement means that the Bank can offer extremely competitive priority loans and credits. At the end of the year the portfolio amounted to DKK 300 mill.

Liquidity

Liquidity

The Bank's liquidity is good, and excess cover in relation to the 15% statutory requirement is at 261.2%. The Bank's own goal is to always be at least 100% above the statutory requirement. The current level shows excess cover of DKK 10.6 bn. in relation to the statutory requirement, and an excess cover of DKK 6.6 bn. in relation to the Bank's own goals.

The Bank's loan portfolio is more than fully financed through deposits and the Bank's equity. The Bank is thus independent of the short-term money markets and has no financing needs in the coming year to meet the minimum requirement of always being able to maintain operations for up to 12 months without access to financial markets. On the basis of the Bank's liquidity forecast, the Bank expects to have sufficiently high cash resources throughout 2014.

Benchmarks from the Danish Financial Supervisory Authority

As part of their monitoring of the financial sector, the Danish FSA has laid down a set of selected financial ratios in the form of five benchmarks which are only utilised at bank level. The Danish FSA expects the Bank's Board of Directors to plan and implement the Bank's strategy to counteract any breaches, if the Bank is to prevent any supervisory reaction.

As in 2012 and 2011, the Bank was also within the Danish FSA's limit values in 2013.

The Supervisory Diamond for banks *)	Limit values	The Bank
Stable funding	< 1	0.58
Excess liquidity	> 50	261.2
Large exposures	< 125	46.5
Growth in loans	< 20	2.1
Property exposures	< 25	7.6

*) The definition of the financial ratios is explained on page 90

Stable funding is defined as loans must not exceed working capital. With a financial ratio of 0.58, the Bank has a good margin to the critical value of 1.

Excess liquidity is expressed as a financial ratio and for the Bank amounts to 261.2% which is far from the critical value, according to which excess cover must be at least 50% above the statutory requirement.

Large exposures amounted to 46.5% and are broken down by four customers. Also here the Bank is far from the critical value set by the Danish FSA of 125% as a maximum.

Growth in lending excluding repurchase agreements must stay below a maximum of 20%. With moderate growth of 2.1% in 2013, the Bank is far from this critical value.

The Bank's property-related exposures before write-downs amounted to 7.6% and the Danish FSA has set this critical value at a maximum 25%.

Capital situation

Equity

Equity amounted to DKK 3,929 mill. at the end of 2013; an increase of DKK 322 mill. since the end of 2012. In addition to the profit for the year of DKK 423 mill. the change relates

to a change in revaluation reserves on properties of DKK 4 mill. as well as a dividend distribution of DKK 105 mill. in March 2013.

Other capital elements

The Bank will redeem before maturity a subordinated loan of DKK 328 mill. in 2014 and instead issue hybrid core capital in the amount of DKK 429 mill. to ensure a more durable and better capital base for calculation of the solvency ratio.

Capital base

The Group's capital base as at 31 December 2013 totalled DKK 3,981 mill., and core capital after deductions amounted to DKK 3,728 mill.

Solvency

Group solvency was 14.9%, of which the core capital ratio amounted to 14.0%. At the end of 2012, solvency amounted to 14.6%, of which the core capital ratio contributed 13.6%. Risk-weighted items amounted to DKK 26.7 bn. at the end of 2013, corresponding to an increase of DKK 1.6 bn. compared with end-2012. See note 5 for more details on risk-weighted items.

The Group has made an assessment of the consequences of complete phase-in of the CRD IV regulations stipulating regular tightening of capital requirements and the quality of capital in the period up until 2019. This assessment is based on the solvency ratio as at the end of 2013 adjusted for redemption of a subordinate loan of DKK 328 mill., as well as the issue of new hybrid core capital of DKK 429 mill. which took place in January 2014. The solvency ratio of 15.3% after such adjustments is subsequently stressed with the new regulations according to a worst case scenario which will result in a fall of around 1.0 percentage point. More rigorous deduction regulations for equity investments in insurance companies in particular influence the Bank negatively.

Solvency need

End-December	Group		Bank	
	2013	2012	2013	2012
	in %	in %	in %	in %
Credit risk	6.2	4.8	6.2	4.8
Market risk	2.2	3.1	2.2	3.1
Operational risk	1.0	0.9	1.0	0.9
Other risks	0.0	0.3	0.0	0.3
Total solvency need	9.4	9.1	9.4	9.1

Business strategy

Branch network

The Bank's customers are primarily advised and serviced through its nationwide branch network of 69 branches, of which the branch on Østerfælled Torv in Copenhagen and the branch on Randersvej in Aarhus opened in 2013.

With advanced netbanking solutions, customers can also carry out a number of bank transactions online, such as payments, money transfers, purchases and sales 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 more than 220,000 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 investments
- Home loans
- Pensions and insurance

Certified customer advisors provide advice to customers on pensions, investments and buying a home on the basis of the financial situation of the customer. The Group focuses on offering services and products at competitive prices.

Business customers and services

The primary target group is small and medium-sized enterprises, as well as labour organisations and trade unions. The Bank has launched a business concept to ensure customers high-quality consultancy services.

Advanced netbanking facilities help ensure efficiency for our business customers in relation to their own customers and in relation to their dealings with us as their bank. Through our subsidiary company, AL Finans, we offer loans, leasing and factoring products.

Capital management

The primary target group is larger customers such as pension funds, trade unions and housing associations. Portfolio managers manage about DKK 9 bn. for customers.

Another area manages the Bank's own considerable portfolio of securities, which arises from a large deposits surplus, other funding and equity.

Other cooperation

Arbejdernes Landsbank has 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. For information about our cooperation partners, visit the Bank's website: [Cooperation partners – Arbejdernes Landsbank](#) (Only available in Danish). 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.

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 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 on 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 Legal.

Each year, the Board of Directors approves a plan from Compliance about planned activities for the coming year. Once a year, the Board of Directors will also receive a compliance report describing the work performed, as well as the results of this work.

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 activity. 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 function 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 and 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 997 people, while the figure for the Group was 1,076.

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 until 12 March 2017 to increase the share capital in one or several steps by up to DKK 500 mill.

The share capital is composed of 300,000 shares of DKK 1,000 each. There are 300,000 votes, meaning that each share carries one vote. The Bank's articles of association contain provisions on the transferability of shares, which must be through the Board of Directors and only at

nominal value and to 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.

At the end of 2013, 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 regional meetings for shareholders around Denmark. Invitations to the General Meeting are announced in the press and sent to all the Bank's shareholders.

Dividend policy

The Bank's shares are valued at par, and shareholders can only earn returns on their investment through distribution of dividends. Therefore, the Bank aims at pursuing a dividend policy which is based on profit for the year, but which does not disregard the need for consolidation. The decision on the dividend for a specific year emphasises known aspects with focus on consolidation, but it also takes into account how the economic cycle or other specific matters have influenced the result positively or negatively.

For 2013, the Board has proposed to distribute a dividend of 20%, corresponding to DKK 60 mill.

Corporate Governance and statutory report on corporate governance

The statutory report on corporate governance covers the accounting period 1 January–31 December 2013. The Board of Directors and the Executive Management of the Bank are constantly seeking to ensure that the management structure and control systems are appropriate and operate satisfactorily. The management makes regular assessments, at least once a year, that this is the case.

The basis for the organisation of management tasks includes the Danish Financial Business Act, the Danish Securities Trading etc. Act, the regulations and recommendations from the OMX Nordic Exchange for issuers, the Global Exchange Markets Listing and Admission to Trading Rules, the Bank's articles of association, as well as good practice for financial undertakings. A number of internal procedures have been developed and are maintained on this foundation to ensure active, secure and profitable management of the company.

Recommendations on good Corporate Governance

On 6 May 2013, the Committee on Corporate Governance published its revised recommendations on good corporate governance. The recommendations are available to the public on the Committee's website: www.corporategovernance.dk. The recommendations deal with the role of the shareholders and their interaction with the management of banks, the role of stakeholders and their importance to the bank and the bank's corporate social responsibility, openness and transparency, the tasks and responsibilities of the supreme and the central governing bodies, the composition and organisation of the supreme governing body, remuneration of the governing bodies, financial reporting, risk management and internal control, as well as audit.

The Bank generally follows the principles laid down in the recommendations on good corporate governance.

Policy on the under-represented gender in management positions

In order to promote equal opportunities between genders in management positions, the Bank has drawn up a policy on the under-represented gender. The policy sets the following general goals:

- To create appropriate distribution between men and women in the Bank's management in general.
- To follow up on developments in gender composition of management.
- To provide opportunity to assess and adjust goals and means.
- To ensure progress and results.

Specifically the goal is:

- To increase the share of the under-represented gender. The aim is to achieve the even distribution of genders of 40/60 laid down by legislation by 2017.

- To ensure that the Bank's employees know that they have equal opportunities to make a career and fill management positions.

The gender distribution in management positions in the Bank has not changed significantly since the policy was adopted on 27 March 2013. Recruitment and promotion take place as laid down by the policy, according to which the best candidate must be hired for the job. If there are two end-candidates with similar professional and personal qualifications, the candidate from the under-represented gender will be chosen.

To increase the share of the under-represented gender, through career interviews and management development courses, the Bank has focused extensively on development of future and current managers.

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 elected annually at the General Meeting. The Board of Representatives elects its own Chairman and Vice-Chairman. Currently the Board of Representatives is composed of 30 members, of whom three are elected by employees.

Composition of the Board of Directors

According to the articles of association, the Board of Directors can comprise up to 12 members, of whom, each year, seven members are elected by the Board of Representatives from among its members and four are elected by employees pursuant to the relevant regulations in the Danish Companies Act. Employee representatives are elected for a period of four years. Re-election is permitted. There are more details about the individual members of the Board of Directors on page 91 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.

None of the members of the Board of Directors participate in the day-to-day management of the Bank. The members elected by employees have the same rights and responsibilities as the members elected by the General Meeting. Apart from the members elected by the employees, members of the Board of Directors are considered to be independent.

The work of the Board of Directors

The Board of Directors ensures that the Executive Management observes the objectives, strategies and procedures adopted by the Board of Directors. Reporting from the Executive Management is made systematically at meetings and in regular written and verbal reports. This reporting includes developments in general surrounding the Bank, its own development and profitability as well as the financial position.

The general guidelines for the work of the Board of Directors have been laid down in a rules of procedure, which is reviewed at least once a year and adjusted as required. The rules of procedure contain procedures for reporting by the Executive Management, the work methods of the Board of Directors, as well as a description of the tasks and responsibilities of the chairman of the Board of Directors. The Board of Directors meets according to a pre-arranged plan and also whenever necessary. The Board of Directors held 15 meetings in 2013. One of these meetings was a strategy seminar.

Remuneration Committee

The Remuneration Committee, which comprises the entire Board of Directors, is responsible for the preparatory work on decisions concerning remuneration policy, including wage policy and other decisions in this respect, which may influence risk management by the Bank.

Remuneration policy

Each member of the Board of Directors receives a fixed annual remuneration stipulated by the Board of Representatives. In the financial year 2013, remuneration for the Board of Directors amounted to DKK 1.8 mill., of which DKK 63,000 was paid to each of the three members of the Board of Directors who are on the Audit Committee.

Remuneration for the Board of Directors, including remuneration for participation in the Audit Committee, as well as the shareholding of each member of the Board of Directors in the Bank is specified as follows:

	Fees etc.	Number of shares
The Board of Directors	DKK '000	at DKK 1,000 each
Poul Erik Skov Christensen (fmd.)	253.8	5
Lars Andersen	190.0	0
Harald Børsting	127.0	2
Claus Jensen *)	120.8	5
Mette Kindberg	190.0	0
Torben Möger Pedersen *)	80.8	0
Johnny Skovengaard	127.0	1
Niels Sørensen	127.0	1
Thorkild E. Jensen **)	70.0	6
Jette Kronborg	127.0	1
John Markussen	127.0	11
Ulla Strøm Nordenhof	127.0	1
Henrik Thagaard	127.0	0

*) From May 2013 **) To May 2013

The remuneration will in some cases be paid to the organisations, which they represent.

Audit Committee

According to legislation, all financial undertakings must have an audit committee supervised by the Danish FSA. The Audit Committee is composed of three members of the Board of Directors and is chaired by Lars Andersen, Managing 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.
- Assess other matters, if so requested by the Board of Directors.

In 2013 the Committee held four meetings and assessed and determined the accounting policies used by the Bank, including in particular methods for writing down loans, provisions on guarantees as well as valuation of financial instruments. In this context the Bank's control environment for calculating the most important accounting estimates in the financial statements was reviewed and assessed.

The 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 composed of Gert R. Jonassen, Chief Executive and Jan W. Andersen, Executive Bank Director. The Executive Management is responsible for the daily operations of the Bank. The framework for the work of the Executive Management is laid down in instructions on the segregation of responsibilities between the Board of Directors and the Executive Management. The members of the Executive Management are not members of the Board of Directors, but they usually take part in meetings of the Board of Directors.

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 2013 amounted to DKK 5.7 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 2013 is as follows:

	Group	The Bank
The Executive Management	DKK '000	DKK '000
Gert R. Jonassen	3,011	3,001
Jan W. Andersen	2,694	2,684

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, free telephone 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 other employees are paid a fixed salary and are covered by a bonus scheme which is regulated through collective agreements.

Shareholders

The Bank regularly informs shareholders about relevant matters and encourages dialogue with shareholders. Amongst other things, this is through newsletters, annual reports, interim reports and at general meetings. The

Bank's website, www.al-bank.dk is updated regularly with published information.

Risk management

The Board of Directors regularly assesses the overall risk and the individual risk factors linked to the Group activities. The Board of Directors adopts guidelines for the most important risk areas, monitors developments and ensures that there are plans to manage individual risk factors, including business and financial risks, insurance and environmental aspects as well as compliance with competition legislation. Risk management is described in more detail in note 4, page 51.

Reporting on significant risks is part of the regular reporting to the Board of Directors. Reporting is carried out at Bank and Group level through an all-risk function in Financial to ensure consistent and systematic risk reporting.

Arbejdernes Landsbank is exposed to various types of risk and considers risk management an essential focus area.

The most important types of risk are listed below:

Credit risk is the risk that a counterparty wholly or partly defaults on its payment liabilities because of lack of resources or for some other reason.

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, due to insufficient cash resources, the Bank is prevented from making new deals and is ultimately unable to honour its obligations, as well as the risk of losses due to disproportionately high increases in the Bank's financing costs.

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: [Group Risk Report 2013](#)

Capital management

Arbejdernes Landsbank actively manages the composition of total capital, taking into account the risk profile selected by the Group. The overall balance-sheet composition and assessment of risk are discussed at fixed meetings of the Bank's Risk and Balance Sheet Management Committee held prior to each meetings of the Board of Directors and sometimes more often, if required. The Risk and Balance Sheet Management Committee is composed of the Executive Management, the management of Credit, Financial, Treasury 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 comprising 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 with 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 decided to be exposed.

The Bank actively applies the calculation of the solvency need as an indicator for whether there is a sufficient safety margin between solvency need and solvency ratio. The Bank has prepared contingency plans for improving the solvency rate if the limit values adopted are threatened or transgressed.

In Q1 2014 a number of changes to the solvency regulations will be implemented in the form of CRD IV which will tighten requirements for the capital base of banks and particularly in relation to the percentage of total capital base represented by core capital; this has already been incorporated in the Bank's internal reports to the Board of Directors. Group capital is of such nature that on full

phasing in of the new rules, it will mainly consist of core capital and hybrid core capital.

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 material errors and omissions in financial reporting.

At least once a year, through the Audit Committee, the Board of Directors assesses the organisational structure, risk of fraud as well as the internal rules and guidelines. 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 compliance with rules for supervised financial undertakings, the Group has elected an independent audit firm, Deloitte, to manage the external audit. 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 conducts a critical assessment of the competencies, independence etc. of the auditors, as recommended by

the Audit Committee. After this, the Board of Directors recommends an independent auditor to the General Meeting. The external, elected auditors are responsible for safeguarding the interests of the shareholders and the public.

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 applied 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. The assumptions may be incomplete or inaccurate. Future events or circumstances may arise which were not forecast at the time of the estimation. Accordingly, estimates and assessments are difficult to make, and if estimates also involve customer relationships and outstanding accounts with other counterparties, these will be associated with significant uncertainties, not least in periods with low business activity. Therefore, it may be necessary to change estimates made previously, either because of new information, further experience or subsequent events.

Events after expiry of the accounting period

In January 2014, the Bank was authorised by the Danish FSA to redeem before maturity a subordinated loan of DKK 328 mill. and issued new hybrid capital of DKK 429 mill. Seen in isolation, this change leads to an increase in the core capital ratio of 1.3 percentage points and 0.4 percentage points in the solvency ratio. No other events have taken place after end of the financial year which have a significant impact on the assessment of the Group's financial position.

CSR Report

A long history of social responsibility

Arbejdernes Landsbank has a long history of social responsibility, dating 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.

The fundamental values of Arbejdernes Landsbank and the Bank's approach to customers, employees, cooperation partners and investments is built on respect for human beings and an objective of leaving an impression on the world as positive as possible. The Bank has a number of policies and objectives seeking to ensure and promote the well-being and financial security of its employees and customers.

Four focus areas

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

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

Customers and products

As financial advisors, we undertake to ensure that customers are given the best possible conditions to live within their financial situation.

Our policy is 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.
- 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.

Our policy is 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.
- Care for employees who suffer from stress or sickness.

Human rights and anti-corruption

In Arbejdernes Landsbank we respect human rights by complying with Danish legislation, collective agreements and labour-market practice which incorporate and specify protection of most of the basic rights. Furthermore, naturally we strongly condemn any type of corruption, and we regularly assess the Bank's policies and procedures in relation to the corporate governance recommendations and the Code of Conduct regulations.

Society

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

Our policy is to:

- Support information campaigns through recognised organisations.
- Establish sponsorship collaboration with sports clubs and non-profit organisations.
- Get involved in the local community and contribute to developing culture and recreational activities.
- Support humanitarian work through Danish and international relief organisations.

Climate and the environment

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

Our policy is 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 [CSR Report](#) is available at the Bank's website.

Work on our vision for 2013

Work in 2013 concentrated on meeting the Bank's Vision 2015, which is as follows:

"Arbejdernes Landsbank is an independent national bank with a full financial service concept aimed at private customers, business 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% 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. Business customers will account for 25% 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 banks¹.*

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."

Strategic goals

Arbejdernes Landsbank has the following long-term goals:

- Quick and competent business management.
- Sustainable growth of 25%.
- Attractive workplace.
- Financial security and strength.
- Create value in two dimensions.

The five long-term goals have formed the basis for the strategic actions which we focused on particularly in 2013.

QUICK AND COMPETENT BUSINESS MANAGEMENT

In 2013 we remained concentrated on developing methods and procedures to ensure optimum processes in the Bank in relation to legislation, customer needs, the Bank's policies and the technological development. As a result there are improvements in a number of processes which are expected to be particularly visible in 2014.

Efficiency improvements

In 2013 the Bank carried out significant efficiency improvements. Focus has been on centralising certain tasks and reaping the benefits from large-scale operations, as well as on increasing the use of IT in several of our customer-oriented processes. Finally, also large improvements in the Bank's internal controls have given more time for our customers without compromising our integrity, due diligence and accountability.

In 2014, the Bank will continue to set ambitious goals for efficiency improvements for the benefit of our customers, but also for our employees.

New process for "blue-stamping" cooperative housing associations

In 2013 the Bank chose to centralise parts of the task of updating the annual assessments of cooperative housing associations in order to free up more time for customers in the branches. The annual update is an important part of the Bank's cooperative property concept and contributes to providing accountable and value-creating advisory services for the benefit of new as well as existing customers.

¹ 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.

New workplace concept

Towards the end of the year, the Bank's employees started using a new workplace concept which is quicker, more reliable and not least, more flexible than seen previously. Mobility has also been taken into account as the communications and cooperation platforms have been regularly expanded to include tables, smartphones and advanced video facilities.

From XP to Windows 7

The Bank is a first-mover in the sector in the transition from Windows XP to Windows 7; a manoeuvre which, in 2014, will save the Bank extensive costs for repairs and error adjustments.

Wifi in all branches

All branches can now offer customers wifi access. This means more effective customer interviews as the customer can look up own data in public databases when the need arises in connection with advisory services.

Effective complaints processing

The increasing use of cards for use in shops and online also leads to an increase in the number of customer complaints. In 2013 we have significantly improved our complaints processing by giving customers online access to making a complaint via a form on the Bank's website and by centralising the complaints processing with a specialist group under IT. This saves time for customers and branches, and as an added, unexpected bonus, the centralisation have meant using less time per case processing than prior to the centralisation.

Digital groundwork

As in the previous years, in 2013 we also carried out significant groundwork of which we will reap the benefits in the coming years. This includes:

- The possibility for customers to order products in AL-NetBank.
- The possibility for potential customers to make an online application to become new customers.
- Continued digitalisation of customer-oriented and internal processes.
- Further development of sector solutions for digital transfer of exposures.

AL-NetBank

In 2013, customers using AL-NetBank have benefited from the continued development of the Bank's digital signature room. This means that when signing certain document types, customers need not visit our branch

to sign physical documents. The number of documents which can be signed digitally will be expanded gradually as new legislation is introduced.

SUSTAINABLE GROWTH OF 25%

Arbejdernes Landsbank only wants to expand according to the principle of sustainable growth. This means that customer transactions must be within the frameworks we have set for banking activities and the frameworks which we assess the individual customer to be able to manage and foresee. Transactions must only be made if both parties are satisfied. In our credit policy we strive to take no unnecessary risks for customers or for the Bank.

Impressive influx of customers

Our sustainable strategy for growth helps ensure that we continue to attract many new customers. In 2013, the Bank attracted 25,000 new customers, corresponding to a growth rate of 11.6%. This is a historical influx of new customers in one single year which bears witness to an enormous interest in our bank. On the basis of the overall number of new customers, 7,000 of the customers are from the three branches in Østjydsk Bank which the Bank took over in June.

