

Annual Report 2014



 Arbejdernes Landsbank

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

General Meeting

in aktieselskabet Arbejdernes Landsbank, Monday 9 March 2015

Agenda

1. Election of chair.
2. Review of the activities of the Bank for the past year.
3. Submission of the audited annual report and auditors' report, see Article 23(2) of the Articles of Association and approval hereof.
4. Proposal on appropriation of the profit within the framework laid down in Article 24 of the Articles of Association or coverage of the loss according to the approved annual report.
5. Processing of motions received*.

5.1.A Motion from the Board of Directors to amend the Articles of Association of the Bank

Amendment to Articles 5, 14 and 21:

- Article 5 to be amended to allow pension companies to be shareholders.
- Article 14 to be amended such that the Board of Directors recommends a chair for election by the General Meeting.
- Article 21 to be amended such that access for the Executive Management to grant a power of attorney to employees is confirmed in the Articles of Association.

5.1.B Motion from the Board of Representatives and the Board of Directors to change the Bank's management structure and amend the company's Articles of Association as a consequence hereof.

As part of modernisation of the Bank's management, and based on the new Executive Order on Management and Control of Banks etc., the Board of Representatives and Board of Directors propose an unanimous motion to disband the Board of Representatives and to establish direct election to the Board of Directors. The Board of Representatives in its current form will subsequently be disbanded, and the Board of Directors will set up an advisory board of representatives which, with a wide representation of 20-30 members, can

participate in, and provide sparring for, the Board of Directors on development of the Bank, strategically and commercially.

In this connection, it is proposed to amend the Bank's Articles of Association such that all provisions on the Board of Representatives, election thereto and its tasks are repealed, and such that the existing provision in Article 19 of the Articles of Association on election to the Board of Directors, etc. is amended to the following wording:

“Members of the Board of Directors shall be elected by the General Meeting, except for members who are elected according to the regulations governing employee representation in the Board of Directors.

In order to be nominated for the Board of Directors, the candidate shall meet the requirements stipulated in current regulations and codes for members of the board of directors in a financial undertaking, including the Bank's requirements in this respect.

The Board of Directors shall comprise at least six and no more than 12 members, of which up to eight members are elected by the General Meeting, and up to four members are elected according to the regulations laid down by the Danish Companies Act on employee representatives. Members elected by the General Meeting are elected for one year at a time. Members may be re-appointed.

The Board of Directors shall elect its own Chairman and Vice-Chairman following the Annual General Meeting.

The Board of Directors shall, by means of Rules of Procedure, lay down specific provisions on the performance of its duties and responsibilities.

The Board of Directors holds meetings as required by its rules of procedure. Any member of the Board of Directors, any member of the Executive Management, elected auditors and the Head of Internal Audit may request that the Board of Directors be convened.

The Executive Management of the Bank, elected external auditors or the Head of Internal Audit shall be entitled to attend and speak at the meetings of the Board of Directors unless otherwise stipulated by the Board of Directors in the individual case. The elected external auditors and the Head of Internal Audit shall always be entitled to attend meetings of the Board of Directors when matters relevant to the audit or the presentation of the financial statements are addressed. The elected external auditors or the Head of Internal Audit shall attend meetings of the Board of Directors when these matters are discussed, where this is required by one or more members of the Board of Directors.

The Chairman shall convene the Board of Directors and lead its discussions. Minutes shall be taken of meetings and these shall be signed by the members present.

Any member of the Board of Directors, member of the Executive Management, elected external auditor or the Head of Internal Audit who does not agree with decisions made by the Board of Directors shall be entitled to have their views recorded in the minutes.

The Board of Directors shall have a quorum when more than half the members are present. All resolutions shall be decided by simple majority of votes unless otherwise required by legislation. In the event of equality of votes, the Chairman, or in his absence the Deputy Chairman, shall have the casting vote.

Pursuant to legislation, the Board of Directors is responsible for managing the Bank. The division of responsibilities between the Board of Directors and the Executive Management is laid down in accordance with instructions by the Board of Directors.

The Board of Directors employs and dismisses members of the Executive Management, associate directors, as well as the Chief Internal Auditor and the Deputy Chief Internal Auditor.

The Board of Directors may, if relevant, or when required by legislation, set up a committee of the Board of Directors. The guidelines for the committee and its terms of reference shall be regularly evaluated by the entire Board of Directors, which shall have final responsibility for the processing and the decisions made.”

In Articles 4, 9, 11, 12, 15, 17, 18, 20, 22, 23 and 24, a proposal has been made to make consistency corrections and changes of a linguistic nature as a consequence of this motion.

6. Election of members to the Board of Directors.

So far the Board of Directors have been elected by the Board of Representatives. Provided that the motion in item 5.1.B is adopted, direct elections of members of the Board of Directors will be conducted by the General Meeting.

The current members of the Board of Directors elected by the General Meeting:

Poul Erik Skov Christensen (Chairman)
Lars Andersen
Harald Børsting
Torben Møger Pedersen
Per Christensen
Claus Jensen
Mette Kindberg
Niels Sørensen

are proposed unanimously by the Board of Representatives and the Board of Directors to be elected by the General Meeting, taking into account that the chairman of the Board of Directors, Poul Erik Skov Christensen, however, is not up for election due to his resignation. Arne Grevsen is proposed for election as a replacement.