New branches

In addition to the three branches which the Bank took over from Østjydsk Bank in June, during 2013, we opened two new branches; at Østerfælled Torv and at Randersvej in Aarhus. This means that we now have 69 branches. We felt very well welcomed, and since the openings, the branches have been busy welcoming new customers. Furthermore, the Bank has already planned the opening of three new branches in 2014: One in Gug in Northern Denmark, one in Holbæk on Zealand and one on Gl. Kongevej in Copenhagen.

Business concept

Part of the growth strategy means increasing focus on business customers, primarily concentrating on small and medium-sized enterprises. The Bank aims at obtaining more business customers through the virtues that already characterise the Bank: Accessibility, integrity, locality and competitive prices. Implementation of the concept will continue in 2013, aiming in particular to expand the business customer area to fill at least 25% of our business by the end of 2015. At the end of 2013, this was 19%.

Growth in the cooperative property area

Despite increased competition, the activity in the cooperative property area meant increases in the loan portfolio for private cooperative properties at the end of

2013 by more than DKK 150 mill. This means that the current portfolio exceeds DKK 5.1 bn. Growth in loans must be viewed in light of maintained focus on assessing the mortgaging and collateral value of cooperative properties and not least the overall economy of private customers. These are thus attractive private customers which the Bank is pleased to welcome.

ATTRACTIVE WORKPLACE

As part of vision 2015, the Bank's goal externally as well as internally is to be acknowledged as an attractive workplace with emphasis on personal and professional development. In 2013 we launched a number of initiatives aimed at ensuring compliance with our goals.

Managerial development

In 2013 we continued holding individual management training courses for all managers of the Bank and, on the basis of various tests, an extensive management training report was drawn up for each manager. Subsequently, the manager has prepared an individual development plan aimed at strengthening personal leadership. In 2013 we also continued working with Erfateams workshops. Through a two-day workshop, each Erfateam has defined specific frameworks and success criteria for their collaboration and set specific goals for the Erfateam. This work will continue in 2014 when the remaining workshops will be held.

Career paths

In Arbejdernes Landsbank we work with competence development adjusted to the individual employee. In 2013 we took the first steps to make the career paths in the organisation more visible. We developed a career portal in which the individual employee can see the competences required to transfer to another position within the organisation. A concept was developed for career interviews as part of the career project. The purpose of these interviews is to prepare a specific career path for the individual employee. This ensures that we have the right resources ready internally when the need for a new employee arises, and we also develop our talents to the benefit of the business.

Health and safety

In 2013 we chose to increase focus on health and safety in the organisation as part of being an attractive workplace. Therefore, we employed a health and safety consultant on full-time, and we revised the health and safety organisation so it now consists of eight larger health and safety groups. A further initiative in 2013 was to develop a senior-policy scheme, the purpose of which is to increase

career opportunities for senior employees in the bank. The bank is continuously focusing on well-being, which is why employee satisfaction will be measured throughout the organisation in spring 2014.

Staff turnover

In 2013 the Bank had a staff turnover of about 7%. The purchase of the three branches from Østjydsk Bank added 22 new colleagues to the organisation. Employment of guidance/career counsellors in several branches has also helped increase competences within this segment. Moreover, the opening of three new branches has also welcomed new colleagues.

Young persons in training

In 2013, we trained 11 financial students and one financial economist. Eleven financial students are now in the midst of completing their last half-year of their two-year training. We have also employed 8 financial students and five financial economists who had a good start to their training programmes in August 2013. We also expect to employ financial students and a number of financial economists at the beginning of August 2014.

Certifications

As part of the extensive regulation of the financial sector in Denmark, new rules are regularly issued pertaining to the competency requirements of managers and employees offering advisory services to customers. Therefore, we have developed training programmes, conducted tests and carried out certifications which do not merely ensure ongoing maintenance of the competences of our financial advisors, but also enable the Bank to document compliance with statutory requirements. This also applies to the money laundering area in which all employees have completed training courses and tests.

FINANCIAL SECURITY AND STRENGTH

Arbejdernes Landsbank has financial strength which enables us to provide great financial security for our customers.

In 2013, the Bank easily lived up to our own requirement that our solvency ratio must contain an excess coverage of at least 2.5 percentage points at all times in relation to our solvency need. This corresponds to the requirements that will apply for building up a capital preservation buffer introduced with the new CRD IV requirements which will be implemented in the period 2014-2019².

² CRD IV stipulates requirements for adequate capital in credit institutions in relation to assumed risks.

In January 2014, the Bank will redeem a subordinated loan of DKK 328 mill. and issue new hybrid capital of DKK 429 mill. as part of adaptation of capital elements which apply to solvency statement pursuant to the new CRD IV requirements.

The level of our solvency and core capital emphasise Arbejdernes Landsbank's position as a firmly consolidated bank which has the necessary strength to expand our position in the market where we find it relevant for the Bank.

CREATE VALUE IN TWO DIMENSIONS

We want to be recognised as a bank that creates value for its customers and owners. For customers, this is through long-term cooperation on the basis of customer needs and the Bank's values. For owners, this is accomplished by ensuring that the return on equity is as a minimum at the average for Danish Group 2 banks.

Customer satisfaction

In October 2013 two independent surveys were published, and both surveys showed generally high satisfaction with our way of running business. The first survey which was conducted by the strategy and communication agency Brandhouse among 12,000 customers in both retail and service businesses, ranks Arbejdernes Landsbank as the bank with the most loyal customers and the fifth most recommended brand in Denmark. The results is supported by a survey from the consultancy firm Loyalty Group which shows that the customer satisfaction and customer loyalty in Arbejdernes Landsbank is the absolute highest in the Danish bank sector.

Danes' preferred bank

For the fourth consecutive year, the Bank was chosen by Danes as their preferred bank in a large, independent survey by the CEM Institute. According to the survey, of all the banks in Denmark, Arbejdernes Landsbank has the most satisfied customers, and it is also the bank, to which Danes are most interested if they are thinking of changing bank.

Openness

We believe that openness is closely connected to the ability to create value for both customers and owners. Therefore, again in 2013, we have focused on participating in price-comparison surveys. During the year, the Bank's Chief Executive and other spokespersons for the Bank have

communicated with important media to make the Bank visible and to disseminate how we want to develop our business.

Visibility

In order to create value for our customers we emphasise being present and visible for our customers. We aim at showing the general public that we are a bank which builds on sound values. Therefore, all activities in 2013 share the common characteristic that they are not necessarily about cool cash, but focus more on what gives us value in our lives.

Among other things, we have been visible through sponsorships of football, handball and ice hockey, as well as by meeting Danish families through a number of family activities such as Digital Etiquette (*Digital Dannelse*) and Motivated learning (*Lær med Lyst*).

In 2013 we also supported the association *Børn, Unge & Sorg* (grief support organisation for children and young persons). One way of doing this was through the "Give Hope" cycling team which on their tour around Denmark collected funds for children and young persons who witness their parents or siblings falling seriously ill or dying.

During 2013 we became particularly visible in films and the media through our cinema sponsorship "Behind the movie" which supports the Danish film industry. Among other things, we offered free tickets for opening nights such as "The Keeper of Lost Causes", "Spies and Glistrup" and "The Olsen Gang". Finally we sponsored the new drama series on the Danish television channel TV2 "*Badehotellet*", which has attracted more than 1.5 million viewers.

During the year, our various sponsorships, events and initiatives were followed up by more traditional marketing activities, with TV and cinema spots, adverts and various online and outdoor campaigns.

Value for all owners

Our ability to create value for our owners is reflected in the return on equity which compares well with the average for the Danish Group 2 banks. The year 2013 saw good value creation in that the return for owners measured as return on equity after tax was clearly better than the average for Group 2 banks.

Economic and financial trends in 2013

The international economy and financial markets

The recession ended in the Eurozone and progress in the US economy continued. Monetary policy remained historically loose in both regions but despite this, bond yields rose moderately in the safe countries (the US and Germany) on the back of more positive future prospects and a sharply abating government-debt crisis in the Eurozone. Equities had another good year in 2013, bolstered by economic progress and general good liquidity in the cash cycle.

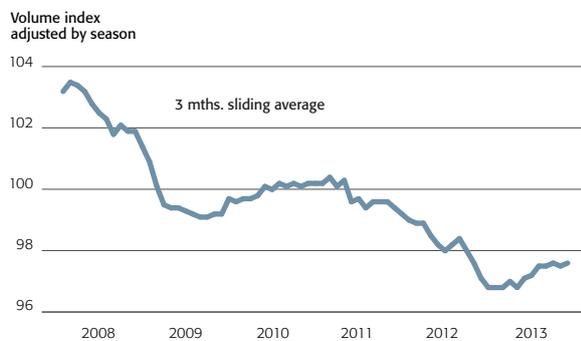
In 2013, the old economies (the US and Europe) performed relatively better than the new economies (Brazil, China, India, South Africa etc.). This applied for both financial-market trends and macro-economic developments.

Headway in the Eurozone

The Eurozone recession ended early on in the year, after six successive quarters of negative growth. From Q2 onwards, positive growth slowly returned. However GDP for all of 2013 ended at below the 2012 level because of the very low start point for the economy in January 2013.

There are three reasons for the recovery in 2013. The first was that even in late 2012 the mood of crisis in consumers and the business community was beginning to brighten, and confidence in the future strengthened further in 2013. This led to advances in private consumption in particular and, to a lesser degree, in investment. Therefore, in 2013 it was domestic demand that powered the progress in the Eurozone economy; something new compared with the preceding years in which exports kept the economy afloat.

The Euro zone: Retail income starting to increase



Secondly, economic policy cut-backs were less restrictive for economic activity than in previous years. Economic

policy remained tight, and there were budget cuts in all Eurozone countries, but the largest and deepest adjustments were over.

Thirdly the government debt crisis eased considerably in 2013, lightening the mood in the financial markets. Structural policies began to have an effect in the crisis-hit countries; most visibly in that balances of payments began to move into surplus after many years of large deficits. Government finances also improved, although deficits remained higher than the EU requirement of maximum 3% GDP. In late 2013, Ireland left the EU lending programme as the first of the countries which between 2010 and 2012 had to ask for crisis loans from the EU and the IMF.

The subsiding debt crisis also meant that EU focus could move from acute crisis intervention to initiatives to prevent future crises. For example, plans for a bank union moved forward in 2013 with a decision that, from the end of 2014, the ECB is to take over responsibility for a new EU bank supervisory mechanism. Denmark has yet to take a position on participation in the union.

Germany remained the driving force for the Eurozone economy, with growth in GDP in 2013 of 0.5%. Germany also saw growth in domestic demand and labour-market trends were robust. Germany created more than 250,000 new jobs in 2013. The election to the Bundestag resulted in a majority government between Chancellor Merkel's CDU/CSU and the social democrats, SPD. The new government will follow the same Euro-friendly policy as previously, and it has heralded introduction of a statutory minimum wage of EUR 8.5 an hour from 2015. This policy is deemed to be slightly more growth-oriented than previously.

Inflation unexpectedly eased off in 2013 and reached a low point of just 0.7% in October, compared with the ECB target of inflation close to but not exceeding 2%. This low inflation is partly due to low commodities prices and low pay rises. Low inflation boosted economic recovery in the Eurozone by increasing consumer purchasing power. At the same time, however, it roused concern as such low inflation rates entail a risk of deflation (a longer period with negative inflation).

US safely out of fiscal-policy chaos

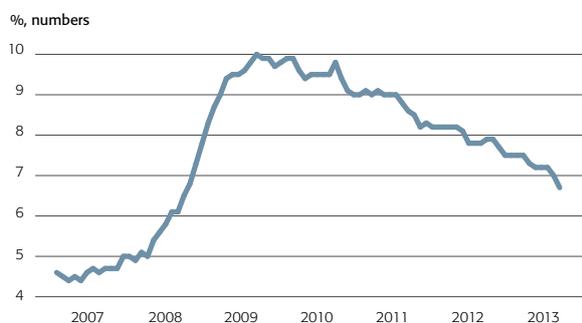
The underlying strength of the US economy held sway against the unrest in fiscal policy, and GDP growth has been estimated at almost 2% in 2013.

In 2012, many feared that the US would topple over the "fiscal cliff" if politicians could not reach agreement on

fiscal policy by the end of the year. This agreement was not made on time and yet the US economy remained solid. In 2013 a number of ad hoc fiscal policy solutions were introduced. Taxes were raised in January, and after new political indecision, automatic budget cuts took effect in March. In October much of the public sector closed down for two weeks because politicians could not agree on a new budget and almost 800,000 federal employees were sent home. In December politicians demonstrated sudden and unexpected decisiveness with a two-year agreement on the federal finances. This brought calm to fiscal policy, which moreover was eased a little.

The underlying strength of the US economy was also demonstrated in 2013 in the labour market, as unemployment fell by more than 6.7% and more than 2 million new jobs were created. The improved conditions on the labour market led to increases in the rate of pay rises after four years' decline. This was positive for private consumption, which accounted for much of the progress in the economy as a whole. In addition to pay increases, private consumption was also stimulated by growing private wealth, and debt as a percentage of private assets fell to the lowest level since the early 2000s.

The US: Unemployment still high, though decreasing



The headway in the US economy was also bolstered by a banking system which to a large extent had regained its footing after the financial crisis, with consequential growing lending activity. The housing market continued to strengthen, although at a slower rate than in the previous year.

ECB reduced interest rates

The world's most important central banks maintained an extremely loose monetary policy throughout 2013, probably on the back of an assessment that the economy remained fragile and needed stimulation.

In November the ECB lowered its leading lending rate by 0.25 percentage points to 0.25%; the lowest level ever. The

reduction in interest rates came as a surprise because it came at a time when the economy was in recovery. However, the ECB justified the reduction with very low inflation and continued stagnation in the lending activity of banks in the Eurozone. At the same time the ECB kept to its forward guidance for the financial markets that in the long term interest rates would be as they are now or even lower.

The US Fed held its leading lending rate at between 0.00 and 0.25% throughout 2013. However, despite this, the first steps were taken to normalise monetary policy. In mid 2013 the Fed announced that it would soon start scaling down its supportive buying of US government bonds to the tune of USD 85 bn. a month. This equates to withdrawing liquidity additions to the US cash cycle. This announcement surprised the financial markets, which reacted with considerable drops in share prices, while bond yields rose. The Fed later retreated. The down-scaling never came and the mood of the markets returned to normal. At the end of 2013, however, the Fed again decided to scale down supportive purchases by USD 10 bn. starting from January 2014. This time the financial markets were ready and reactions therefore very subdued.

Increasing bond yields in the safe countries

Yields on 10-year US government bonds increased by 1.25 percentage points over 2013, while corresponding yields in Denmark and Germany rose by almost 0.75 percentage points. These increases are due to two factors. Firstly, the positive economic prospects looked brighter. Secondly there was less uncertainty with regard to the European debt crisis and US fiscal policy. Investors were more risk-tolerant, meaning that capital shifted from government bonds in the safe countries (like the US, Germany and Denmark) to higher risk investments such as equities and government bonds in southern European countries.

Bond yields increased, mostly in the US - 2013



Yields increased most in the US because the US is further ahead than Europe in the economic cycle and the US Fed took the first tentative steps towards normalising monetary policy.

However, yields remained very low historically, despite increases throughout 2013.

Large increases yet again on share markets

2013 was yet another strong year for equities in the old economies, with price rises in local currencies of between 57% (in Japan) and 22% (in the Eurozone). The leading Danish market index rose by 32%. The background for these rises was brighter prospects for the macro-economy, prospects of low returns on alternatives (bonds) as well as general high liquidity in the cash cycle.

On the other hand, 2013 was a bad year for shares in the new economies, with increases of just 1% in local currencies. When the chairman of the US Fed first talked about normalisation of US monetary policy in the summer, the financial markets reacted strongly, with large sales of securities in the newly industrialised countries. Profit taking was reinforced by increased focus on growing imbalances in the economies of some of the largest newly industrialised countries.

Outlook for 2014

The economic outlook is generally favourable, but there are always risks. One of the greatest risks is in the stock market, especially how this will be affected by the gradual reduction by the Fed of its bond purchases. A large and long-term correction will have a negative effect on growth.

In the Eurozone, the economic recovery is expected to take a firmer hold in 2014, with gradually accelerating growth over the year. Most of the southern European countries are also expected to return to positive growth rates. For the Eurozone as a whole, GDP growth has been estimated at around 1% in 2014 and this continues to be much lower than normal. Therefore, unemployment will only slowly drop. Inflation is estimated to remain lower than the ECB target, but rising weakly over the year.

In the **US** too, the outlook is for increasing growth rates. GDP growth is expected to rise to around 3% for 2014 as a whole, bolstered by private consumption. Unemployment is expected to continue to drop and reach the Fed target of 6.5% during the autumn. Inflation will remain low, but increase slightly over the year. The US will be holding mid-term elections in November 2014 for all 435 seats in the House of Representatives.

Outlook for interest rates

Monetary policy is expected to remain loose throughout 2014. The ECB is expected to keep its leading rates unchanged over 2014, given the outlook for moderately

accelerating growth and inflation. Any monetary policy initiatives are expected to come in the form of new long-term money-market loans for Eurozone banks.

The US Fed is expected to gradually remove its supportive liquidity for the US cash cycle over 2014. The leading monetary policy interest rates are expected to remain unchanged, despite prospects that unemployment will reach the Fed's target in the autumn. The Fed is likely to wait until it is completely confident in the recovery before increasing interest rates; probably during 2015.

Bond yields in Germany and Denmark are expected to remain low, although with moderately increasing trends over 2014.

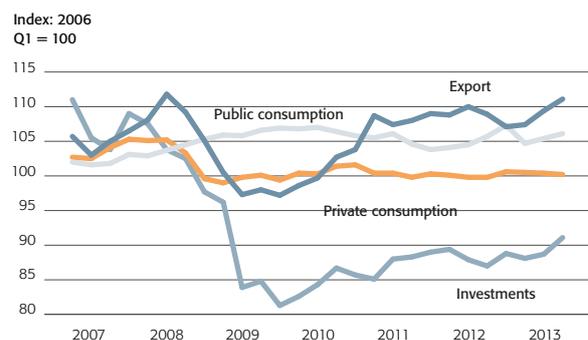
The Danish economy

Weak progress in 2013

There was again economic headway in 2013 after two years of retreat. However, the recovery was weak. On the basis of preliminary figures, growth ended at between 0.25% and 0.5%.

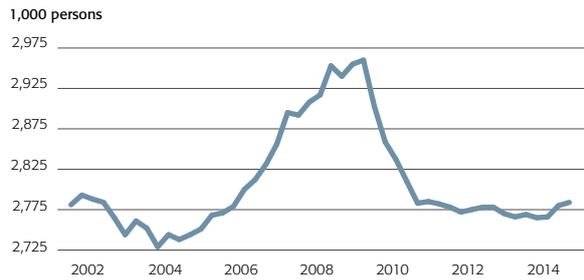
The recovery in 2013 was especially attributable to exports, but public investment also rose. Private consumption has stagnated for a number of years, and only rose very slightly compared with 2012.

No growth in private consumption

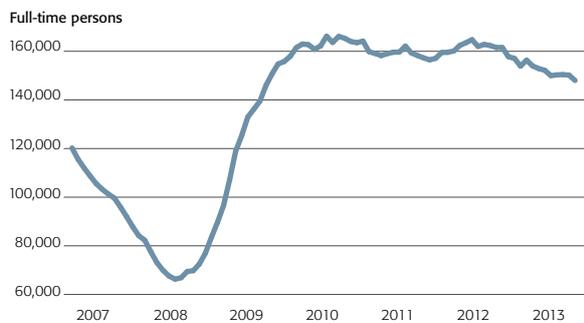


No movement on the labour market

The weak economic growth and the recession of the previous year meant that the labour market made no real progress.

Employment, including persons on leave

Employment rose slightly from the middle of the year, partly as a result of an increase in public-sector employment, and partly because of increasing employment in the trade, transport and other business services sectors.

Gross unemployment

Gross unemployment dropped slightly over 2013. However, account should be taken of the effects of the policy to shorten the period of entitlement to unemployment benefits from four to two years. Therefore, care should be taken in ascribing the drop to real improvements in the labour market.

Reforms

There were many reforms in 2013. The 2012 tax reform entered into force, and during the year reforms of student grants and social benefits were adopted.

The reform of unemployment benefits involving a shortened period of entitlement was adopted by the previous Liberal-Conservative government in 2010, and this also had consequences in 2013 for several thousand unemployed. However, the situation of those affected was alleviated by extending possibilities to enter special education schemes and by establishing a temporary benefits scheme for those affected.

Improvements in public finances

Preliminary figures indicate that the deficit on public finances temporarily disappeared in 2013. The improvement in the balance in 2013 is primarily attributable to the extraordinary effect on the balance of discontinuing the capital pension scheme. In this context, Danes with a capital pension could pay a lower tax rate in both 2013 and 2014 in return for converting their pensions to an old-age pension. The option was very popular and it has led to extraordinary revenues for the state.

Denmark is still subject to the EU recommendation from 2010 because of its large budget deficit in the wake of the financial crisis. The primary requirement of the recommendation was to bring down the deficit to below 3% of GDP by no later than 2013. Between 2011 and 2013, Denmark has also had to bring down the structural budget deficit by 0.5% per year.

With the prospect of an actual budget deficit of around 0% in 2013, there are good possibilities for the recommendation to be repealed in 2014. However, this will require that forecasts indicate deficits of less than 3% in 2014 and 2015.

Measured in relation to other countries, the Danish government debt remains low and Danish government bonds continued to receive top ratings from bureaus in 2013. Danish government bonds are therefore still considered as a safe haven.

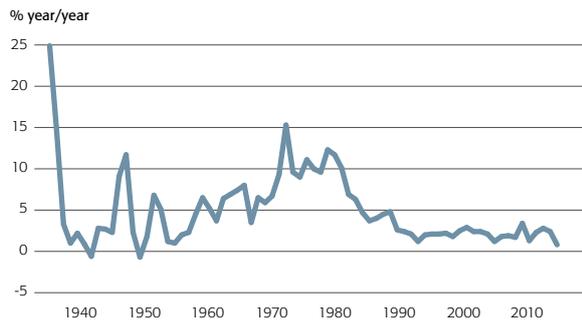
Small pay and price increases

At 0.8%, inflation was historically low in 2013. We have to go back more than 60 years to see inflation at equally low levels. The low rate of price increases is due to a combination of many years of low demand, falling commodities prices and a number of tax cuts on consumer goods.

Increases in salaries were also low in 2013. However, real earnings were positive for many wage earners because of the extraordinarily low rate of inflation. Real earnings fell in 2011 and 2012.

In early 2014, new three-year collective agreements will be negotiated for the private labour market, including for industry.

Inflation



The housing market is improving in parts

In 2013, the largest cities in particular had a more healthy housing market. However, in many places, far from these cities, the market remains sluggish, with houses on the market for a long time before being sold.

Prices of freehold flats rose during the year, while detached houses remained more or less stable. Slightly more dwellings were sold in 2013 than in the previous year, although trading activity remains less than normal.

The advances were bolstered by continued historically low interest rates and slight improvements in consumer confidence over the year. Several opinion polls showed that Danes were more confident in the housing market.

Outlook for the Danish economy

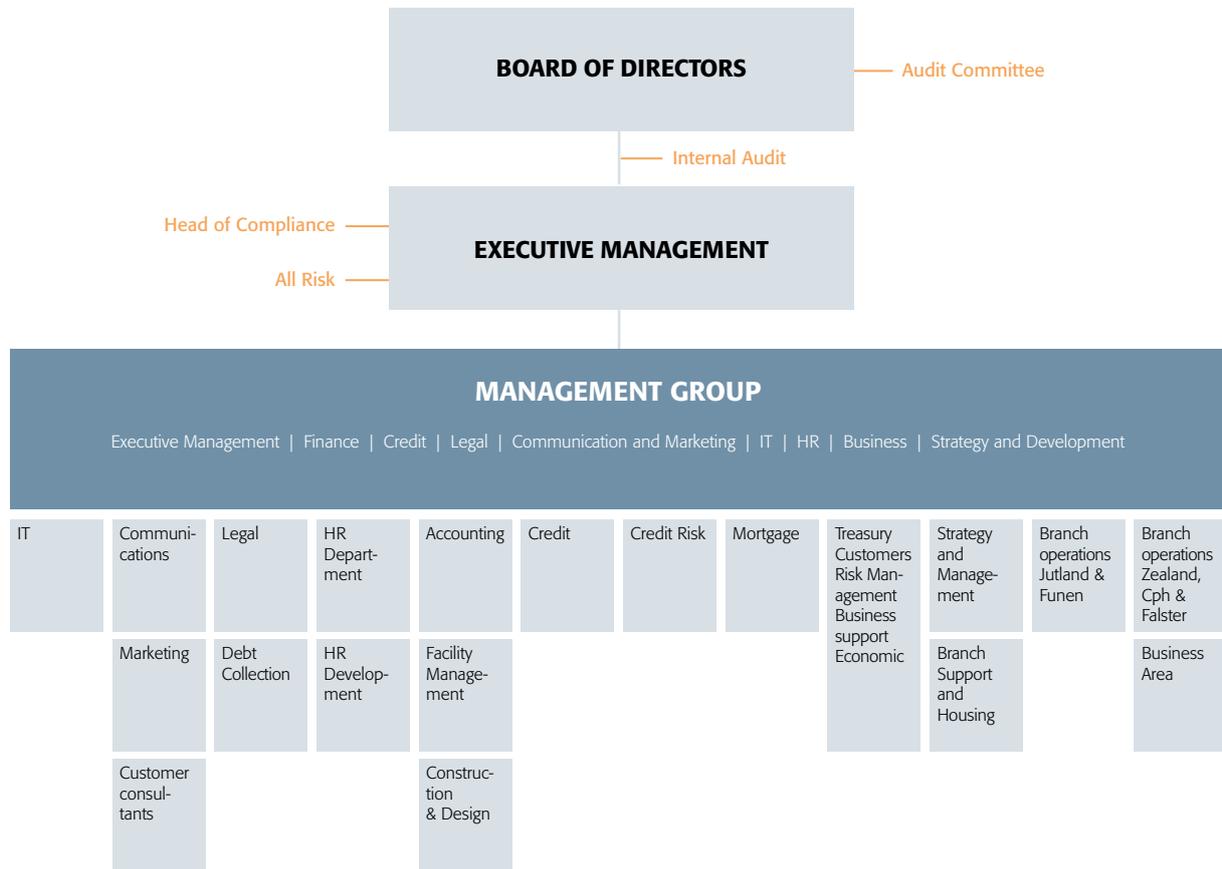
The outlook for the Danish economy is brighter than a year ago. Several indicators point in the right direction and prospects for the European and US economies look better than they did a year ago. Much indicates that 2014 will show clear signs of economic upturn. We expect growth of 1.75%, and this will be sufficient to bring down unemployment.

Progress in 2013 was primarily driven by exports. If the recovery is to take a stronger hold in 2014, it is important that private consumption rises by more than it has done so far. If advances in Europe continue, and the improvements in the Danish housing market become more widespread, there is potential that this may happen.

However, there is still a risk that it may not. The European economy may still disappoint and Danish private consumption may be kept in check for longer than expected by the high levels of debt built up by Danes in the 2000s. A potential risk for the housing market, and therefore for private consumption, is also that thousands of non-repayment mortgages are to mature in the near future.

Organisation chart for Arbejdernes Landsbank Group

A/S Arbejdernes Landsbank – CVR 31 46 70 12
Parent Company



Management structure

Arbejdernes Landsbank has a two-tier management structure.

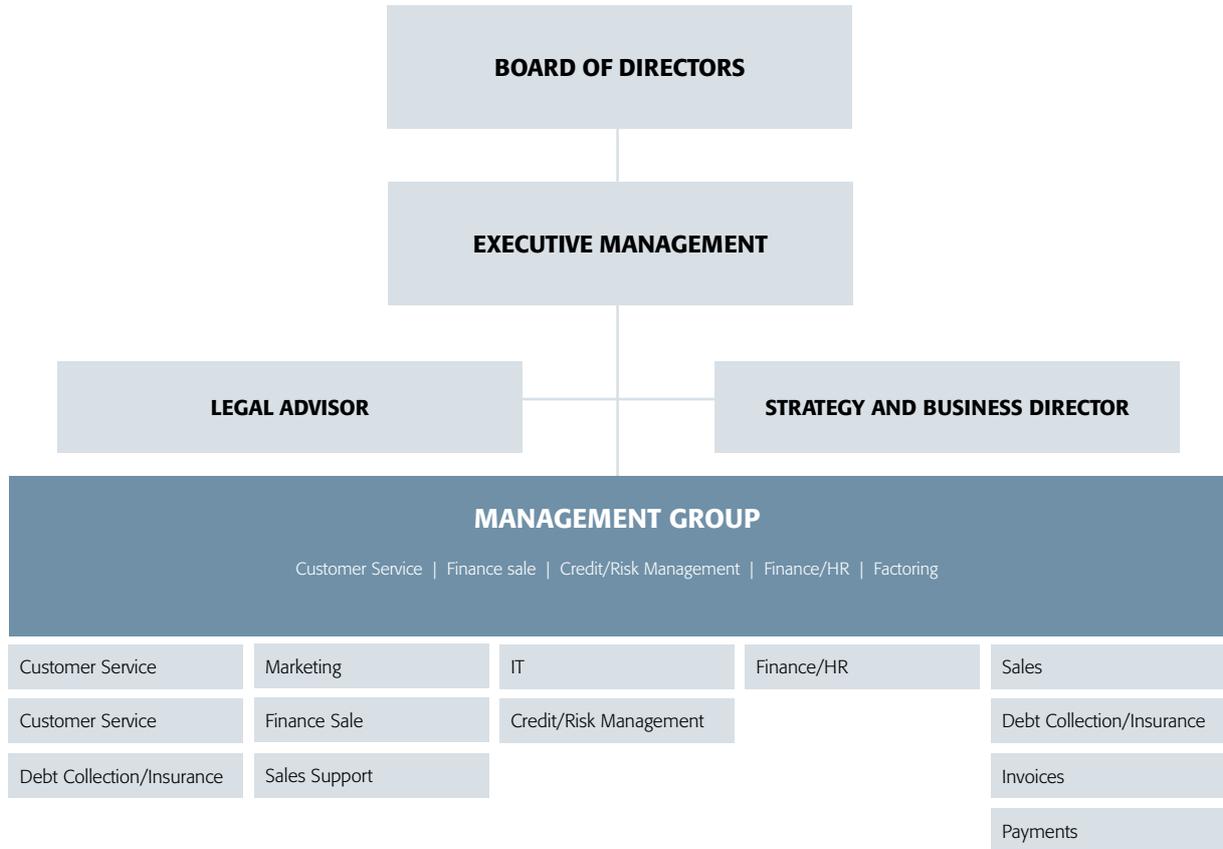
The two-tier management structure means that the Board of Directors establishes the overall principles for the Bank's operations.

The Board of Directors is responsible for the Bank having an appropriate organisation.

The Board of Directors employs the Executive Management, the Head of Internal Audit, any deputy chief internal auditor and the Bank's heads of branch.

The Executive Management is responsible for the day-to-day management of the Bank.

AL Finans A/S – CVR 31 43 34 28
Subsidiary undertaking



Management structure

The fully owned subsidiary AL Finans A/S has a two-tier management structure.

The two-tier management structure means that the Board of Directors establishes the overall principles for the subsidiary undertaking's operations.

The Board of Directors is responsible for the subsidiary undertaking having an appropriate organisation. The Board of Directors employs the executive manager.

The executive manager is responsible for the day-to-day management of the subsidiary undertaking.

Handels ApS Panoptikon – CVR 22 59 04 13
Subsidiary undertaking



Management structure

The fully owned subsidiary undertaking Handels ApS Panoptikon has a one-tier management structure in the form of an executive management.

The executive management establishes the overall principles for the Bank's operations and manages day-to-day management of the undertaking. The undertaking has no staff.

Overview of the development of the Bank

Year	Share capital DKK '000	Equity DKK '000	Total deposits DKK '000	Total loans DKK '000	Balance sheet DKK '000	Dividends
1919	2,028	2,053	8,467	6,171	10,845	2%
1924	2,980	3,113	32,097	27,333	35,743	0%
1929	3,000	3,153	34,549	27,147	38,117	0%
1934	4,000	5,809	54,701	30,476	60,895	5%
1939	5,748	8,298	79,122	53,820	90,975	5%
1944	6,068	10,383	112,733	39,593	132,318	5%
1949	9,000	14,656	148,210	106,992	185,173	5%
1954	12,268	20,029	236,362	166,498	280,877	5%
1959	20,000	34,361	324,455	208,054	396,974	5%
1964	27,480	51,194	512,412	391,147	687,722	5%
1969	73,245	132,224	1,112,641	859,137	2,020,207	8%
1974	84,010	189,609	1,416,860	1,055,938	1,952,346	8%
1979	155,000	386,378	3,302,869	2,042,200	4,138,430	8%
1980	175,000	492,641	4,134,319	2,216,857	5,146,659	8%
1981	200,000	606,040	4,480,342	2,725,706	5,826,485	8%
1982	200,000	737,163	5,408,926	3,061,164	6,956,243	8%
1983	250,000	1,072,901	6,343,780	3,591,311	8,248,399	8%
1984	250,000	1,065,326	7,159,989	4,113,046	9,193,014	10%
1985	300,000	1,259,777	8,892,844	4,849,759	11,895,334	10%
1986	300,000	1,169,252	12,332,646	6,120,481	15,767,884	10%
1987	300,000	1,178,692	9,204,051	6,689,158	13,148,580	10%
1988	300,000	1,114,226	9,739,026	6,841,645	13,568,986	10%
1989	300,000	1,038,432	8,874,509	6,816,247	12,114,390	5%
1990	300,000	1,127,053	9,604,343	7,246,667	13,190,238	5%
1991	300,000	1,141,123	10,066,171	7,589,772	13,503,811	7%
1992	300,000	910,226	9,518,135	6,321,741	11,909,442	0%
1993	300,000	1,017,069	9,810,743	5,915,726	12,056,005	6%
1994	300,000	978,775	9,497,094	5,980,578	13,019,924	6%
1995	300,000	1,107,773	9,366,550	6,120,781	12,481,734	8%
1996	300,000	1,244,261	9,509,461	5,954,845	12,992,751	8%
1997	300,000	1,253,927	8,600,579	6,253,048	13,593,738	8%
1998	300,000	1,324,771	9,073,724	6,129,112	13,634,397	9%
1999	300,000	1,366,063	8,703,307	5,767,079	13,304,523	8%
2000	300,000	1,447,765	8,647,361	6,612,586	14,694,356	8%
2001	300,000	1,517,595	9,462,569	6,798,638	13,584,198	8%
2002	300,000	1,572,733	9,931,401	6,718,055	12,966,789	8%
2003	300,000	1,776,367	10,064,125	7,243,911	14,818,457	35%
2004	300,000	1,985,181	11,172,086	7,995,438	17,632,336	18%
2005	300,000	2,577,002	11,901,912	9,147,135	20,155,354	15%
2006	300,000	2,826,009	12,635,413	11,158,237	22,266,046	20%
2007	300,000	2,951,311	14,575,944	13,255,086	25,721,904	20%
2008	300,000	2,847,539	19,079,536	17,401,113	31,819,407	0%
2009	300,000	2,939,710	21,406,246	16,954,659	30,512,085	0%
2010	300,000	3,118,224	20,942,449	16,917,430	32,344,168	8%
2011	300,000	3,157,260	22,932,631	16,948,118	34,570,204	8%
2012	300,000	3,607,213	24,100,569	17,687,171	36,773,174	35%
2013	300,000	3,929,360	28,134,619	18,051,773	37,567,966	20%



Endorsements

Statement by management

Today, the Board of Directors and the Executive Management presented and adopted the annual report of Aktieselskabet Arbejdernes Landsbank and the Group for the financial year 1 January to 31 December 2013.

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. 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 and the financial statements give a fair presentation of the assets, liabilities and financial position of the Group and of the Bank as of 31 December 2013 and of the results of the activities and cash flows of the Group and the Bank for the financial year 1 January to 31 December 2013.

In our opinion, the management's review provides a true and fair report of the developments of the activities and financial situation, results for the year and financial position of the Group and of 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 that the annual report be adopted at the General Meeting.

Copenhagen, 11 February 2014

Executive Management:

GERT R. JONASSEN
Chief Executive

JAN W. ANDERSEN

Board of Directors:

POUL ERIK SKOV CHRISTENSEN
Chairman

METTE KINDBERG

JETTE KRONBORG

LARS ANDERSEN

JOHNNY SKOVENGAARD

JOHN MARKUSSEN

HARALD BØRSTING

NIELS SØRENSEN

ULLA STRØM NORDENHOF

CLAUS JENSEN

TORBEN MÖGER PEDERSEN

HENRIK THAGAARD

Internal auditor's report

Endorsement of the consolidated financial statements and the financial statements

We have audited the consolidated financial statements and the financial statements for Aktieselskabet Arbejdernes Landsbank for the financial year 1 January to 31 December 2013. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the EU, and the 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 according to the international auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and the 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 and internal controls established, including the risk management organised by management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a sample basis, the basis of amounts and other disclosures in the consolidated financial statements and the financial statements. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the 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 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 financial statements give a fair presentation of the Group's and the Bank's assets, liabilities and financial position as of 31 December 2013 and of the results of the Group's and the Bank's activities and cash flows for the financial year 1 January to 31 December 2013, 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 financial statements.

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 financial statements.

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

Copenhagen, 11 February 2014

ANNE MARIE HAAS
Internal Audit Manager

The independent auditors' report

To the shareholders of Aktieselskabet Arbejdernes Landsbank

Endorsement of the consolidated financial statements and the financial statements

We have audited the consolidated financial statements and the financial statements of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January to 31 December 2013 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 Bank. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the 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 financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the International Financial Reporting Standards as approved by the EU, as well as for the preparation and fair presentation of financial statements 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 financial statements without material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the 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 that the consolidated

financial statements and 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 financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement in the consolidated financial statements and the financial statements, whether due to fraud or error. In making risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements and the 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 used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the 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

Furthermore, we believe that the consolidated financial statements give a fair presentation of the Group's assets, liabilities and financial position as of 31 December 2013 and of the results of the Group's activities and cash flows for the financial year 1 January to 31 December 2013 according to International Financial Reporting Standards as adopted by the EU.

In addition, in our opinion the financial statements provide a fair presentation of the assets, liabilities, and financial position of the Bank as of 31 December 2013, as well as of the result of the activities and cash flows of the Bank for the financial year 1 January to 31 December 2013 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 financial statements.

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

Copenhagen, 11 February 2014

DELOITTE

STATE-AUTHORISED LIMITED PARTNERSHIP
COMPANY OF ACCOUNTANTS

JOHN LADEKARL
*State-Authorised Public
Accountant*

CHRISTIAN DALMOSE PEDERSEN
*State-Authorised Public
Accountant*



Financial statements and consolidated financial statements

Income statement and comprehensive income

Note	Group		Bank		
	2013 DKK '000	2012 DKK '000	2013 DKK '000	2012 DKK '000	
Income statement					
7	Interest income	1,446,272	1,526,372	1,348,869	1,439,062
8	Interest expenses	-304,504	-352,740	-304,253	-352,349
	Net interest income	1,141,768	1,173,632	1,044,616	1,086,713
	Dividends from shares etc.	59,590	14,325	59,590	14,325
9	Fee and commission income	434,340	387,557	381,392	343,940
	Fees and commissions paid	-55,557	-78,955	-24,496	-54,233
	Net interest and fee income	1,580,141	1,496,559	1,461,102	1,390,745
10	Value adjustments	278,719	344,709	274,724	346,363
	Other operating income	103,436	84,985	38,079	38,306
11	Staff and administration expenses	-1,152,574	-1,093,067	-1,066,358	-1,020,373
	Amortisation/depreciation as well as write-downs for impairment on intangible assets and property, plant and equipment	-61,408	-56,765	-15,169	-15,148
12	Other operating expenses	-108,452	-67,388	-108,452	-67,388
13	Write-downs on loans and receivables etc.	-235,494	-277,193	-229,778	-270,887
	Profit/loss from equity investments in associates and group companies	112,645	128,035	149,336	148,747
	Profit before tax	517,013	559,875	503,484	550,365
14	Tax	-93,651	-103,274	-80,122	-93,764
	Profit for the year	423,362	456,601	423,362	456,601
	Proposal for distribution of profit:				
	Dividend for the year	60,000	105,000	60,000	105,000
	Transferred to equity	363,362	351,601	363,362	351,601
	Total for distribution	423,362	456,601	423,362	456,601
Totalindkomst					
	Profit for the year	423,362	456,601	423,362	456,601
	Other comprehensive income which cannot be redesignated to the income statement				
	Change in the valuation of owner-occupied properties *)	3,785	17,352	3,785	17,352
	Total other comprehensive income	3,785	17,352	3,785	17,352
	Total comprehensive income	427,147	473,953	427,147	473,953

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

Balance sheet as of 31 December

Note	Group		Bank		
	2013 DKK '000	2012 DKK '000	2013 DKK '000	2012 DKK '000	
Assets					
	Cash in hand and demand deposits with central banks	664,402	723,817	664,400	723,812
15	Receivables from credit institutions and central banks	2,043,890	1,091,572	2,043,615	1,087,323
4	Loans and other receivables at amortised cost	18,148,528	17,751,986	18,051,773	17,687,171
16	Bonds at fair value	12,748,674	13,843,097	12,748,674	13,843,097
4	Shares etc.	999,127	916,114	999,127	916,114
17, 40	Equity investments in associates	719,917	626,672	719,917	626,672
40	Equity investments in group companies	0	0	152,567	115,881
18	Assets linked to pooled schemes	652,520	442,632	652,520	442,632
21	Intangible assets	43,894	11,897	24,338	1,453
19	Total land and buildings	746,325	628,508	746,325	628,508
	Investment properties	55,332	55,332	55,332	55,332
	Owner-occupied properties	690,993	573,176	690,993	573,176
20	Other property, plant and equipment	189,837	180,772	75,912	59,055
	Current tax assets	0	0	12,916	13,842
23	Deferred tax assets	5,811	10,887	28,558	32,573
22	Other assets	659,258	584,666	623,774	572,428
	Accruals	26,281	26,627	23,550	22,613
	Total assets	37,648,464	36,839,247	37,567,966	36,773,174
Liabilities					
Debt					
24	Debt to credit institutions and central banks	2,596,125	4,081,768	2,596,125	4,081,768
25	Deposits and other debt	27,493,092	23,664,299	27,482,099	23,657,937
	Deposits in pooled schemes	652,520	442,632	652,520	442,632
26	Issued bonds at amortised cost	262,158	3,090,796	261,164	3,089,802
	Current tax liabilities	7,871	15,439	0	0
27	Other liabilities	1,869,215	1,088,357	1,817,454	1,054,608
	Prepayments	30,837	30,502	22,039	22,483
	Total debt	32,911,818	32,413,793	32,831,401	32,349,230
28	Provisions				
	Provisions for pensions and similar liabilities	7,600	10,200	7,600	10,200
	Provisions for losses on guarantees	17,512	9,229	17,512	9,229
	Other provisions	56,224	77,861	56,143	76,351
	Total provisions	81,336	97,290	81,255	95,780
	Subordinated debt				
29	Subordinated debt	725,950	720,951	725,950	720,951
	Total subordinated debt	725,950	720,951	725,950	720,951
Equity					
30	Share capital	300,000	300,000	300,000	300,000
	Revaluation reserves	207,378	203,593	207,378	203,593
	Other reserves	569,405	476,160	709,140	579,210
	Statutory reserves	569,405	476,160	709,140	579,210
	Retained earnings or losses	2,792,577	2,522,460	2,652,842	2,419,410
	Proposed dividend	60,000	105,000	60,000	105,000
	Total equity	3,929,360	3,607,213	3,929,360	3,607,213
	Total liabilities	37,648,464	36,839,247	37,567,966	36,773,174

Changes in equity

	Share capital	Revaluation reserves	Reserves	Retained earnings	Dividends	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Group 2013						
Equity brought forward for 2013	300,000	203,593	476,160	2,522,460	105,000	3,607,213
Profit for the year		0	93,245	270,117	60,000	423,362
Other comprehensive income		3,785			0	3,785
Total comprehensive income		3,785	93,245	270,117	60,000	427,147
Dividend paid for 2012					-105,000	-105,000
Total changes in equity		3,785	93,245	270,117	-45,000	322,147
Equity at the end of 2013	300,000	207,378	569,405	2,792,577	60,000	3,929,360
Group 2012						
Equity brought forward for 2012	300,000	186,241	360,865	2,286,154	24,000	3,157,260
Profit for the year			115,295	236,306	105,000	456,601
Other comprehensive income		17,352				17,352
Total comprehensive income		17,352	115,295	236,306	105,000	473,953
Dividend paid for 2011					-24,000	-24,000
Total changes in equity		17,352	115,295	236,306	81,000	449,953
Equity at the end of 2012	300,000	203,593	476,160	2,522,460	105,000	3,607,213
Bank 2013						
Equity brought forward for 2013	300,000	203,593	579,210	2,419,410	105,000	3,607,213
Profit for the year		0	129,930	233,432	60,000	423,362
Other comprehensive income		3,785	0	0	0	3,785
Total comprehensive income		3,785	129,930	233,432	60,000	427,147
Dividend paid for 2012					-105,000	-105,000
Total changes in equity		3,785	129,930	233,432	-45,000	322,147
Equity at the end of 2013	300,000	207,378	709,140	2,652,842	60,000	3,929,360
Bank 2012						
Equity brought forward for 2012	300,000	186,241	443,270	2,203,749	24,000	3,157,260
Profit for the year			135,940	215,661	105,000	456,601
Other comprehensive income		17,352				17,352
Total comprehensive income		17,352	135,940	215,661	105,000	473,953
Dividend paid for 2011					-24,000	-24,000
Total changes in equity		17,352	135,940	215,661	81,000	449,953
Equity at the end of 2012	300,000	203,593	579,210	2,419,410	105,000	3,607,213

Cash flow statement *)

Note	Group		Bank	
	2013 DKK '000	2012 DKK '000	2013 DKK '000	2012 DKK '000
Profit before tax for the year	517,013	559,875	503,484	550,365
Adjustment for non-cash operating items				
Depreciation, amortisation and write-downs of intangible assets	8,108	4,117	3,015	425
Depreciation, amortisation and revaluations of property, plant and equipment	53,300	52,648	12,154	14,723
Write-downs on loans etc.	235,494	277,193	229,778	270,887
Net profit for the year adjusted for non-cash operating items	813,915	893,833	748,431	836,400
Loans and receivables with credit institutions etc.	-101,417	-1,040,116	-72,499	-1,033,573
Bonds and shares	1,011,410	-857,977	1,011,410	-857,977
Deposits and debt to credit institutions etc.	2,553,038	1,797,382	2,548,407	1,801,509
Other working capital	319,792	258,498	314,345	268,383
Corporation tax paid	-83,000	-38,500	-83,000	-38,500
Change in working capital	3,699,823	119,287	3,718,663	139,842
Cash flows from operating activities	4,513,738	1,013,120	4,467,094	976,242
Purchases of intangible assets	-40,185	-5,022	-25,900	0
Sale of intangible assets	81	0	0	0
Acquisition of property, plant and equipment	-212,681	-95,131	-147,726	-33,921
Sales of property, plant and equipment	36,285	35,229	4,684	5,170
Cash flows from investment activities	-216,500	-64,924	-168,942	-28,751
Issued bonds	-2,828,638	-541,116	-2,828,638	-541,116
Hybrid core capital issued	4,999	2,331	4,999	2,331
Dividend paid	-105,000	-24,000	-105,000	-24,000
Cash flows from financing activities	-2,928,639	-562,785	-2,928,639	-562,785
Change in cash and cash equivalents	1,368,599	385,411	1,369,513	384,706
37 Cash and cash equivalents brought forward	1,318,406	932,995	1,317,430	932,724
37 Cash and cash equivalents carried forward	2,687,005	1,318,406	2,686,943	1,317,430

* Includes value adjustments of security and currency forward transactions.

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Note 1

Accounting policies**GENERAL**

The consolidated financial statements of Arbejdernes Landsbank have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been approved by the EU. 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 FSA. Furthermore, the annual report (consolidated financial statements and 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 on Financial Undertakings issued according to the Danish Financial Business Act.

The annual report is presented in Danish kroner (DKK) which is the presentation currency for the Group's activities and the functional currency of the Parent Company and rounded off to the nearest DKK 1,000.

Reclassification

The Bank's valuation of the co-ownership of Bankernes Edb Central comprises cash deposits and a stake in the disposable reserves of the association. In 2013 the cash deposit of DKK 315.8 mill. was redesignated to the item "Other Assets" from the item "Equity investments in associates". Comparative figures for 2012 (DKK 295.2 mill.) were adjusted in accordance with this. The redesignation is between two asset items and thus have no effect on total assets.

Changes in accounting policies

As of 1 January 2013, Arbejdernes Landsbank has implemented the following new and changed standards and interpretations of relevance for the Bank:

- IAS 1, Presentation of Financial Statements: Presentation of other comprehensive income (June 2011).
- IFRS 7, Financial instruments: Disclosures.
- IFRS 13, Fair Value Measurement.

This implementation of the changed IAS 1 means that the items in other comprehensive income is divided into items which may be reclassified to the income statement at a later stage in relation to other standards and items which

cannot be reclassified to the income statement at a later stage. This implementation does not affect total amounts for other comprehensive income. The implementation of the change to IFRS 7 has not affected the annual report as the Group has not made set-offs in financial instruments.

IFRS 13, Fair Value Measurement collects the guidelines on fair value measurements in the individual IFRS's into one single standard and has led to more information regarding calculation of fair values. The change in IFRS 13 and section 38a of the Danish Executive Order on the Presentation of Financial Statements specify that the fair value of an asset or liability is the listed price of an active market of the asset or liability concerned. If there is no active market, fair value is measured by means of an appropriate valuation method encompassing all data available which market participants are assumed to want to take into account when setting prices, as the use of relevant observable data is maximised and the use of non-observable data is minimised.

Further information is provided in the annual report concerning fair values of financial instruments, which is seen in note 38, page 81.

Standards and interpretation contributions not yet entered into force

At the time of publication of this annual report, a number of new or changed standards and interpretation contributions have not yet entered into force, and therefore these have not been incorporated in these consolidated financial statements. The changes of relevance to the consolidated financial statements are listed below:

IFRS 9, Financial Instruments: Classification and Measurement (Financial Assets). A project is currently being carried out in the International Accounting Standards Board (IASB) aimed at replacing the regulations in IAS 39. The revised standard IFRS 9 is broken into three main phases comprising classification and measurement of financial assets and liabilities, write-downs and hedge accounting etc. So far IFRS 9 comprises principles for classification and measurement of financial assets and liabilities and hedge accounting, whilst the principles for write-downs are expected to be laid down by the IASB in the course of 2014. The EU has decided not to approve IFRS 9 until the result of all phases has been presented. Implementation of IFRS 9, the impact of which has not been analysed on presentation of the annual report, is only expected to have a minor effect on the annual report.

Consolidated financial statements

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

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

Recognition and measurement in general

Income is recognised in the income statement as it is earned, including value adjustments to financial assets, liabilities, and derivative financial instruments. However, increases in the value of the Bank's owner-occupied properties in other comprehensive income are recognised and attributable to a separate reserve on 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. Purchases and sales of financial instruments are recognised on the settlement date. At recognition and measurement, unpredictable risks and losses are taken into account that arise before the annual financial statements are presented, and which confirm or disconfirm conditions that existed on the reporting date. At initial recognition, assets and liabilities are measured at cost, which usually corresponds to fair value at the date of transaction.

However, financial assets and liabilities, including derivative financial instruments are measured at the date of recognition 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 pooled 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:

- Trading portfolio, which is measured at fair value.
- 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. Derivative financial instruments are included in the trading portfolio.

Derivative financial instruments

Derivative financial instruments are instruments, the value of which has 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 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 adjustments 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.

Foreign currency translation

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 Danmarks Nationalbank (Denmark's central bank) as at the end of the year as a best estimate of closing rates.

FINANCIAL AND OPERATING DATA AND FINANCIAL RATIOS

Core earnings

Core earnings are defined as net earnings before expenses and excluding earnings from investment portfolios. Core earnings are divided into trading earnings and core earnings excluding trading earnings.

Trading earnings include commission and 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 custody fees.

Core profit

Core profit is calculated from the total core earnings after deduction of costs relating to the core earnings.

Investment portfolio earnings, excl. investment securities

Investment portfolio earnings deal with 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.

INCOME STATEMENT

Interest, fees and commission

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 leases 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.

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 carrying amount of the leasing assets at contract expiry. The Bank's proportionate share of statutory expenses for the Guarantee Fund for Depositors and Investors is also included in the item other operating expenses.

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 comprises 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 in other comprehensive income as the amount attributable to items posted to other comprehensive income. This applies to e.g. tax on revaluations of owner-occupied properties and directly in equity with 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 and dividend tax.

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 payment of tax on account 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. Subsequently loans at amortised cost are measured less write-downs for provision of losses under the effective interest-rate method. 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.

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, objective evidence of impairment is considered ascertained if it is considered likely that the debtor will go bankrupt or be subject to other financial reconstruction.

For loans and groups of loans, where objective evidence of impairment has been ascertained as a consequence of events that occurred after initial recognition, any

write-downs are calculated on the basis of discounting expected future cash flows, including realisation value of any collateral. For fixed-interest loans, discounting is based on the initially determined effective interest rate, and for floating-rate loans discounting is based on the current effective interest rate.

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

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

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

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

Group write-downs are carried out on groups of loans which are assumed to have uniform characteristics with regard to credit risk etc. The Bank has 48 groups broken down into 1 group of public authorities, 1 group of credit institutions, 28 groups of private customers and 18 groups of business customers.

In collaboration with Bankernes EDB Central (BEC), the Bank has developed a model which meets the statutory requirements.

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 leases are recognised as loans corresponding to the net investment in leasing contracts. Income from finance leases 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 lease contracts is recognised on a straight-line basis for the

current leasing period. Profits and losses from selling leasing assets are recognised as other operating expenses.

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 the amount which the securities can be traded in between independent parties. In an active market, the fair value is expressed in a listed price. In a less active market, the fair value is set by means of a model-calculated value on the basis of observable market data and recognised models, alternatively through a corresponding managerial estimate. The fair value of called bonds is, however, stated at the present value of the bonds.

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

Pension pool schemes

Yields 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.

Equity 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.

Equity 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. Shares of profit after tax of group companies are recognised in the income statement under equity investments in group companies.

Shares 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.

Unidentifiable intangible assets acquired in connection with takeover are recognised at fair value at the date of the takeover and subsequently amortised over the expected life expectancy, typically 3-10 years.

Owner-occupied properties

Owner-occupied properties, which are properties from where the Group carries 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 a rental income achieved by renting on market terms, as well as on 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 valuation, a number of properties are selected for control calculation with regard to local allowance when obtaining a valuation from an independent assessor on the assumption that the assessment of selling price is made on the basis of no more than six months' turnover time.

Increases in the revalued amount after tax are recognised directly in other comprehensive income in a separate reserve on 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 an operating lease, 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, typically ten years.

Write-downs on property, plant and equipment and intangible assets

The carrying amounts of property, plant and equipment 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 any indications of impairment and the extent of these.

Other assets

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

Other receivables, including interest receivables, are measured at initial recognition at fair value and subsequently at amortised cost.

Accruals, assets

Accruals are recognised and measured at cost at initial recognition and subsequently at cost. Accruals primarily comprise prepaid wages.

Debt to credit institutions and deposits etc.

Debt to credit institutions and central banks is recognised at the date the loan was taken up at the amount received after deduction of any transaction costs. It is 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.

Loans 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 equity and 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 at fair value, as well as sold securities in connection with reverse transactions resulting in a negative portfolio. Other liabilities, including interest receivables, are measured at initial recognition at fair value and subsequently at amortised cost.

Prepayments, liabilities

Prepayments are recognised and measured at cost at initial recognition and subsequently at cost. Prepayments 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. 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 individual employees earn the right to an anniversary bonus.

Subordinated debt

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

Equity

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

Proposed dividend is recognised as a liability at the date when it is approved at the General Meeting. The proposed dividend for the financial year is included as a separate item under equity.

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

Contingent liabilities

This item comprises guarantees and warranties, representations and indemnities, irrevocable commitments

to grant credit and similar liabilities that are not recognised in the balance sheet. Guarantees and other liabilities are included at the full nominal value less provision of 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 profit and investment portfolio earnings, and therefore no segment information is given.

Large exposures

Exposures which, before deductions according to the Executive Order on Large Exposures, constitute 10% 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 according 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 FSA with simultaneous announcement on the Bank's website [Solvensbehov](#) (Only available in Danish).

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.
- Revalued amount of the Bank's owner-occupied properties.
- Measurement of unlisted shares at fair value.
- Fair value of listed financial instruments.

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, estimates are connected with the quantification of risk that the debtor may not be able to honour all future payments. If it can be established that not all future payments will be received, determining the size of expected payment, including realisation values of collateral and expected payments of dividends from any estate inventories, may also be subject to considerable estimates.

Provisions for bad debts 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 there is 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 freehold 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 association can be accepted as a customer. This method is to ensure updated mortgageable values on the Bank's collateral in cooperative properties, and in 2013 resulted in a minor drop in the overall collateral value of cooperative properties.

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. This includes:

- Location of the cooperative housing association.
- Number of residences and businesses, broken down by tenants and owners.
- Negotiability of cooperative property.
- Whether the chosen cooperative share reflects the market value.
- 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 mortgageable value.

Group write-downs

For group write-downs regarding private and business 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. When applying the model, the Bank seeks to adjust the model to make it fit the specific conditions of the Bank. Estimates are connected with this process. 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 losses within the same risk class, as well as changes in the economy which are expected to influence customers' future creditworthiness.

Measurement of revalued amount on properties

Investment properties and owner-occupied properties subject to significant estimates when determining a rate of return requirement to sell within six months.

Measurement of unlisted shares at fair value

Measurement of unlisted shares at fair value is only to a certain extent based on observable market data. In addition, certain unlisted shares have not been traded for a number of years. Measurement of unlisted shares is therefore calculated at an estimated market value and is therefore associated with uncertainty.

Measurement of other financial instruments at fair value

Measurement of OTC derivatives at fair value and listed financial instruments priced in markets with low turnover is based on observable market data and may thus be associated with some uncertainty.

Note 3**Events after expiry of the accounting period**

In January 2014, the Bank was authorised by the Danish FSA to redeem before maturity a subordinated loan of DKK 328 mill. and issued new hybrid capital of DKK 429 mill. Seen in isolation, this change leads to an increase in the core capital ratio of 1.3 percentage points and 0.4 percentage points on the solvency ratio. No other events have taken place after the end of the financial year which have a significant impact on the assessment of the Group's financial position.

Note 4**Risk management****General**

The Bank has set up an all-risk function, which is to ensure that the Executive Management and the Board of Directors receive relevant risk reporting at Bank and Group levels, for the purpose of ensuring coherence and in order to provide the overall view necessary to manage the Bank's overall risk exposure. Special issues of a cross-sectoral nature are treated by a Risk and 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 two major activity areas, providing credit and management of securities, as the Bank considers specific competencies and knowledge about these areas to be 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 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 business customers. The Bank also wants to help ensure that the Bank's owners are given the opportunity to have various forms of bank business conducted.

The Bank only wants to participate in financing business which the Bank understands and is able to follow and manage in relation to advisory services. Generally, the Bank wants 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.

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 deductions, excl. credit institutions, which individually exceed 10% of the Group's capital base, was reduced to 46.4% in 2013, broken down by three exposures. The exposures each

represent 16.1%, 15.3% and 15.1% of the Group's capital base and have been established after a thorough evaluation that there is an 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.

Generally, the Bank generally only finances customers who establish full customer relations in order to obtain the highest possible transparency and profitability for the Bank, and to establish the best possible basis for providing advice to the customer.

Furthermore, it is Group credit policy to minimise credit risk in agriculture. Agriculture accounts for just 1.0% of the Group's overall business loans.

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 credit risk. The Bank continuously seeks to dedicate the resources required to relevant risk areas as the economic cycle changes. The credit organisation and the entire risk management of the Bank will continue in 2014 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 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 provides summarised reports to the Bank's Executive Management and Board of Directors.

Credit reviews are carried out by Credit. Branches undergo an extraordinary review of their credit-weak customers and a physical review of the contents of their 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.

The Bank's rating model calculates a rating of the Bank's private and business customers. The model was developed by the Bank and is based on a combination of payment behaviour as well as objective information about the customer, including accounting data for business 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 1-3: Customers with exposures of good credit quality.
- Rating class 4: Customers with normal 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, will always be based on the Bank's overall assessment of the customer.

The Bank's rating is an essential parameter 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. The Bank's rating model is continuously being improved as it is of the utmost importance that it is as fair and useful as possible.

Credit risk is reported quarterly to the Board of Directors with more detailed comments on the development in rating classes, overdrafts and the unsecured parts, development in write-downs as well as customer segments and sectors. The developments in credit quality are monitored through a credit barometer developed internally.

When unauthorised overdrafts arise, an assessment of their acceptability is made. In a number of cases, the Bank will accept overdrafts caused by temporary changes in liquidity, if there is a valid reason and depending on the customer's future cash flows. 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 it will be 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 developments in the portfolio, and cross-sectoral analyses of specific areas are prepared.

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 Group exposures exceeding 1% of the Bank's capital base are assessed, as a minimum, each quarter and a calculation is carried out of the individual solvency need per exposure exceeding 2%. 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 utilises 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 DKK 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.

- Privateresidential properties—upto 80%, depending on type of property, condition and assessed marketability.
- Cooperative property is measured on the basis of our "blue stamp programme", see page 50-51.

- Commercial properties – about 60-80% depending on use, location, condition, sector, income basis and assessed marketability.
- Cash and easily realisable securities – 65-90% of the official price, when this exists.
- Cars – 50-70% 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 note 4, page 51.

For individually assessed exposures, collateral is calculated in the Bank's payment rows at estimated fair value, according to regulations from the Danish FSA.

The Bank makes regular assessments of the value of the collateral, calculated as the expected net proceeds on realisation within six months. 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.

	Group		Bank	
	2013	2012	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000
Maximum credit exposure *)				
Receivables from credit institutions and central banks	2,043,890	1,091,572	2,043,615	1,087,323
Loans at amortised cost	18,148,528	17,751,986	18,051,773	17,687,171
Bonds at fair value	12,748,674	13,843,097	12,748,674	13,843,097
Shares etc.	999,127	916,114	999,127	916,114
Equity investments in associates	719,917	626,672	719,917	626,672
Equity investments in group companies	0	0	152,567	115,881
Positive market value of derivative financial instruments	71,241	39,552	75,345	48,121
Guarantees	2,159,408	2,047,507	2,159,408	2,047,507
Irrevocable credit commitments less than 1 year	1,033,262	1,061,453	325,000	475,000
Irrevocable credit commitments more than 1 year	0	0	0	0
Total	37,924,047	37,377,953	37,275,426	36,846,886

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

Loans and guarantees				
Loans before write-downs	19,414,277	18,837,165	19,309,445	18,764,313
Guarantees before provisions	2,176,920	2,056,736	2,176,920	2,056,736
Total loans and guarantees before write-downs etc.	21,591,197	20,893,901	21,486,365	20,821,049
Individual write-downs on loans	1,188,504	1,036,598	1,180,457	1,029,135
Group write-downs on loans	77,246	48,581	77,216	48,007
Individual provisions on guarantees etc.	9,076	4,550	9,076	4,550
Group provisions on guarantees	8,435	4,679	8,435	4,679
Total loans and guarantees after write-downs etc.	20,307,936	19,799,493	20,211,181	19,734,678
Loans and guarantees before write-downs analysed by sector				
Public authorities	33,931	107,311	33,812	107,065
Business				
Agriculture, hunting, forestry and fisheries	83,482	64,335	76,361	59,983
Industry and minerals	595,251	484,035	268,591	225,863
Energy supply	5,399	1,814	3,719	864
Building and construction	677,566	636,713	580,138	567,016
Trade	975,135	915,196	653,843	618,826
Transport, hotels and restaurants	495,237	613,102	425,952	546,549
Information and communication	174,850	183,213	130,002	142,736
Financing and insurance	1,233,669	1,349,130	3,791,499	3,593,943
Real property	1,526,097	1,766,827	1,518,364	1,760,782
Other business	2,415,940	2,371,627	2,225,834	2,151,548
Total business customers	8,182,626	8,385,992	9,674,303	9,668,110
Private	13,374,640	12,400,598	11,778,250	11,045,874
Total	21,591,197	20,893,901	21,486,365	20,821,049

	Group		Bank	
	2013	2012	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000
Loans and guarantees analysed by groups of customers				
Private				
Loans and guarantees before write-downs	14,347,898	13,544,986	12,751,508	12,190,967
Loans and guarantees after write-downs	13,780,126	13,056,777	12,189,318	11,707,614
Collateral	8,042,631	7,805,614	6,544,958	6,531,390
Arrears	46,422	47,541	45,643	43,323
Actual loss written off	97,470	67,204	91,055	59,309
Business				
Loans and guarantees before write-downs	6,352,695	6,235,315	7,844,371	7,516,729
Loans and guarantees after write-downs	5,673,397	5,682,605	7,167,569	6,967,199
Collateral	2,512,688	2,281,452	1,432,360	1,286,246
Arrears	33,897	28,107	33,270	24,568
Actual loss written off	23,468	13,808	23,042	8,988
Other				
Loans and guarantees before write-downs	890,604	1,113,600	890,486	1,113,353
Loans and guarantees after write-downs	854,413	1,060,111	854,294	1,059,865
Collateral	552,545	434,863	552,438	434,641
Arrears	7,512	21,117	7,512	21,117
Actual loss written off	0	0	0	0
Total				
Loans and guarantees before write-downs	21,591,197	20,893,901	21,486,365	20,821,049
Loans and guarantees after write-downs	20,307,936	19,799,493	20,211,181	19,734,678
Collateral	11,107,864	10,521,929	8,529,756	8,252,277
Arrears	87,831	96,765	86,425	89,008
Actual loss written off	120,938	81,012	114,097	68,297

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

	Group		Bank	
	2013	2012	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000
Loans in arrears				
Value of collateral for loans in arrears				
Properties	725,364	705,330	725,364	705,330
Securities, bonds, cash deposits etc.	83,955	62,794	83,955	62,794
Cars	40,074	90,962	29,707	25,639
Warrants and guarantees	419	598	419	598
Other collateral	41,846	79,215	20,054	19,330
Total	891,658	938,899	859,499	813,691
Age distribution for arrears				
1-30 days	61,940	63,822	60,938	61,873
31-60 days	4,251	5,380	3,994	4,733
61-90 days	15,433	2,463	15,392	2,446
More than 90 days	6,207	25,100	6,101	19,956
Total arrears	87,831	96,765	86,425	89,008
Age distribution for loans in arrears				
1-30 days	1,775,830	1,628,510	1,746,339	1,528,595
31-60 days	58,436	99,007	55,195	87,932
61-90 days	93,686	36,799	93,427	36,633
More than 90 days	42,561	116,132	41,833	98,712
Total loans in arrears	1,970,513	1,880,448	1,936,794	1,751,872

The mortgageable value of collateral, the sum of 'payments in arrears' as well as the sum of 'loans at amortised cost' for customers with arrears at the end of the year, and which are not individually written-down.

Concentration risk

Overall, Group business strategy for loans activity is concentrated in three areas: Private, Business 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% of the capital base. Quarterly reports are submitted to the Danish FSA. The Group has not had exposures exceeding the limits laid down in section 145.

Concentration risk on large exposures amounting to 10% or more of the capital base, see section 145 of the Danish Financial Business Act

Credit institutions				
Credit exposure after deductions	2,267,073	2,082,633	2,267,073	2,082,633
Other business				
Credit exposure after deductions	1,849,265	1,297,260	1,849,265	1,297,260
Number of large exposures				
Credit institutions before deductions	6	7	6	7
Other business before deductions	3	3	4	4
Greater than 20% of capital base	804,180	0	804,180	0
15-20% of capital base	1,849,265	1,889,265	1,849,265	1,889,265
10-15% of capital base	1,462,893	1,490,628	1,462,893	1,490,628
Sum of large exposures, excl. credit institutions in % of the capital base	46	35	46	35

	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
Concentration on the Group's total collateral				
Private				
Properties	6,069,869	6,020,791	6,069,869	6,020,791
Securities, bonds, cash deposits etc.	90,294	111,018	90,294	111,018
Cars	1,733,803	1,515,542	293,841	307,300
Warrants and guarantees	12,489	13,453	12,489	13,453
Other collateral	136,175	144,811	78,464	78,828
Total	8,042,630	7,805,615	6,544,957	6,531,390
Business				
Properties	984,993	1,038,875	984,993	1,038,875
Securities, bonds, cash deposits etc.	169,197	151,429	169,197	151,429
Cars	375,933	321,462	23,853	23,482
Warrants and guarantees	0	2,950	0	2,950
Other collateral	982,565	766,736	254,317	69,510
Total	2,512,688	2,281,452	1,432,360	1,286,246
Other				
Properties	166,798	217,624	166,798	217,624
Securities, bonds, cash deposits etc.	340,862	190,520	340,862	190,520
Cars	107	222	0	0
Warrants and guarantees	0	357	0	357
Other collateral	44,778	26,140	44,778	26,140
Total	552,545	434,863	552,438	434,641
Total collateral				
Properties	7,221,660	7,277,290	7,221,660	7,277,290
Securities, bonds, cash deposits etc.	600,353	452,967	600,353	452,967
Cars	2,109,843	1,837,226	317,694	330,782
Guarantees	12,489	16,760	12,489	16,760
Other collateral	1,163,518	937,687	377,559	174,478
Total	11,107,863	10,521,930	8,529,755	8,252,277

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

	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
Credit quality – Loans before write-down				
Customers not individually impaired analysed by primary business areas				
Private				
Rating 1-3	2,393,109	2,571,188	2,393,109	2,571,188
Rating 4	6,777,235	6,028,347	5,224,884	4,779,881
Rating 5-10	3,395,298	3,309,031	3,366,755	3,220,052
Total	12,565,642	11,908,566	10,984,748	10,571,121
Business				
Rating 1-3	1,331,255	1,645,289	1,331,255	1,645,289
Rating 4	1,610,123	1,328,929	3,165,032	2,662,464
Rating 5-10	989,745	1,034,866	930,400	987,493
Total	3,931,123	4,009,084	5,426,687	5,295,246
Other				
Rating 1-3	571,392	583,673	571,392	583,672
Rating 4	82,735	143,668	82,735	143,580
Rating 5-10	100,069	238,009	99,950	237,850
Total	754,196	965,350	754,077	965,102

	Group 2013 %	2012 %	Bank 2013 %	2012 %
Average write-down ratio for customers not individually impaired analysed by primary business area				
Private				
Rating 1-3	0.000	0.000	0.000	0.000
Rating 4	0.095	0.102	0.123	0.129
Rating 5-10	1.420	0.870	1.432	0.892
Business				
Rating 1-3	0.000	0.000	0.000	0.000
Rating 4	0.228	0.404	0.116	0.191
Rating 5-10	1.827	0.789	1.941	0.809
Other				
	0.113	0.134	0.113	0.134

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

	Group 2013 DKK '000	2012 DKK '000	The Bank 2013 DKK '000	2012 DKK '000
Reasons for individual impairment on loans				
Amortised cost, loans before write-down				
Bankruptcy	122,801	130,291	121,196	127,624
Debt collection	291,280	274,605	286,966	268,579
Debtors in financial difficulties	1,749,235	1,549,268	1,735,771	1,536,640
Amortised cost, loans before write-down	2,163,316	1,954,164	2,143,933	1,932,843
Written down on loans				
Bankruptcy	100,798	104,397	99,301	102,353
Debt collection	247,440	219,351	245,366	217,245
Debtors in financial difficulties	840,266	712,848	835,790	709,536
Written down on loans	1,188,504	1,036,596	1,180,457	1,029,134
Amortised cost, loans after write-down				
Collateral	691,634	697,077	680,297	683,217
Unsecured part	283,178	220,491	283,179	220,492
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	2,073,990	1,727,593	2,054,606	1,706,272
Write-down	1,099,178	810,025	1,091,130	802,563
Loans at amortised cost after write-down	974,812	917,568	963,476	903,709
Group assessment				
Loans at amortised cost before write-down	5,549,707	6,246,444	5,493,809	5,841,705
Write-down	77,246	48,581	77,215	48,007
Loans at amortised cost after write-down	5,472,461	6,197,863	5,416,594	5,793,698
Assessed in total				
Loans at amortised cost before write-down	7,623,697	7,974,037	7,548,415	7,547,977
Write-down	1,176,424	858,606	1,168,345	850,570
Loans at amortised cost	6,447,273	7,115,431	6,380,070	6,697,407

	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 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	96,148	109,813	0	0
Duration between 1-5 years	297,237	186,856	0	0
Duration more than 5 years	2,883	64,953	0	0
Total	396,268	361,622	0	0
Gross investments in finance leases				
Duration up to 1 year	322,376	112,837	0	0
Duration between 1-5 years	98,727	206,251	0	0
Duration more than 5 years	2,937	69,301	0	0
Total	424,040	388,389	0	0
Unearned financing income	27,772	26,767	0	0
Write-down on finance leases	766	548	0	0
AL Finans A/S is a lessor in a number of operating leases. The agreements primarily comprise operating equipment and fixtures and equipment, and assets are recognised under machinery and fixtures and equipment.				
Operating leases				
Duration up to 1 year	26,818	26,529	0	0
Duration between 1-5 years	80,077	90,763	0	0
Duration more than 5 years	925	1,769	0	0
Total	107,820	119,061	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.

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.

Market risk

The Arbejdernes Landsbank Group regularly accepts various forms of market risk, primarily as interest-rate risk, share-price risk or currency risk, as well as securities-related credit risks 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 purpose of market-risk management is to counterbalance the overall market risk on assets and liabilities, in order to be in a position to consider return and risk satisfactorily.

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 outlines the framework for the maximum total market risk the Bank is permitted to accept.

The Executive Management forwards parts of the risk framework to Treasury. 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

Detailed risk reports are generated daily on the basis of records in the Bank's systems of the risk-related instruments, and these reports 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 and the current strategy in the area. 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, interest-rate risk 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 seven duration zones. For day-to-day management of interest-rate risk, the interest-rate risk is calculated according to guidelines from the Danish FSA. Monitoring is continuous and there are daily reports on utilisation of the frameworks.

Interest-rate risk

	2013	2012
	DKK '000	DKK '000
Broken down by type of business		
Bonds etc.	166,329	138,362
Mortgage deeds	17,040	15,250
Deposits and loans and receivables with credit institutions	44,268	21,991
Derivative financial instruments	-293,777	-210,559
Total	-66,140	-34,956
Broken down by currency		
DKK	47,143	36,621
EUR	-111,048	-76,264
USD	-8,199	610
GBP	2,584	1,523
SEK	1,843	1,122
NOK	1,482	1,452
Other currencies	55	-20
Total	-66,140	-34,956
Broken down by modified maturity (M)		
0 < M ≤ 3 mths.	26,564	15,454
3 < M ≤ 6 mths.	3,320	9,186
6 < M ≤ 9 mths.	7,235	2,590
9 < M ≤ 12 mths.	4,069	7,373
1 < M ≤ 2 years	-190,486	54,088
2 < M ≤ 3.6 years	33,756	-98,687
3.6 years < M	49,402	-24,960
Total	-66,140	-34,956

A positive interest-rate risk indicates a loss in connection with interest-rate increases and a gain in the event of general interest-rate falls. The negative net interest-rate risk across duration zones and currency thus indicates a gain in the event of a general interest-rate increase of 1 percentage point of DKK 66 mill. The risks are also assessed regularly in relation to the Bank's assessment of return opportunities and risks.

Currency risk

Currency risk is managed to a wide extent 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.

An unfavourable fluctuation for the Bank in EUR of 2% and in other currencies of 10% will lead to a negative impact on results and equity before tax of DKK 23.8 mill. (2012: DKK 18.5 mill.)

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.

Currency indicator 2 gives a target for foreign-currency 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.

Currency risk

	2013	2012
Currency indicator 1 in DKK '000	165,833	118,982
Currency indicator 1 in % of core capital after deductions	4.4	3.3
Currency indicator 2 in DKK '000	4,395	1,242
Currency indicator 2 in % of core capital after deductions	0.1	0.0

Share-price risk

The size of the Bank's share-price risk is set regularly on the basis of the Bank's assessment of the macro-economic situation, as well as the situation of the individual companies. Sensitivity to general changes in the share 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 share markets of 10% would lead to a capital loss of DKK 41.7 mill. (2012: DKK 27.7 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 positions

	2013 DKK '000	2012 DKK '000
Trading portfolio		
Listed shares	252,073	250,674
Unlisted shares etc.	2,619	14,057
Derivatives	162,653	11,787
Total trading portfolio	417,345	276,518
Investment securities		
Unlisted shares etc.	744,435	651,383
Associates	719,917	626,672
Total investment securities	1,464,352	1,278,055
Total	1,881,697	1,554,573

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-risk spreads which may be specific to the security or denote general changes in a wide spectrum of all securities. In recent years, as a consequence of attractive prices in relation to investments in for example government bonds, credit bonds have become increasingly more important to the Bank's bond portfolio. Naturally, this has given rise to increased focus on risk monitoring in this area.

Credit bonds are included in the trading portfolio and are recognised at fair value in the financial statements. The limitation in the credit-risk spread results in regular balancing of the portfolio with regard to the risk assessment.

Currently, DKK 1.5 bn., corresponding to 11% of the total bond portfolio has been invested in a very diversified portfolio of corporate bonds. Interest rate sensitivity represents DKK 71.3 mill., mainly in DKK and EUR bonds.

Investment in bonds issued by banks represents DKK 3.5 bn. and 27% of the Bank's total bond portfolio. Interest rate sensitivity represents DKK 88.5 mill., mainly in banks with a BBB+ rating or higher and focused on banks in EUR bonds.

At the end of 2013, the total bond portfolio was broken down by ratings:

Bond portfolio

	2013	2012
Rating		
AAA	39%	50%
AA+, AA, AA-	2%	2%
A+, A, A-	17%	13%
BBB+	11%	8%
BBB	11%	2%
BBB-	0%	2%
Rating < BBB-	5%	7%
Not rated	15%	16%
Total	100%	100%

Figure: Distribution according to the S&P rating scale based on the S&P ratings or ratings from Moody converted to corresponding ratings in the S&P scale.

Commodity risk

The Bank only accepts very limited commodity risks.

Operational risk

According to the capital adequacy rules, credit institutions must quantify and recognise an amount for operational risks in their capital-adequacy statement. The Group uses the basic indicator approach, according to which, on the basis of calculation of an average of the past three financial years' net income, an amount is quantified to which the risk-weighted items are added, in order to cover the Bank's operational risks.

Losses and events assessed to be attributable to operational risks are regularly reported. On the basis of these reports, the Bank assesses whether procedures and internal controls etc. can be adjusted and improved in order to prevent or minimise any operational risks, and the Bank's procedures and internal controls are regularly reviewed and assessed by the Bank's compliance function, as well as the internal and external auditors.

In the assessment of the Bank's operational risk, IT supply is a significant area. The Bank's IT organisation and management regularly evaluate IT security, including prepared IT emergency preparedness plans, which lay down requirements and levels for the accessibility and stability of the IT systems and data used by the Bank.

The requirements listed apply to the Bank's internal IT organisation, as well as to the Bank's IT supplier, Bankernes EDB Central (BEC), which the Bank owns together with a number of other banks.

Liquidity risk

Liquidity risk is a consequence of a mismatch in balance between the maturity of assets and liabilities. The Bank's loan portfolio generally has a longer time to maturity than its financing business, including deposits. This risk is reflected in a risk of losses resulting from the Bank having to pay more for the liquidity required to cover its payment obligations in a situation where the Bank itself, or the sector as a whole, is affected by extraordinary circumstances. Most of the Bank's liquidity risk is in 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 of at least 100% 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 for 12 months ahead there must be excess cover of at least 75%. The policy also requires work on stress tests of the forecasts.

The Bank has also prepared a cash-resources contingency 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. Activation of the contingency plan will also be considered if significant impairments in liquidity occur – even if the goals for excess cover are being met.

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
2013						
Assets						
Cash in hand and demand deposits with central banks	664,402	0	0	0	0	664,402
Receivables from credit institutions	603,184	1,419,419	162	8,125	13,000	2,043,890
Loans at amortised cost	1,846,679	1,448,269	2,650,872	8,050,375	4,152,333	18,148,528
Bonds at fair value	0	19	874,611	7,539,865	4,334,179	12,748,674
Total	3,114,265	2,867,707	3,525,645	15,598,365	8,499,512	33,605,494
Liabilities						
Debt to credit institutions and central banks	1,731,709	672,367	149,206	0	42,843	2,596,125
Deposits and other debt	24,419,269	979,023	508,262	406,690	1,179,848	27,493,092
Issued bonds at amortised cost	0	0	0	262,158	0	262,158
Subordinated debt	0	0	0	328,000	397,950	725,950
Total	26,150,978	1,651,390	657,468	996,848	1,620,641	31,077,325
Guarantees	0	513,048	283,688	659,750	702,922	2,159,408
2012						
Assets						
Cash in hand and demand deposits with central banks	723,817	0	0	0	0	723,817
Receivables from credit institutions	594,123	466	465,788	18,195	13,000	1,091,572
Loans at amortised cost	2,047,953	3,310,033	2,162,266	6,335,233	3,896,501	17,751,986
Bonds at fair value	0	0	1,917,342	6,731,504	5,194,251	13,843,097
Total	3,365,893	3,310,499	4,545,396	13,084,932	9,103,752	33,410,472
Liabilities						
Debt to credit institutions and central banks	1,616,797	2,272,920	149,208	0	42,843	4,081,768
Deposits and other debt	19,628,138	2,387,415	153,309	349,910	1,145,527	23,664,299
Issued bonds at amortised cost	0	0	2,829,550	261,246	0	3,090,796
Subordinated debt	0	0	0	0	720,951	720,951
Total	21,244,935	4,660,335	3,132,067	611,156	1,909,321	31,557,814
Guarantees	0	359,136	295,370	1,078,173	314,828	2,047,507

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
2013						
Assets						
Cash in hand and demand deposits with central banks	664,400	0	0	0		664,400
Receivables from credit institutions	603,184	1,419,359	0	8,072	13,000	2,043,615
Loans at amortised cost	4,459,855	620,920	2,207,738	6,768,624	3,994,636	18,051,773
Bonds at fair value	0	19	874,611	7,539,865	4,334,179	12,748,674
Total	5,727,439	2,040,298	3,082,349	14,316,561	8,341,815	33,508,462
Liabilities						
Debt to credit institutions and central banks	1,731,709	672,367	149,206	0	42,843	2,596,125
Deposits and other debt	24,408,276	979,023	508,262	406,690	1,179,848	27,482,099
Issued bonds at amortised cost	0	0	0	261,164	0	261,164
Subordinated debt	0	0	0	328,000	397,950	725,950
Total	26,139,985	1,651,390	657,468	995,854	1,620,641	31,065,338
Guarantees	0	513,048	283,688	659,750	702,922	2,159,408
2012						
Assets						
Cash in hand and demand deposits with central banks	723,812	0	0	0	0	723,812
Receivables from credit institutions and central banks	593,618	0	464,458	16,247	13,000	1,087,323
Loans at amortised cost	2,043,694	2,538,425	4,088,808	5,244,088	3,772,156	17,687,171
Bonds at fair value	0	0	1,917,342	6,731,504	5,194,251	13,843,097
Total	3,361,124	2,538,425	6,470,608	11,991,839	8,979,407	33,341,403
Liabilities						
Debt to credit institutions and central banks	1,616,797	2,272,920	149,208	0	42,843	4,081,768
Deposits and other debt	19,622,252	2,387,415	152,833	349,910	1,145,527	23,657,937
Issued bonds at amortised cost	0	0	2,829,550	260,252	0	3,089,802
Subordinated debt	0	0	0	0	720,951	720,951
Total	21,239,049	4,660,335	3,131,591	610,162	1,909,321	31,550,458
Guarantees	0	359,136	295,370	1,078,173	314,828	2,047,507

Note	Group		Bank		
	2013 DKK '000	2012 DKK '000	2013 DKK '000	2012 DKK '000	
5	Capital and solvency				
	Transformation from equity to capital base				
	Equity including profit for the year	3,929,360	3,607,213	3,929,360	3,607,213
	Proposed dividend	60,000	105,000	60,000	105,000
	Intangible assets	43,894	11,897	24,338	1,453
	Deferred tax assets	5,811	10,887	28,558	32,573
	Revaluation reserves	207,378	203,593	207,378	203,593
	Core capital after primary deductions	3,612,277	3,275,836	3,609,086	3,264,594
	+ hybrid core capital	397,950	392,951	397,950	392,951
	Deductions *)	282,195	267,058	282,195	267,058
	Core capital after deduction	3,728,032	3,401,729	3,724,841	3,390,487
	+ subordinated debt	328,000	328,000	328,000	328,000
	+ revaluation reserves	207,378	203,593	207,378	203,593
	Capital base before deductions	4,263,410	3,933,322	4,260,219	3,922,080
	Deductions *)	282,194	267,058	282,194	267,058
	Capital base	3,981,216	3,666,264	3,978,025	3,655,022
	*) Deductions according to section 31(1), nos. 10 and 12 of the Executive Order on Calculation of Capital Base				
	Capital requirement from pillar I (8%)	2,136,518	2,005,477	2,139,992	2,007,262
	Weighted items				
	Items with credit risk	17,754,198	17,325,567	18,125,723	17,629,755
	Items with market risk	5,717,369	4,833,423	5,684,613	4,803,523
	Items with operational risk	3,234,907	2,909,470	2,939,564	2,657,494
	Total weighted items	26,706,474	25,068,460	26,749,900	25,090,772
	Solvency ratio	14.9%	14.6%	14.9%	14.6%
6	Segment information for the Group				

Group activities are concentrated in Denmark with focus on banking services for private customers, small and medium-sized enterprises as well as associations etc. Banking services are offered across customer types in the entire branch network as well as in the Bank's group company; AL Finans. The return on such activities has been expressed in the core profit, see the model on page 6. Activities under core profit depend, however, on the Bank's investment portfolio activities where the Bank's liquidity is secured, but also under which the Bank's strategic sector shares belong. The regular operating report to the Executive Management contains the information and the aggregation level stated in the model. On the basis of this, the Group is considered to have one operating segment, which includes core profit and investment portfolio earnings as one item.

Note	Group	2012	Bank	2012	
	2013 DKK '000	DKK '000	2013 DKK '000	DKK '000	
7	Interest income				
	Receivables from credit institutions and central banks	851	9,961	820	9,814
	Loans at amortised cost	1,286,122	1,236,827	1,182,348	1,146,535
	Interest on written-down exposures	-55,454	-22,353	-55,454	-22,353
	Bonds	242,013	323,736	242,013	323,736
	Derivative financial instruments				
	Currency contracts	-4,445	-632	-4,445	-632
	Interest-rate contracts	-17,346	-18,650	-17,346	-18,650
	Share contracts	0	0	0	0
	Total derivative financial instruments	-21,791	-19,282	-21,791	-19,282
	Other interest income	-5,469	-2,517	933	612
	Total interest income	1,446,272	1,526,372	1,348,869	1,439,062
	Of which genuine purchase and resale transactions recognised under				
	Receivables from credit institutions and central banks	-1,792	1,001	-1,792	1,001
	Loans and other receivables	289	50	289	50
8	Interest expenses				
	Debt to credit institutions and central banks	-8,790	-32,844	-8,790	-32,844
	Deposits and other debt	-235,337	-227,222	-235,108	-226,852
	Issued bonds	-21,131	-48,074	-21,111	-48,054
	Subordinated debt	-39,152	-44,589	-39,152	-44,589
	Other interest expenses	-94	-11	-92	-10
	Total interest expenses	-304,504	-352,740	-304,253	-352,349
	Of which genuine sale and repurchase transactions recognised under				
	Debt to credit institutions and central banks	-791	-4,641	-791	-4,641
9	Fee and commission income				
	Securities trading and custody accounts	78,472	63,682	78,472	63,682
	Money transmission services	88,818	84,519	88,818	84,519
	Loan fees	144,892	138,946	127,580	122,678
	Guarantee commission	23,613	22,274	23,760	22,411
	Other fees and commissions	98,545	78,136	62,762	50,650
	Total fees and commission income	434,340	387,557	381,392	343,940
10	Value adjustments				
	Bonds	98,138	406,695	98,138	406,695
	Shares etc.	55,296	56,027	55,296	56,027
	Currency	3,775	13,703	4,319	13,777
	Derivative financial instruments				
	Currency contracts	2,648	30,734	2,648	30,734
	Interest-rate contracts	123,195	-166,069	118,656	-164,489
	Share contracts	324	3,543	324	3,543
	Total derivative financial instruments	126,167	-131,793	121,628	-130,213
	Assets linked to pooled schemes	32,885	35,014	32,885	35,014
	Deposits in pooled schemes	-32,885	-35,014	-32,885	-35,014
	Other assets	-4,657	77	-4,657	77
	Other liabilities	0	0	0	0
	Total value adjustments	278,719	344,709	274,724	346,363

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
11	Staff and administration expenses			
Emoluments to the Board of Directors, the Executive Management and the Board of Representatives				
Executive Management	-5,705	-5,729	-5,685	-5,709
Board of Directors	-1,794	-1,688	-1,794	-1,688
Board of Representatives	-530	-525	-530	-525
Total	-8,029	-7,942	-8,009	-7,922
Staff expenses				
Salaries	-573,683	-555,546	-520,078	-512,379
Pensions	-60,370	-65,473	-55,570	-61,221
Social security expenses	-6,890	-5,542	-6,522	-5,121
Payroll tax	-61,475	-48,161	-57,610	-44,580
Total	-702,418	-674,722	-639,780	-623,301
Other administrative expenses	-442,127	-410,403	-418,569	-389,150
Total staff and administration expenses	-1,152,574	-1,093,067	-1,066,358	-1,020,373
Executive Management's payment, pension and resignation terms etc.				
Number of employees for the period *)	2	3	2	3
Fixed remuneration	-4,624	-4,799	-4,604	-4,779
Variable remuneration	0	0	0	0
Pension scheme (contribution-based)	-1,081	-930	-1,081	-930
Total	-5,705	-5,729	-5,685	-5,709
*) Managing Director Ebbe Castella retired on 1 February 2012 The Executive Management is not covered by incentive programmes. The Executive Management has a notice period of 24 months. The Bank can deduct 100% 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 members of the board of directors	12	11	12	11
Fixed remuneration	-1,794	-1,688	-1,794	-1,688
Variable remuneration	0	0	0	0
Pension scheme (contribution-based)	0	0	0	0
Total	-1,794	-1,688	-1,794	-1,688
Terms of payment and pension for persons other than members of the Executive Management whose activities significantly influence the risk profile of the company (Risk Takers)				
Number of employees for the period	5	5	4	4
Fixed remuneration	-5,612	-6,185	-3,855	-4,641
Variable remuneration	-457	-85	-457	-85
Pension scheme (contribution-based)	-568	-630	-437	-496
Total	-6,637	-6,900	-4,749	-5,222
Number of employees				
The average number of staff for the financial year converted into full-time employees	1,076	1,061	999	987
Auditors' remuneration				
Total remuneration for the audit firm elected by the general meeting to carry out the statutory audit				
Statutory audit of the financial statements	-694	-611	-550	-550
Other declaration assignments with collateral	0	0	0	0
Tax counselling	-9	0	-5	0
Other services	0	-283	0	-77
Total	-703	-894	-555	-627
12	Other operating expenses			
Expenses for the Guarantee Fund for Depositors and Investors	-41,603	-26,015	-41,603	-26,015
Expenses for operating the Bank's properties	-56,825	-36,221	-56,825	-36,221
Other operating expenses	-10,024	-5,152	-10,024	-5,152
Total other operating expenses	-108,452	-67,388	-108,452	-67,388

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000	
13	Write-downs on loans and provisions for guarantees etc.				
	Write-downs and provisions				
	Write-downs and provisions brought forward	1,120,713	893,576	1,112,677	879,568
	Write-downs and provisions for the year	553,925	440,203	548,908	435,046
	Reversal of write-downs and provisions for the year	-327,359	-178,764	-324,944	-174,313
	Actual loss (written off) previously written down	-101,917	-56,655	-99,356	-49,977
	Interest adjustment	55,454	22,353	55,454	22,353
	Total write-downs and provisions, carried forward	1,300,816	1,120,713	1,292,739	1,112,677
	Write-downs on loans etc., carried forward	1,265,749	1,085,178	1,257,672	1,077,142
	Provisions on guarantees etc., carried forward	17,511	9,229	17,511	9,229
	Write-downs/provisions on other items, carried forward	17,556	26,306	17,556	26,306
	Total write-downs and provisions, carried forward	1,300,816	1,120,713	1,292,739	1,112,677
	Net impact recognised in the income statement				
	Net write-downs and provisions for the year	-226,566	-261,439	-223,964	-260,733
	Losses, not previously written down	-20,053	-24,357	-16,374	-18,319
	Recognised in claims previously written-down	11,125	8,603	10,560	8,165
	Total net impact recognised in the income statement	-235,494	-277,193	-229,778	-270,887
	Individual write-downs on loans				
	Individual write-downs on loans brought forward	1,036,597	812,321	1,029,135	799,650
	Write-downs for the year	494,355	412,480	489,338	407,472
	Reversal of write-downs for the year	-293,069	-151,384	-291,198	-147,845
	Actual loss (written off) previously written down	-101,917	-56,655	-99,356	-49,977
	Interest adjustment	52,538	19,835	52,538	19,835
	Total individual write-downs on loans, carried forward	1,188,504	1,036,597	1,180,457	1,029,135
	Individual provisions on guarantees etc.				
	Individual provisions on guarantees, brought forward	4,550	5,566	4,550	5,566
	Provisions during the period	5,429	1,833	5,429	1,833
	Reversal of provisions for the year	-903	-2,849	-903	-2,849
	Actual loss (written off) previously provided	0	0	0	0
	Total individual provisions on guarantees etc. carried forward	9,076	4,550	9,076	4,550
	Individual write-downs on credit institutions				
	Written down at the beginning of the year	17,252	17,201	17,252	17,201
	Write-downs for the year	0	51	0	51
	Reversal of write-downs for the year	0	0	0	0
	Total write-downs on credit institutions carried forward	17,252	17,252	17,252	17,252
	Individual provisions for other items				
	Provisions at the beginning of the year	9,054	0	9,054	0
	Provisions during the period	304	9,054	304	9,054
	Reversal of provisions for the year	-9,054	0	-9,054	0
	Total provisions for other items carried forward	304	9,054	304	9,054
	Group write-downs on loans				
	Group write-downs on loans brought forward	48,581	54,229	48,007	52,892
	Write-downs for the year	49,791	16,123	49,791	15,974
	Reversal of write-downs for the year	-24,043	-24,289	-23,499	-23,377
	Interest adjustment	2,916	2,518	2,916	2,518
	Total group write-downs on loans, carried forward	77,245	48,581	77,215	48,007
	Group provisions on guarantees etc.				
	Group provisions on guarantees brought forward	4,679	4,259	4,679	4,259
	Provisions during the period	4,046	662	4,046	662
	Reversal of provisions for the year	-290	-242	-290	-242
	Total group provisions on guarantees etc., carried forward	8,435	4,679	8,435	4,679

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000	
14	Tax				
	Calculated tax on profit for the year	-92,421	-47,640	-71,634	-26,399
	Change in deferred tax in respect of the year	-1,928	-55,693	-7,715	-67,447
	Change in corporation tax rate (from 25% to 23.5%)	-371	0	-1,823	0
	Adjustments concerning previous year	1,069	59	1,050	82
	Total tax	-93,651	-103,274	-80,122	-93,764
	Tax for the year broken down by type				
	Calculated tax on profit before tax for the year at 25%	-129,253	-139,969	-125,871	-137,591
	Tax base of non-deductible expenses	-7,206	804	-4,660	2,873
	Tax base of profit in associates	28,161	32,009	28,161	32,009
	Tax base of gains not deductible for tax purposes	13,949	3,823	23,021	8,863
	Change in corporation tax rate (from 25% to 23.5%)	-371	0	-1,823	0
	Adjustment regarding previous years	1,069	59	1,050	82
	Total tax	-93,651	-103,274	-80,122	-93,764
15	Receivables from credit institutions and central banks				
	Receivables with notice from central banks	0	0	0	0
	Receivables from credit institutions	2,043,890	1,091,572	2,043,615	1,087,323
	Total receivables from credit institutions and central banks	2,043,890	1,091,572	2,043,615	1,087,323
16	Bonds at fair value				
	Government bonds	210,332	168,473	210,332	168,473
	Mortgage-credit bonds	6,488,867	7,900,636	6,488,867	7,900,636
	Other bonds	6,049,475	5,773,988	6,049,475	5,773,988
	Total bonds at fair value	12,748,674	13,843,097	12,748,674	13,843,097
	For collateral deposited with Danmarks Nationalbank, clearing centres etc.				
	Market value of bonds	3,616,687	3,568,172	3,616,687	3,568,172
	Of which surplus collateral	3,616,687	3,568,172	3,616,687	3,568,172
17	Equity investments in associates				
	Cost brought forward	150,512	150,512	150,512	150,512
	Cost carried forward	150,512	150,512	150,512	150,512
	Revaluations and write-downs brought forward	476,160	360,865	476,160	360,865
	Profit	112,645	128,035	112,645	128,035
	Dividends	19,400	12,740	19,400	12,740
	Revaluations and write-downs carried forward	569,405	476,160	569,405	476,160
	Carrying amount carried forward	719,917	626,672	719,917	626,672
18	Assets linked to pooled schemes				
	Cash	54,949	34,553	54,949	34,553
	Index-linked bonds	19,745	38,745	19,745	38,745
	Other bonds	301,460	187,440	301,460	187,440
	Investment association units	202,882	125,929	202,882	125,929
	Other shares etc.	73,484	55,393	73,484	55,393
	Other assets	0	572	0	572
	Total pooled assets	652,520	442,632	652,520	442,632

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
19	Land and buildings			
Investment properties				
Fair value brought forward	55,332	55,000	55,332	55,000
Additions during the year	0	332	0	332
Disposals during the year	0	0	0	0
Revaluation for the year to fair value	0	0	0	0
Total fair value carried forward	55,332	55,332	55,332	55,332
Rent income	1,736	2,103	1,736	2,103
Operating expenses	-17,194	-2,423	-17,194	-2,423

The Bank owns an investment property valued at fair value on the basis of non-observable input. The investment property is undergoing urban renewal expected to be completed in 2014/2015, and the valuation is primarily based on planned investments, expected future rent and occupancy rate as well as the required rate of return for the investment. The investment property is located centrally in Copenhagen.

	Rent per m ² per year in DKK	Occupancy rate	Required rate of return in %
Non-observable input			
Private leases	1,489	100%	6%
Business rental properties (retail)	1,420	100%	6%

An increase in the required rate of return will lead to a fall in the fair value of the properties, whereas an increase in rent per m² in relation to the assumptions applied will lead to an increase in the value of the property. A general increase in rent per m² in the areas in which the Group's investment property is located will likely lead to a minor fall in the required rate of return.

	Listed prices DKK '000	Observable input DKK '000	Non-observable input DKK '000	Total DKK '000
Fair value hierarchy for investment properties				
Group 2013	0	0	55,332	55,332
Group 2012	0	0	55,332	55,332

	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
Owner-occupied properties				
Revalued amount brought forward	573,176	553,654	573,176	553,654
Additions during the year	117,352	8,141	117,352	8,141
Disposals during the year	0	1,800	0	1,800
Depreciation	3,192	3,063	3,192	3,063
Changes in value recognised in other comprehensive income	3,785	17,352	3,785	17,352
Changes in value recognised in the income statement	-128	-1,108	-128	-1,108
Total revalued amount carried forward	690,993	573,176	690,993	573,176
20 Other property, plant and equipment				
Cost brought forward	273,387	253,144	82,011	67,735
Additions during the year, including improvements	94,274	85,262	29,319	24,053
Disposals during the year	72,622	65,019	8,169	9,777
Total cost carried forward	295,039	273,387	103,161	82,011
Amortisation/depreciation and write-downs brought forward	92,615	77,124	22,956	20,206
Disposals during the year	36,337	31,590	3,485	6,407
Amortisation for the year	48,924	47,081	7,778	9,157
Total amortisation/depreciation and write-downs carried forward	105,202	92,615	27,249	22,956
Total other property, plant and equipment	189,837	180,772	75,912	59,055
Write-offs for the year	1,055	1,395	1,055	1,395

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000	
21	Intangible assets				
	Total intangible assets				
	Cost brought forward	22,909	19,227	2,126	2,126
	Disposals during the year	40,185	5,022	25,900	0
	Disposals during the year	350	1,340	0	0
	Total cost carried forward	62,744	22,909	28,026	2,126
	Amortisation/depreciation and write-downs brought forward	11,012	8,235	673	248
	Disposals during the year	269	1,340	0	0
	Amortisation for the year	8,107	4,117	3,015	425
	Total amortisation/depreciation and write-downs carried forward	18,850	11,012	3,688	673
	Total intangible assets	43,894	11,897	24,338	1,453
22	Other assets				
	Positive market value of derivative financial instruments and spot transactions	71,241	39,552	75,345	48,121
	Interest and commission receivable	140,562	159,774	140,378	159,556
	Capital contributions in Foreningen Bankernes EDB Central	315,800	295,228	315,800	295,228
	Other assets	131,655	385,340	92,251	364,751
	Total other assets	659,258	584,666	623,774	572,428
23	Deferred tax assets and tax liabilities				
	+ = tax assets - = tax liabilities				
	Deferred tax brought forward	10,887	58,482	32,573	100,653
	Changes in deferred tax	-5,076	-47,595	-4,015	-68,080
	Total deferred tax carried forward	5,811	10,887	28,558	32,573
	Deferred tax broken down by type				
	Property, plant and equipment	-21,109	-19,881	1,300	1,861
	Loans	10,420	7,378	10,411	7,322
	Employee obligations	9,954	18,234	9,954	18,234
	Other	6,546	5,156	6,893	5,156
	Total deferred tax carried forward	5,811	10,887	28,558	32,573
24	Debt to credit institutions and central banks				
	Debt to credit institutions	2,596,125	4,081,768	2,596,125	4,081,768
	Total debt to credit institutions and central banks	2,596,125	4,081,768	2,596,125	4,081,768
25	Deposits and other debt				
	Call amounts	24,419,305	18,969,893	24,408,312	18,964,007
	Amounts with notice period	257,981	188,105	257,981	187,629
	Time deposits	399,626	42,225	399,626	42,225
	Funding guaranteed by the Danish government	0	2,170,976	0	2,170,976
	Special types of deposit	2,416,180	2,293,100	2,416,180	2,293,100
	Total deposits and other debt	27,493,092	23,664,299	27,482,099	23,657,937

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
26 Issued bonds at amortised cost				
Bonds listed on the London Stock Exchange *)	0	2,829,550	0	2,829,550
Bonds listed on the Irish Stock Exchange	250,000	250,000	250,000	250,000
Other bonds	12,158	11,246	11,164	10,252
Total issued bonds at amortised cost	262,158	3,090,796	261,164	3,089,802
*) The bonds are guaranteed by the Danish government				
27 Other liabilities				
Negative market value of derivative financial instruments and spot transactions	89,292	204,145	89,292	204,145
Interest and commissions due	112,926	68,947	112,926	68,947
Set-off entry to negative bond portfolios in connection with repo/ reverse transactions	1,301,577	466,216	1,301,577	466,216
Other liabilities	365,420	349,049	313,659	315,300
Total other liabilities	1,869,215	1,088,357	1,817,454	1,054,608
28 Provisions				
Provisions for pensions etc.				
Provisions at the beginning of the year	10,200	8,673	10,200	8,673
Provisions during the period	0	1,527	0	1,527
Reversal of provisions for the year	2,600	0	2,600	0
Total provisions carried forward	7,600	10,200	7,600	10,200
Provisions for losses on guarantees				
Provisions at the beginning of the year	9,229	9,825	9,229	9,825
Provisions during the period	9,475	2,495	9,475	2,495
Reversal of provisions for the year	1,192	3,091	1,192	3,091
Final loss for the year	0	0	0	0
Total provisions carried forward	17,512	9,229	17,512	9,229
Other provisions				
Provisions at the beginning of the year	77,861	42,681	76,351	42,681
Provisions during the period	0	36,962	0	35,452
Reversal of provisions for the year	21,637	1,782	20,208	1,782
Total provisions carried forward	56,224	77,861	56,143	76,351
Total provisions carried forward	81,336	97,290	81,255	95,780
29 Subordinated debt				
Subordinated debt in the form of supplementary capital				
Variable % nominally DKK 328.0 mill., matures on 3 December 2018 Redeemed before maturity in January 2014	328,000	328,000	328,000	328,000
Subordinated debt in the form of hybrid core capital				
Variable % nominally DKK 397.95, indefinite maturity, may be redeemed before maturity on 23 May 2018	397,950	392,951	397,950	392,951
Total subordinated debt	725,950	720,951	725,950	720,951
Subordinated debt recognised when calculating capital base	725,950	720,951	725,950	720,951

Note		Bank	
		2013 DKK '000	2012 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	300,000	300,000

The following of the Bank's shareholders hold shares the total nominal value of which is at least 5% of the share capital:

- Dansk Metal, Nyropsgade 38, 1780 Copenhagen V, Denmark
- FOA – Fag og Arbejde, Stauings Plads 1-3, 1790 Copenhagen V, Denmark
- Fagligt Fælles Forbund – 3F, Kampmannsgade 4, 1790 Copenhagen V, Denmark
- HK/Danmark, Weidekampsgade 8, 0900 Copenhagen C, Denmark
- Fødevareforbundet NNF, C. F. Richs Vej 103, 2000 Frederiksberg, Denmark

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

Note		Group 2013		The Bank	
		2013 DKK '000	2012 DKK '000	2013 DKK '000	2012 DKK '000
31	Contingent liabilities				
	Guarantees				
	Financial guarantees	531,981	525,712	531,981	525,712
	Guarantees for losses on mortgage loans	185,550	162,970	185,550	162,970
	Private Contingency Association	1,814	1,464	1,814	1,464
	Land registration and conversion guarantees	8,791	8,226	8,791	8,226
	Collateral for group companies	0	0	35,200	35,200
	Other guarantees	1,431,272	1,349,135	1,396,072	1,313,935
	Total guarantees	2,159,408	2,047,507	2,159,408	2,047,507
	Other contingent liabilities				
	Irrevocable credit commitments less than 1 year	1,033,262	1,061,453	325,000	475,000
	Unutilised pension commitments	27,500	15,900	27,500	15,900
	Other contingent liabilities	6,350	5,775	6,350	5,775
	Total other contingent liabilities	1,067,112	1,083,128	358,850	496,675
	Total contingent liabilities	3,226,520	3,130,635	2,518,258	2,544,182

The Bank is a party to various judicial proceedings and disputes. The cases are regularly assessed and the necessary provisions are made in accordance with an assessment of the risk of losses. Pending judicial proceedings are not expected to influence the Group's financial position.

Loan to Totalkredit provided by the Bank in 2007 is covered by an agreement on a right of set-off against future commissions, which Totalkredit may invoke if losses are ascertained on the loans provided. The Bank does not expect this right of set-off to significantly influence the Bank's financial position.

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

Note		Group 2012		Bank	
		2013	2012	2013	2012
		DKK '000	DKK '000	DKK '000	DKK '000
32	Hedge accounting				
	Assets hedged with interest-rate contracts				
	Loans				
	Amortised cost	63,233	84,325	63,233	84,325
	Changes in carrying amount brought forward	13,664	13,587	13,664	13,587
	Changes in value for the year	-4,657	77	-4,657	77
	Changes in carrying amount carried forward	9,007	13,664	9,007	13,664
	Carrying amount	72,240	97,989	72,240	97,989
	Interest-rate contracts				
	Nominal value (principal amount)	61,909	83,174	61,909	83,174
	Carrying amount of the hedge leg	71,328	97,349	71,328	97,349

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.

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	1,419,358	464,458	1,419,358	464,458
	Loans	143,231	146,799	143,231	146,799
	Of the equity and liability items below, genuine sale and repurchase transactions account for				
	Debt to credit institutions and central banks	99,839	1,704,019	99,839	1,704,019
	Assets sold as part of genuine sale and repurchase transactions				
	Bonds at fair value	98,281	1,617,065	98,281	1,617,065

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 – 2013				
Currency contracts				
Spot transactions, purchase	26,800	-24	52	76
Spot transactions, sale	3,000	15	31	16
Forward transactions/futures, purchase	142,046	4,381	4,391	10
Forward transactions/futures, sale	7,050,551	-4,334	4,531	8,865
Options, acquired	138,968	-10	41	51
Options, issued	0	0	0	0
Currency swaps	18,900	0	0	0
Interest-rate contracts				
Spot transactions, purchase	153,968	-12	35	47
Spot transactions, sale	11,649	83	106	23
Forward transactions/futures, purchase	302,700	-1,677	118	1,795
Forward transactions/futures, sale	10,328,385	45,787	45,794	7
Options, issued	149,206	-1,000	0	1,000
Swaptions	200,000	-3,002	0	3,002
Interest-rate swaps	3,903,610	-57,853	14,910	72,763
Share contracts				
Spot transactions, purchase	40,678	594	902	308
Spot transactions, sale	46,805	-577	330	907
Options, issued	44	-422	0	422
Total	22,517,310	-18,051	71,241	89,292
Derivative financial instruments and spot transactions Group – 2012				
Currency contracts				
Spot transactions, purchase	237,007	-564	52	616
Spot transactions, sale	252,398	-60	700	760
Forward transactions/futures, purchase	314,048	-1,496	2	1,498
Forward transactions/futures, sale	422,562	652	652	0
Options, acquired	199,885	702	702	0
Options, issued	30,879	0	0	0
Currency swaps	2,862,029	-35,359	0	35,359
Interest-rate contracts				
Spot transactions, purchase	369,833	21	95	74
Spot transactions, sale	392,872	-11	100	111
Forward transactions/futures, purchase	663,328	1,182	1,263	81
Forward transactions/futures, sale	7,748,487	-9,288	62	9,350
Options, issued	3,133,368	-6,218	0	6,218
Swaptions	0	0	0	0
Interest-rate swaps	4,297,753	-113,706	34,503	148,209
Share contracts				
Spot transactions, purchase	144,037	86	933	847
Spot transactions, sale	169,039	-534	488	1,022
Options, issued	0	0	0	0
Total	21,237,525	-164,593	39,552	204,145

Note	Nominal value DKK '000	Net market value DKK '000	Positive market value DKK '000	Negative market value DKK '000
Derivative financial instruments and spot transactions Bank – 2013				
Currency contracts				
Spot transactions, purchase	26,800	-24	52	76
Spot transactions, sale	3,000	15	31	16
Forward transactions/futures, purchase	142,046	4,381	4,391	10
Forward transactions/futures, sale	7,050,551	-4,334	4,531	8,865
Options, acquired	138,968	-10	41	51
Options, issued	0	0	0	0
Currency swaps	18,900	0	0	0
Interest-rate contracts				
Spot transactions, purchase	153,968	-12	35	47
Spot transactions, sale	11,649	83	106	23
Forward transactions/futures, purchase	302,700	-1,677	118	1,795
Forward transactions/futures, sale	10,328,385	45,787	45,794	7
Options, issued	149,206	-1,000	0	1,000
Swaptions	200,000	-3,002	0	3,002
Interest-rate swaps	4,553,610	-53,749	19,014	72,763
Share contracts				
Spot transactions, purchase	40,678	594	902	308
Spot transactions, sale	46,805	-577	330	907
Options, issued	44	-422	0	422
Total	23,167,310	-13,947	75,345	89,292
Derivative financial instruments Bank – 2012				
Currency contracts				
Forward transactions/futures, purchase	237,007	-564	52	616
Forward transactions/futures, sale	252,398	-60	700	760
Forward transactions/futures, purchase	314,048	-1,496	2	1,498
Forward transactions/futures, sale	422,562	652	652	0
Options, acquired	199,885	702	702	0
Options, issued	30,879	0	0	0
Currency swaps	2,862,029	-35,359	0	35,359
Interest-rate contracts				
Forward transactions/futures, purchase	369,833	21	95	74
Forward transactions/futures, sale	392,872	-11	100	111
Forward transactions/futures, purchase	663,328	1,182	1,263	81
Forward transactions/futures, sale	7,748,487	-9,288	62	9,350
Options, issued	3,133,368	-6,218	0	6,218
Swaptions	0	0	0	0
Interest-rate swaps	4,947,753	-105,137	43,072	148,209
Share contracts				
Forward transactions/futures, purchase	144,037	86	933	847
Forward transactions/futures, sale	169,039	-534	488	1,022
Options, issued	0	0	0	0
Total	21,887,525	-156,024	48,121	204,145

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 broken down by maturity Group – 2013					
	Currency contracts					
	Forward transactions/futures, purchase	2,512	1,583	286	0	4,381
	Forward transactions/futures, sale	-2,755	-1,294	-285	0	-4,334
	Options, acquired	-10	0	0	0	-10
	Options, issued	0	0	0	0	0
	Currency swaps	0	0	0	0	0
	Interest-rate contracts					
	Forward transactions/futures, purchase	-1,644	-33	0	0	-1,677
	Forward transactions/futures, sale	45,772	15	0	0	45,787
	Options, acquired	0	0	0	0	0
	Options, issued	-1,000	0	0	0	-1,000
	Swaptions	0	0	0	-3,002	-3,002
	Interest-rate swaps	0	-2,950	-49,732	-5,171	-57,853
	Share contracts					
	Options, issued	-117	-305	0	0	-422
	Total	42,758	-2,984	-49,731	-8,173	-18,130
	Derivative financial instruments broken down by maturity Group – 2012					
	Currency contracts					
	Forward transactions/futures, purchase	-1,496	0	0	0	-1,496
	Forward transactions/futures, sale	592	60	0	0	652
	Options, acquired	702	0	0	0	702
	Options, issued	0	0	0	0	0
	Currency swaps	0	-35,359	0	0	-35,359
	Interest-rate contracts					
	Forward transactions/futures, purchase	1,158	24	0	0	1,182
	Forward transactions/futures, sale	-9,288	0	0	0	-9,288
	Options, acquired	0	0	0	0	0
	Options, issued	-6,218	0	0	0	-6,218
	Swaptions	0	0	0	0	0
	Interest-rate swaps	-553	0	-79,724	-33,429	-113,706
	Share contracts					
	Options, issued	0	0	0	0	0
	Total	-15,103	-35,275	-79,724	-33,429	-163,531

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 broken down by maturity					
	Bank – 2013					
	Currency contracts					
	Forward transactions/futures, purchase	2,512	1,583	286	0	4,381
	Forward transactions/futures, sale	-2,755	-1,294	-285	0	-4,334
	Options, acquired	-10	0	0	0	-10
	Options, issued	0	0	0	0	0
	Currency swaps	0	0	0	0	0
	Interest-rate contracts					
	Forward transactions/futures, purchase	-1,644	-33	0	0	-1,677
	Forward transactions/futures, sale	45,772	15	0	0	45,787
	Options, acquired	0	0	0	0	0
	Options, issued	-1,000	0	0	0	-1,000
	Swaptions	0	0	0	-3,002	-3,002
	Interest-rate swaps	0	6	-48,584	-5,171	-53,749
	Share contracts					
	Options, issued	-117	-305	0	0	-422
	Total	42,758	-28	-48,583	-8,173	-14,026
	Derivative financial instruments broken down by maturity					
	Bank – 2012					
	Currency contracts					
	Forward transactions/futures, purchase	-1,496	0	0	0	-1,496
	Forward transactions/futures, sale	592	60	0	0	652
	Options, acquired	702	0	0	0	702
	Options, issued	0	0	0	0	0
	Currency swaps	0	-35,359	0	0	-35,359
	Interest-rate contracts					
	Forward transactions/futures, purchase	1,158	24	0	0	1,182
	Forward transactions/futures, sale	-9,288	0	0	0	-9,288
	Options, acquired	0	0	0	0	0
	Options, issued	-6,218	0	0	0	-6,218
	Swaptions	0	0	0	0	0
	Interest-rate swaps	-553	0	-71,155	-33,429	-105,137
	Share contracts					
	Options, issued	0	0	0	0	0
	Total	-15,103	-35,275	-71,155	-33,429	-154,962

Note		Positive Market value	Negative Market value	Collateral	Net Amount
36	Offsetting possibilities *				
	Derivative financial instruments – Group 2013	6,205	6,205	0	0
	Derivative financial instruments – Group 2012	193	193	0	0

* The Bank has master netting agreements with a number of financial counterparties, but does not use the possibility of offsetting in the calculation of the Bank's assets and liabilities in relation to accounting or solvency.

Note		Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
37	Cash and cash equivalents				
	Brought forward				
	Cash in hand and demand deposits with central banks	723,817	383,352	723,812	383,340
	Receivables from credit institutions and central banks	594,589	549,643	593,618	549,384
	Total	1,318,406	932,995	1,317,430	932,724
	Carried forward				
	Cash in hand and demand deposits with central banks	664,402	723,817	664,400	723,812
	Receivables from credit institutions and central banks	2,022,603	594,589	2,022,543	593,618
	Total	2,687,167	1,318,406	2,686,943	1,317,430

Liquidity comprises cash in hand etc. and unmortgaged receivables with credit institutions and central banks with original maturity of less than three months.

Note

38	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, costs 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.
	Deposits, 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 2013 DKK '000	Fair value 2013 DKK '000	Carrying amount 2012 DKK '000	Fair value 2012 DKK '000
Financial assets				
Cash in hand and demand deposits with central banks	664,402	664,402	723,817	723,817
Receivables from credit institutions and central banks	2,043,890	2,044,157	1,091,572	1,092,206
Loans at amortised cost	18,148,528	18,209,924	17,751,986	17,805,262
Bonds at fair value	12,748,674	12,748,674	13,843,097	13,843,097
Shares etc.	999,127	999,127	916,114	916,114
Derivative financial instruments	71,241	71,241	39,552	39,552
Total financial assets	34,675,862	34,737,525	34,366,138	34,420,048
Financial liabilities				
Debt to credit institutions and central banks	2,596,125	2,596,125	4,081,768	4,081,768
Deposits	27,493,092	27,493,092	23,664,299	23,666,792
Issued bonds at amortised cost	262,158	262,178	3,090,796	3,090,527
Subordinated debt	725,950	725,583	720,951	720,714
Derivative financial instruments	89,292	89,292	204,145	204,145
Total financial liabilities	31,166,617	31,166,270	31,761,959	31,763,946

Note	Positive Market value	Negative Market value	Collateral	Net Amount
38	Financial assets and liabilities, continued			
Methods to measure fair value				
Fair value is the price which can be obtained by selling an asset, or which must be paid in order to transfer a liability through a regular transaction between independent market participants at the time of measure.				
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, recognised techniques and observable market information, including interest rates, foreign exchange rates, volatilities and credit spreads, as well as currency indicators from leading market participants, 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 specific information from published financial statements, including the equity value of the companies.				
Non observable input includes unlisted shares, primarily in companies related to the financial sector. Arbejdernes Landsbank assesses that alternative methods for measuring the fair value of these assets will not lead to significantly different fair values.				
In 2013, no significant transfers between the three valuation categories were made.				
	Listed prices DKK '000	Observable input DKK '000	Non- observable input DKK '000	Total DKK '000
Group 2013				
Financial assets				
Bonds at fair value	10,980,796	1,767,878	0	12,748,674
Shares etc.	252,073	0	747,054	999,127
Derivative financial instruments	0	71,241	0	71,241
Total financial assets	11,232,869	1,839,119	747,054	13,819,042
Financial liabilities				
Derivative financial instruments	0	89,292	0	89,292
Total financial liabilities	0	89,292	0	89,292
Group 2012				
Financial assets				
Bonds at fair value	12,126,421	1,716,676	0	13,843,097
Shares etc.	250,674	0	665,440	916,114
Derivative financial instruments	0	39,552	0	39,552
Total financial assets	12,377,095	1,756,228	665,440	14,798,763
Financial liabilities				
Derivative financial instruments	0	204,145	0	204,145
Total financial liabilities	0	204,145	0	204,145
Non observable input – the Group				
Fair value brought forward			665,440	643,163
Capital gain/loss for the year in the income statement			-8,037	22,918
Net purchase for the year *)			89,651	-641
Total fair value carried forward			747,054	665,440

*) In 2013 the Bank acquired DKK 85 mill. worth of shares in DLR Kredit.

Note	Fair value recognised in the income statement		Amortised cost		Total return DKK '000	
	Trading portfolio	Fair value option	Assets	Liabilities		
	DKK '000	DKK '000	DKK '000	DKK '000		
39	Return and classification of financial assets and liabilities – Group 2013					
	Return					
	Interest income	220,222	0	1,226,050	-	1,446,272
	Interest expenses	-	-	-	-304,504	-304,504
	Net interest income	220,222	0	1,226,050	-304,504	1,141,768
	Dividends from shares etc.	4,810	54,780	-	-	59,590
	Value adjustments	288,315	-4,939	-4,657	0	278,719
	Total return	513,347	49,841	1,221,393	-304,504	1,480,077
	Financial assets					
	Cash in hand and demand deposits with central banks	-	-	664,402	-	664,402
	Receivables from credit institutions and central banks	-	-	2,043,890	-	2,043,890
	Loans at amortised cost	-	-	18,148,528	-	18,148,528
	Bonds at fair value	12,748,674	0	-	-	12,748,674
	Shares etc.	254,692	744,435	-	-	999,127
	Derivative financial instruments	71,241	-	-	-	71,241
	Assets linked to pooled schemes	-	652,520	-	-	652,520
	Total financial assets	13,074,607	1,396,955	20,192,418	-	34,663,980
	Financial liabilities					
	Debt to credit institutions and central banks	-	-	-	2,596,125	2,596,125
	Deposits	-	-	-	27,493,092	27,493,092
	Issued bonds at amortised cost	-	-	-	262,158	262,158
	Subordinated debt	-	-	-	725,950	725,950
	Derivative financial instruments	89,292	-	-	-	89,292
	Deposits in pooled schemes	-	652,520	-	-	652,520
	Total financial liabilities	89,292	652,520	-	31,077,325	31,819,137
	Return and classification of financial assets and liabilities – the Group 2012					
	Return					
	Interest income	304,453	0	1,221,919	-	1,526,372
	Interest expenses	-	-	-	-352,740	-352,740
	Net interest income	304,453	0	1,221,919	-352,740	1,173,632
	Dividends from shares etc.	3,863	10,462	-	-	14,325
	Value adjustments	325,083	19,549	77	0	344,709
	Total revenue	633,399	30,011	1,221,996	-352,740	1,532,666
	Financial assets					
	Cash in hand and demand deposits with central banks	-	-	723,817	-	723,817
	Receivables from credit institutions and central banks	-	-	1,091,572	-	1,091,572
	Loans at amortised cost	-	-	17,751,986	-	17,751,986
	Bonds at fair value	13,843,097	0	-	-	13,843,097
	Shares etc.	264,731	651,383	-	-	916,114
	Derivative financial instruments	39,552	-	-	-	39,552
	Assets linked to pooled schemes	-	442,632	-	-	442,632
	Total assets	14,147,380	1,094,015	19,567,375	-	34,808,770
	Financial liabilities					
	Debt to credit institutions and central banks	-	-	-	4,081,768	4,081,768
	Deposits	-	-	-	23,664,299	23,664,299
	Issued bonds at amortised cost	-	-	-	3,090,796	3,090,796
	Subordinated debt	-	-	-	720,951	720,951
	Derivative financial instruments	204,145	-	-	-	204,145
	Deposits in pooled schemes	-	442,632	-	-	442,632
	Total contingent liabilities	204,145	442,632	-	31,557,814	32,204,591

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
40	Transactions with related parties			
Group company balances				
	0	0	2,615,580	2,314,123
Loans at amortised cost				
Deposits and other debt	0	0	12,729	12,753
Issued guarantees	0	0	35,200	35,200
Collateral and guarantees received	0	0	0	0
Interest in respect of loans at amortised cost	0	0	44,473	37,564
Interest in respect of deposits and other debt	0	0	32	32
Fees and other operating income	0	0	2,751	1,878
Associates balances				
	0	37,591	0	37,591
Loans at amortised cost				
Deposits and other debt	159,924	260,569	159,924	260,569
Issued guarantees	0	0	0	0
Collateral and guarantees received	8,093	8,261	8,093	8,261
Interest in respect of loans at amortised cost	2,172	2,581	2,172	2,581
Interest in respect of deposits and other debt	1,728	2,559	1,728	2,559
Fees and other operating income	349	1,122	349	1,122
Executive Management and Board of Directors				
	2,909	2,298	2,909	2,298
Loans at amortised cost				
Deposits and other debt	8,657	8,626	8,657	8,626
Issued guarantees	1,305	2,736	1,305	2,736
Collateral and guarantees received	3,615	2,035	3,615	2,035
Interest in respect of loans at amortised cost	74	64	74	64
Interest in respect of deposits and other debt	101	100	101	100
Fees and other operating income	106	114	106	114
Major shareholders				
	263	685	263	685
Loans at amortised cost				
Deposits and other debt	244,028	72,886	244,028	72,886
Issued guarantees	28,600	0	28,600	0
Collateral and guarantees received	2,026,655	5,000	2,026,655	5,000
Interest in respect of loans at amortised cost	74	741	74	741
Interest in respect of deposits and other debt	3,797	900	3,797	900
Fees and other operating income	5,738	7,514	5,738	7,514

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% of the Bank's shares or has more than 20% of the voting rights.

All transactions with related parties which, in addition to those stated in the notes on emoluments, 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 2013 are 4.0%-11.5% (2012: 4.0%-11.5%) for the Executive Management and related parties, and 2.0%-4.0% (2012: 2.0%-11.5%) 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 20,000. (2012: DKK 20,000).

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

Note**41 Business combination**

On 26 June 2013, Arbejdernes Landsbank took over three branches from Østjydsk Bank. This takeover includes employees, customers and all assets, liabilities and contingent liabilities relating to the three branches.

The fair value of the assets taken over, liabilities and contingent liabilities corresponds to the cash purchase sum and therefore there is no balance (goodwill).

In connection with the purchase, transaction costs of DKK 8.2 mill. were paid, and these are recognised in the income statement under "staff and administration expenses".

Due to a lack of registrations, it would not be possible to calculate and provide information about the Group results if the date of takeover had been 1 January 2013.

The effect of ordinary operations on the activity taken over affects the Group's results for 2013 by DKK 7.0 mill.

	Group 2013 DKK '000
Assets and liabilities taken over at fair value	
Cash in hand and demand deposits with central banks	4,240
Loans and other receivables at amortised cost	552,800
Intangible assets, customer relations	25,900
Assets and other equity investments	75,000
Other property, plant and equipment	600
Other assets	14,267
Net assets	672,807
Liabilities	
Deposits and other debt	977,050
Other liabilities	7,600
Liabilities	984,650
Net assets taken over	-311,843
Purchase sum	-311,843
Balance	0
Contingent liabilities, guarantees	160,000

Note	Group 2013 DKK '000	2012 DKK '000	Bank 2013 DKK '000	2012 DKK '000
42	Group overview			
Associates				
Forsikrings-Aktieselskabet ALKA, Høje-Taastrup				
Financial and operating data				
Share capital	88,099	88,099	88,099	88,099
Equity	2,093,080	1,912,382	2,093,080	1,912,382
Ownership interest (%)	32.1	32.1	32.1	32.1
Assets	4,743,392	4,517,013	4,743,392	4,517,013
Liabilities	2,650,312	2,604,631	2,650,312	2,604,631
Net assets	2,093,080	1,912,382	2,093,080	1,912,382
Arbejdernes Landsbank's share of net assets	672,791	614,719	672,791	614,719
Total revenue	1,386,085	1,787,225	1,386,085	1,787,225
Total profit for the period	241,051	402,350	241,051	402,350
Arbejdernes Landsbank's share of profit for the period	77,484	129,322	77,484	129,322
Statement for 2013 as at 30 September 2013 (not revised)				
Statement for 2012 as at 31 December 2012				
Net revenues are defined as premium income for own account.				
Forsikrings-Aktieselskabet ALKA is a limited company which provides private life insurance, business insurance and group life insurance policies focusing primarily on the insurance needs of working families.				
Foreningen Bankernes EDB Central, Roskilde				
Financial and operating data				
Capital contributions	1,378,000	1,299,016	1,378,000	1,299,016
Equity	1,583,500	1,488,104	1,583,500	1,488,104
Ownership interest (%)	22.9	22.7	22.9	22.7
Assets	1,979,900	1,921,472	1,979,900	1,921,472
Liabilities	396,400	433,368	396,400	433,368
Net assets	1,583,500	1,488,104	1,583,500	1,488,104
Arbejdernes Landsbank's share of net assets	362,918	338,202	362,918	338,202
Total revenue	859,600	1,152,610	859,600	1,152,610
Total profit for the period	16,500	10,282	16,500	10,282
Arbejdernes Landsbank's share of profit for the period	3,781	2,337	3,781	2,337
Statement for 2013 as at 30 September 2013 (not revised)				
Statement for 2012 as at 31 December 2012				
Foreningen Bankernes EDB Central is limited liability company providing banks and other institutions in the financial sector with business-related IT support.				

	Bank	2012
	2013	DKK '000
	DKK '000	DKK '000
Group overview, continued		
Consolidated group companies		
AL Finans A/S, Copenhagen		
Share capital	6,000	6,000
Equity	139,839	103,152
Ownership interest (%)	100	100
Profit	36,686	20,707
The financing company, AL Finans A/S is a limited company 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 76.8 staff in terms of full-time employees in 2013.		
Handels ApS Panoptikon, Copenhagen		
Share capital	500	500
Equity	12,727	12,729
Ownership interest (%)	100	100
Profit	4	5
Handels ApS Panoptikon is a private limited company and it is currently inactive. The company has not employed any staff during 2013.		

Note	2013 DKK '000	2012 DKK '000	2011 DKK '000	2010 DKK '000	2009 DKK '000
43	Financial and operating data for the Bank				
Income statement					
Net interest income	1,080,265	1,040,163	999,649	862,104	870,436
Net fees and commission income etc.	317,739	291,426	272,706	256,377	228,870
Core earnings, excl. trading earnings	1,398,004	1,331,589	1,272,355	1,118,481	1,099,306
Trading earnings	102,805	95,700	87,436	97,721	81,670
Total core earnings	1,500,809	1,427,289	1,359,791	1,216,202	1,180,976
Staff costs	-637,205	-621,562	-583,143	-587,552	-542,147
Administrative costs and depreciation/ amortisation	-495,701	-440,579	-452,808	-444,897	-445,412
Core profit before write-downs	367,903	365,148	323,840	183,753	193,417
Write-downs on loans etc.	-229,778	-270,887	-199,012	-163,226	-237,954
Core profit	138,125	94,261	124,828	20,527	-44,537
Investment portfolio earnings, excl. investment securities	285,827	378,919	-195,251	80,981	369,772
Investment securities	121,135	103,200	102,831	128,075	-80,558
Profit before sector solutions	545,087	576,380	32,408	229,583	244,677
Contributions to sector solutions	-41,603	-26,015	-34,756	-107,162	-132,198
Profit before tax	503,484	550,365	-2,348	122,421	112,479
Tax	-80,122	-93,764	40,419	11,426	-36,898
Profit	423,362	456,601	38,071	133,847	75,581
Other financial and operating data					
Net interest and fee income	1,461,102	1,390,745	1,342,172	1,264,843	1,183,738
Value adjustments	274,724	346,363	-220,870	26,968	276,784
Staff and administration expenses	-1,066,358	-1,020,373	-1,008,150	-1,005,347	-937,805
Profit/loss from equity investments in associates and group companies	149,336	148,747	127,321	116,672	-10,568
Loans	18,051,773	17,687,171	16,948,118	16,917,430	16,954,659
Bonds at fair value	12,748,674	13,843,097	13,034,557	10,464,216	8,722,428
Deposits incl. pools	28,134,619	24,100,569	22,932,631	20,942,449	21,406,246
Issued bonds at amortised cost	261,164	3,089,802	3,630,918	3,613,450	812,669
Subordinated debt	725,590	720,951	718,620	328,000	328,000
Equity	3,929,360	3,607,213	3,157,260	3,118,224	2,939,710
Total assets	37,567,966	36,773,174	34,570,204	32,344,168	30,512,085
Total contingent liabilities	2,518,258	2,544,182	3,573,421	3,713,886	4,223,958

Note		2013	2012	2011	2010	2009	
44	Financial ratios for the Bank						
	Solvency						
	Solvency ratio	%	14.9	14.6	13.3	13.0	12.8
	Core capital ratio	%	13.9	13.5	12.2	11.9	11.9
	Earnings						
	Return on equity before tax	%	13.4	16.3	-0.1	4.0	3.9
	Return on equity after tax	%	11.2	13.5	1.2	4.4	2.6
	Ratio of operating income to operating expenses per DKK	DKK	1.35	1.40	1.00	1.09	1.08
	Earnings per DKK 1,000 nominal share value	DKK	1,411.2	1,522.0	126.9	446.2	251.9
	Market risk						
	Interest-rate risk	%	-2.3	-1.4	0.2	3.0	3.8
	Currency position	%	4.5	3.3	7.1	8.1	6.7
	Currency risk	%	0.1	0.0	0.2	0.1	0.2
	Liquidity						
	Loans plus write-downs in relation to deposits	%	68.6	77.9	77.6	84.1	81.7
	Excess liquidity in relation to statutory requirements for liquidity *)	%	261.2	268.0	248.0	237.4	221.9
	Credit						
	Sum of large exposures **)	%	46.5	35.5	54.3	66.2	52.6
	Write-down ratio for the year	%	1.1	1.3	1.0	1.1	1.4
	Growth in loans for the year **)	%	2.1	3.5	0.2	-0.2	-2.6
	Loans in relation to equity		4.6	4.9	5.4	5.4	5.8
	Equity						
	Equity value	DKK	1,309.8	1,202.4	1,052.4	1,039.4	979.9
	Proposed dividend per DKK 1,000 nominal share value	DKK	200.0	350.0	80.0	80.0	0.0
	Employees						
	Average number of employees during the financial year converted to full-time employees		999	987	988	987	991

*) The definition of excess liquidity in relation to statutory requirements for liquidity was changed in 2013. Excess liquidity must now be calculated according to the highest value of the 10%-15% requirement. The financial ratio for 2013 is calculated according to the 15% requirement; the other years are calculated according to the 10% requirement.

***) The definition of growth in loans for the year (2012) and large exposures (2010) has changed. Comparative figures have been adjusted.

Note

45 Definition of 'Financial ratios'

Financial ratios are listed in accordance with the requirements laid down in the Danish Executive Order on the Presentation of Financial Statements. Earnings per share (EPS) and diluted earnings per share (EPS) are calculated in accordance with IAS 33, however, the Bank's shares are not in circulation. Other financial ratios are prepared in accordance with the recommendations and financial ratios 2010 of the Danish Society of Financial Analysts.

Financial ratios are calculated in accordance with guidelines from the Danish FSA, see the Danish Executive Order on the Presentation of Financial Statements.

1. Solvency ratio =	$\frac{\text{Capital base after deductions} \times 100}{\text{Risk-weighted assets}}$
2. Core capital ratio =	$\frac{\text{Core capital after deductions} \times 100}{\text{Risk-weighted assets}}$
3. Return on equity before tax =	$\frac{\text{Profit before tax} \times 100}{\text{Equity (average)}}$
4. Return on equity after tax =	$\frac{\text{Profit after tax} \times 100}{\text{Equity (average)}}$
5. Ratio of operating income to operating expenses per DKK =	$\frac{\text{Income}}{\text{Costs (excl. tax)}}$
6. Interest-rate risk =	$\frac{\text{Interest-rate risk} \times 100}{\text{Core capital after deduction}}$
7. Currency position =	$\frac{\text{Currency indicator 1} \times 100}{\text{Core capital after deduction}}$
8. Currency risk =	$\frac{\text{Currency indicator 2} \times 100}{\text{Core capital after deduction}}$
9. Loans plus write-downs in relation to deposits =	$\frac{\text{Loans} + \text{write-downs on loans}}{\text{Deposits}}$
10. Loans in relation to equity =	$\frac{\text{Loans}}{\text{Equity}}$
11. Growth in loans for the year *) =	$\frac{(\text{Loans, excl. repo transactions carried forward} - \text{loans, excl. repo transactions brought forward}) \times 100}{\text{Loans, excl. repo transactions brought forward}}$
12. Excess liquidity in relation to statutory requirements for liquidity *) =	$\frac{\text{Excess liquidity in relation to statutory requirements, see section 152 of the Financial Business Act}}{\text{Highest value of 10\% to 15\% statutory requirement}}$
13. Sum of large exposures *) =	$\frac{\text{Sum of large exposures after deductions, excl. credit institutions}}{\text{Capital base after deduction}}$
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 =	$\frac{\text{Profit}}{\text{No. DKK 1,000 shares}}$
16. Equity value =	$\frac{\text{Equity} \times 100}{\text{Share capital}}$
17. Proposed dividend per DKK 1,000 nominal share =	$\frac{\text{Dividend yield} \times \text{nominal value of the share}}{100}$
18. Property exposure *)	$\frac{(\text{Gross loans and guarantees within the sector "Completion of building projects"} + \text{the sector "real property"}) \times 100}{\text{Gross loans} + \text{guarantees}}$
19. Stable funding *)	$\frac{\text{Loans}}{\text{Sum of deposits, including pools} + \text{debt to Danmarks Nationalbank with remaining term} > 1 \text{ year} + \text{issued bonds with remaining term} > 1 \text{ year} + \text{subordinated debt} + \text{equity}}$

*) Financial ratio used in the Danish FSA Supervisory Diamond for banks

Management, organisation etc.

Management positions in other enterprises

Members of the Board of Directors

Poul Erik Skov Christensen

Born in 1952

Former Trade Union President

Fagligt Fælles Forbund – 3F

Member of the Board of Directors since 1997

Member of the Board of Directors in:

Fagbevægelsens Erhvervsinvestering A/S

Fonden Femern Belt Development

PensionDanmark Holding A/S

PensionDanmark A/S

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

Investeringsfonden for Udviklingslandene IFU

Industriens Pensionsforsikring A/S

Industripension Holding A/S

Investeringsfonden for Østlandene (IØ-Fonden)

Harald Børsting

Born in 1952

Chairman,

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

Lønmodtagernes Dyrtidsfond

Playa Atlantico S.A.

Malta Holding Ltd

Mellieha Holiday Centre Ltd

Claus Jensen

Born in 1964

Trade Union President,

Danish Metalworkers' Union

Member of the Board of Directors since 2013

Member of the Board of Directors in:

Arbejderbevægelsens Kooperative Finansieringsfond

A/S A-Pressen

Industriens Pensionsforsikring A/S

Industriens Pension Service A/S

Industripension Holding A/S

Industriens Kompetenceudviklingsfond, IKUF

Industriens Uddannelse- og Samarbejdsfond, IUS

Ulandssekretariatet

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

Landsorganisationen i Danmark

Kommanditselskabet Christiansminde

Torben Möger Pedersen

Born in 1955

Managing Director

PensionDanmark A/S and PensionDanmark Holding A/S

Member of the Board of Directors since 2013

Member of the Board of Directors in:

Dansk Selskab for Virksomhedsledelse

Forsikring & Pension

Tænketanken DEA

Metropolitan University College

Foreningen til udvikling af bestyrelsesarbejde i Danmark

Chairman of the board of directors for the PensionDanmark group subsidiaries

Johnny Skovengaard

Born in 1950

Former Vice President

Fagligt Fælles Forbund – 3F

Member of the Board of Directors since 2009

Member of the Board of Directors in:

Forsikrings-Aktieselskabet ALKA

Niels Sørensen

Born in 1954

Administration Manager,

Fødevareforbundet NNF

Member of the Board of Directors since 2012

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

Health and Safety Consultant

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

Manager of Branch Support and Housing,

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

LR Realkredit A/S

Bluegarden A/S

Bluegarden Holding A/S

Nets Holding A/S

Totalkredit A/S

Finanssektorens Uddannelsescenter

Foreningen Bankernes EDB Central

Kooperationen

Regionale Bankers Forening

PensionDanmark Holding A/S

PensionDanmark A/S

Member of the Executive Management 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

Bankpension Pensionskasse for Finansansatte

Bankpension Livs- og Forsikringselskab

BI Holding A/S

Forvaltningsinstituttet for Lokale Pengeinstitutter

Other employees appointed by the Board of Directors

Approved by the Board of Directors of Aktieselskabet Arbejdernes Landsbank, see section 80(8) of the Financial Business Act

Kjeld Gosvig-Jensen

Born in 1957

Executive Head of Legal

Board of Directors

AL Finans A/S

Member of the Executive Management in:

Handels ApS Panoptikon

Finn Hansen

Born in 1958

Executive Head of HR

Member of the Executive Management in:

Handels ApS Panoptikon

Board of Representatives

Chairman:

Claus Jensen

Trade Union President

Dansk Metal

Deputy Chairman:

Harald Børsting

Chairman

Landsorganisationen i Danmark

Lars Andersen

Managing Director

AE–Arbejderbevægelsens Erhvervsråd

Karen Bitsch

Finance Manager

HK/Danmark

Inger Bolwinkel

Trade Union Secretary

FOA – Fag og Arbejde

Jens Bærentsen

CEO

Forsikrings-Aktieselskabet ALKA

Poul Erik Skov Christensen

Former Trade Union President

Fagligt Fælles Forbund – 3F

Per Christensen

Trade Union President

Fagligt Fælles Forbund – 3F

Jeppe Christiansen

Managing Director

Fondsmæglerselskabet Maj Invest A/S

Frank Jensen

Lord Mayor

The City of Copenhagen

Mette Kindberg

Vice President

HK/Danmark

Henrik Kjærgaard

Vice President

Dansk Metal

Jane Korczak

Vice President

Fagligt Fælles Forbund – 3F

Max Meyer

Trade Union President

Blik- og Rørarbejderforbundet
i Danmark

Poul Monggaard

Former Trade Union President

Dansk Frisør- og Kosmetiker Forbund

Frode Nicolaisen

Managing Director

LO-skolen

Jørn Erik Nielsen

Trade Union President

Malerforbundet i Danmark

Kaj Olsen

Former Treasurer

Serviceforbundet

Torben Møger Pedersen

CEO

PensionDanmark A/S

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 Skovengaard

Former Vice President

Fagligt Fælles Forbund – 3F

Niels Sørensen

Administration Manager

Fødevareforbundet NNF

Ulla Sørensen

Treasurer

Fagligt Fælles Forbund – 3F

Ole Wehlast

Trade Union President

Fødevareforbundet NNF

EMPLOYEE REPRESENTATIVES

René Bo Nielsen

Bank Security Officer

Ulla Strøm Nordenhof

Health and Safety Consultant

Henrik Thagaard

Manager of Branch Support and

Housing

Management etc.

BOARD OF DIRECTORS

Chairman:

Poul Erik Skov Christensen
Former Trade Union President

Lars Andersen
*Managing Director,
Chairman of the Audit Committee*

Harald Børsting
Chairman

Claus Jensen
*Trade Union President,
member of the Audit Committee*

Mette Kindberg
*Vice President,
member of the Audit Committee*

Torben Möger Pedersen
CEO

Johnny Skovengaard
Former Vice President

Niels Sørensen
Head of Administration

Elected by the Bank's employees:

Jette Kronborg
Customer Advisor

John Markussen
Customer Consultant

Ulla Strøm Nordenhof
Health and Safety Consultant

Henrik Thagaard
*Manager of Branch Support and
Housing*

EXECUTIVE MANAGEMENT

Gert R. Jonassen
Chief Executive

Jan W. Andersen
Executive Bank Director

OTHER EMPLOYEES IN DAY-TO-DAY MANAGEMENT

Bent Bøjden
Executive Head of IT

Peter Froulund
*Executive Head Communication and
Marketing*

Finn Hansen
Executive Head of HR

Jesper K. Karlsen
Executive Head of Credit

Kjeld Gosvig-Jensen
Executive Head of Legal

Leif Klinge
Executive Head of Financial

Susanne Bechsgaard
Executive Head of Business

Per Rick
Executive Head of Business

Simon Sinding Jørgensen
Head of Strategy and Business

AUDIT

Deloitte
*State-Authorised Limited Partnership
Company of Accountants*

Anne Marie Haas
Internal Audit Manager

STAFF

Legal

– Debt collection and Compliance:

Kjeld Gosvig-Jensen*Executive Head of Legal,
Executive Head of Compliance***Kirsten Fynbo***Manager of Debt Collection***Merete Svarre***Manager of Compliance*

Strategy and Management:

Simon Sinding Jørgensen*Executive Head of Strategy and
Business Development***Majken K. A. Køhler***Business Development Manager***Jesper A. Nielsen***Business Manager*

HR:

Finn Hansen*Executive Head of HR,
Manager of HR Development*

Communication and Marketing:

Peter Froulund*Executive Head of Communication
and Marketing***Jesper Bjerrehuus***Communication Manager***Lisbeth Holm Benattia***Marketing Manager*

IT:

Bent Bøjden*Executive Head of IT*

Credit:

Jesper K. Karlsen*Executive Head of Credit*

Credit risk:

Morten Pii Johannessen*Risk Analysis Manager*

Treasury:

Lars Theilmann*Head of Business Support***Solvejg Skovgaard Jensen***International Business Manager***Jørn Pohl Nielsen***Funds and Administration Manager***Jørn N. Jensen***Head of Treasury and Finance***Carsten Hammershøj***Trading Manager***Peter Normand***Head of Customers Office***Yvonne Hansen***Pension Manager***Thor Rasmussen***Investment Manager***Lone Kjærgaard***Chief Economist***Søren Ødum Nielsen***Manager of Risk Management*

Mortgage:

Søren Zak*Head of Mortgages*

Financial:

Leif Klinge*Executive Head of Financial,
responsible for All-Risk Reporting***Bent Henckel Jensen***All-Risk Coordinator***Klaus Gydesen***Manager of Buildings and Facilities***Henrik Schneller***Manager of Facility Management*

Branch Support and Housing:

Henrik Thagaard*Manager of Branch Support and
Housing
Glostrup and Odense***Elisabeth Eriksen***Branch Support Manager
Odense***Marianne Hougaard***Branch Support Manager
Glostrup***Morten Kjær***Branch Support Manager
Aarhus***Jens Damgaard Nielsen***Housing Associations Manager*

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

John Povlsen

Branch in Grindsted

Vestergade 12
7200 Grindsted

Assistant Branch Manager

Karin Liboriussen

Branch in Gug

Gugvej 223
9210 Aalborg SØ

Assistant Branch Manager

Lars Frilev

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

Jesper Stærmosé

Branch in Holstebro

Nørregade 32
7500 Holstebro

Branch Manager

Mette Danielsen

Branch in Horsens

Søndergade 48
8700 Horsens

Branch Manager

René Sommer

Branch in Horsens

Rådhusvej 11
8700 Horsens

Branch Manager

René Sommer

Branch in Kolding

Buen 1
6000 Kolding

Branch Manager

Jan Andersen

Branch in Nordals

Nordborgvej 24
6430 Nordborg

Assistant Branch Manager

Rene Grau

Branch in Nørresundby

Brotorvet 4
9400 Nørresundby

Assistant Branch Manager

Kim Witte

Branch in Randers

Østervold 18
8900 Randers

Branch Manager

Lars Møller

Branch on Randersvej

Randersvej 69
8200 Aarhus N

Assistant Branch Manager

Anders Graver Pedersen

Branch in Silkeborg

Tværgade 7
8600 Silkeborg

Branch Manager

Dorthe Bechmann

Filialen i Skanderborg

Adelgade 78
8660 Skanderborg

Branch Manager

Anders Østergaard

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

Havnegade 22 A
7100 Vejle

Branch Manager

Henrik Sørensen

Branch in Viborg

Sct. Mathias Gade 34
8800 Viborg

Branch Manager

Jesper Grave Andersen

Branch in Viby
Skanderborgvej 190
8260 Viby J.
Branch Manager
Karen Grøn

Branch in Aabenraa
H.P. Hanssens Gade 12
6200 Aabenraa
Branch Manager
Tom Kronborg

Branch in Åbyhøj
Haslevej 17
8230 Åbyhøj
Assistant Branch Manager
Flemming Nielsen

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

GREATER COPENHAGEN

Branch on Amager
Amagerbrogade 60
2300 Copenhagen S
Branch Manager
Lars Alsøe

Branch in Ballerup
Centrumgaden 35
2750 Ballerup, Denmark
Branch Manager
Thomas Larsen

Branch on Bispebjerg
Frederiksborgvej 98
2400 Copenhagen NV
Branch Manager
Anette Ryefelt

Branch in Brønshøj
Frederikssundsvej 160
2700 Brønshøj
Branch Manager
Christian Barrett

Branch in City
Vesterbrogade 5
1502 Copenhagen V, Denmark
Branch Manager
Bo Møller Larsen

Branch at Enghave Plads
Enghave Plads 5
1670 Copenhagen V
Branch Manager
Jørgen Petersen

Branch on Frederiksberg
Falkoner Allé 62
2000 Frederiksberg
Branch Manager
Jette Lund

Branch in Gladsaxe
Søborg Hovedgade 193
2860 Søborg
Branch Manager
Niels Lund Sørensen

Branch in Glostrup
Banegårdsvej 9
2600 Glostrup
Branch Manager
Anette Meier

Branch in Herlev
Herlev Hovedgade 136
2730 Herlev
Branch Manager
Robert Bjarnholt
February 2014: Branch Manager
Kim Dam

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 Copenhagen N
Assistant Branch Manager
Thomas H. Thørner

Branch on Nørrebro
Nørrebrogade 52 and
Nørrebrogade 62
2200 Copenhagen N
Branch Manager
Helge Olsen

Branch at Rundetårn
Landemærket 8
1119 Copenhagen K
Branch Manager
Kåre S. M. Breinholt

Branch in Rødovre
Tårnvej 221
2610 Rødovre
Branch Manager
Kim Dam
February 2014: Branch Manager
Robert Bjarnholt

Branch in Sydhavnen
Borgbjergsvej 32
2450 Copenhagen SV
Branch Manager
Lisbeth Ringsted

Branch in Taastrup

Køgevej 75
2630 Taastrup

Branch Manager

Jørgen Palle Jensen

Branch in Valby

Valby Langgade 136
2500 Valby

Branch Manager

Bo Møller Larsen

March 2014:

Assistant Branch Manager

Michael Nørholm Kragbæk

Michael Nørholm Kragbæk

Branch in Vanløse

Jernbane Alle 66
2720 Vanløse

Assistant Branch Manager

Lars Ottosen

Branch on Østerbro

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Branch Manager

Kim Foss Lund

Branch at Østerfælled Torv

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Assistant Branch Manager

Mikkel S.L. Krogsfeldt

FUNEN**Branch in Dalum**

Dalumvej 52
5250 Odense SV

Assistant Branch Manager

Robert Abild

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
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Branch Manager

Ulrik Duvier Stærmose

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

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Branch Manager

Tenna Holm Malling

ZEALAND**Branch in Frederikssund**

Havnegade 18
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Branch Manager

Per Jørgensen Schmidt

Branch in Helsingør

Klostergade 1
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Branch Manager

Anne Jørgensen

Branch in Hillerød

Nordstensevej 2
3400 Hillerød

Branch Manager

Claus Lundsgaard

Branch in Jyllinge

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4040 Jyllinge

Assistant Branch Manager

Annette Jensen

Branch in Kalundborg

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Branch Manager

Kim Krog

Branch in Køge

Torvet 9
4600 Køge

Branch Manager

Jane Skouv Lapain

Branch in Næstved

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Branch Manager

Martin Bay Sørensen

Branch in Roskilde

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Branch Manager

John Nielsen

Branch in Slagelse

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Branch Manager

Jan Larsen

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Branch Manager

Flemming Møller

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