The Bank's 2014 annual report and the Bank's website www.al-bank.dk provide further information on the proposed candidates, their qualifications as well as information about management positions in other enterprises.

If the motion set in item 5.1.B is not adopted, 27 members of the Board of Representatives shall be elected, and the Board of Representatives and the Board of Directors unanimously propose

Lars Andersen
Harald Børsting
Per Christensen
Arne Grevsen
Claus Jensen
Mette Kindberg
Torben Møger Pedersen

Niels Sørensen
Mads Andersen
Inger Bolwinkel
Jacob Bundsgaard
Jens Bærentsen
John Dybart
Lone N. Frost
Marina Hoffmann
Frank Jensen
Henrik Kjærgaard
Jane Korczak
Max Meyer
Henrik Buch Nielsen
Torben Poulsen
Jørgen Juul Rasmussen
Lizette Risgaard
Kim Simonsen
Ulla Sørensen
Kresten Vendelboe
Ole Wehlast

7. Election of auditors

* Pursuant to Article 16(2) of the Bank's Articles of Association, a resolution to amend the Articles of Association is only valid if it is endorsed by no less than two-thirds of the votes cast and of the voting share capital represented at the General Meeting (qualified majority).



GERT R. JONASSEN
Chief Executive

JAN W. ANDERSEN
Executive Bank Director

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Activity and headway

With a profit after tax of DKK 266 mill. and a return on equity after tax of 6.6 %, the Group has achieved a satisfactory result.

In 2014 the Danish economy remained sluggish. Even though employment rose, GDP grew and house prices moved upwards, general economic headway was only modest and never really very convincing

There was otherwise much to raise Danish cheer during the record-high temperatures in the summer, but despite this, Danes held on to their cash and maintained a totally flat consumption curve for the fifth successive year. Confidence in the economy also fell back in the autumn and ended the year at this lower level. Exports also started to drop off, and despite expectations to the contrary, interest rates fell to historic low levels. Combined with the significant drop in oil prices at the end of the year, this is a sign that it will take time before we again see any clear growth.

There are new groupings in the financial sector after Jyske Bank purchased BRF, and this has had an effect on Jyske Bank's collaboration with Totalcredit. Arbejdernes Landsbank has decided to continue working with Totalcredit. We are very pleased that our cooperation regarding joint IT operations and development has been strengthened considerably and enriched with several new players at the BEC data centre; most recently Nykredit and SparNord. This makes us confident that this important operating and development area will continue to be enhanced and form the framework for a sustainable financial platform with the necessary clout to face future challenges.

The financial sector has also made great efforts to shake off the remains of the financial crisis, and all the new regulations seem to set requirements for, and focus on, risk management at the individual credit institution. The multitude of regulations increase complexity and the amount of work. The initiatives can also be hard for customers to understand.

Money laundering is a good example of an area in which we have to spend much time explaining to good customers

why they now have to present an ID, even though we have known them for many years. We know that there is a higher purpose, and we are addressing the task with dedication and care. We can only hope that our customers will be understanding of the necessity for these measures.

Therefore, we like to see this in the context of the news that, for the sixth successive year, the CEM Institute analysis bureau has named us as the bank with the most satisfied customers. We view this as proof that our customers respect us, and that they understand the high quality we want to maintain in our way of running a bank. Above all, we view our customers' satisfaction as acknowledgement of our approach to them in our day-to-day work.

We still believe that our customers want a personal relationship with our staff when they have to make important financial decisions, but we can also see the advantages in extensive use of digitalisation to make everyday bank business work as smoothly as possible.

We will continue to place high priority on our local presence, and we are looking forward to opening new branches in 2015 in Ringsted and in Holbæk. We are equally looking forward to implementing digital solutions which will make it a matter of course to sign loan documents at home instead of having to rush down to the local branch of the Bank. This and other digital innovations will be entirely routine in the future and Arbejdernes Landsbank will be at the centre of developments.

We have always prioritised being able to meet the needs of our private customers with competent customer advisors, and in recent years we have also been working hard to build up the skills necessary for small and medium-sized businesses, as these customers also deserve the very best bank services and personal advice.

The Bank continues to grow, and in 2014 we rounded 250,000 customers. This is an historic milestone, and it underlines the sound development and large inflow of

customers we have seen in recent years. It is pleasing to note that an increasing number of private and business customers want to be part of our business set-up. The net increase in 2014 was more than 7,000 customers, and we are very proud of this achievement. We will put every effort into ensuring that all 250,000 of our customers continue to experience a service-minded and attractive bank. We cannot be the most competitive for all services, but financing owner-occupied housing and cooperative housing will remain areas in which we will ensure that we are extremely competitive.

The continuing fall in mortgage rates and the possibilities to convert loans have made for a great deal of activity, and the Bank is aware of the important task of ensuring that any advice starts with our customers' needs and that possible solutions take into account that both the Bank and the customer are secure in the knowledge that the necessary breathing space has been incorporated so that even small negative fluctuations do not have disastrous consequences for family finances. We run the Bank on a responsible foundation and we will continue to do so.

In the spring 2014, the Danish Financial Supervisory Authority completed an ordinary on-site inspection at the Bank, and the results were very complimentary. The Bank received a number of orders, which we have loyally complied with, and which, among other things, have resulted in further write-downs so that the expected drop in write-downs for 2014 was not achieved. We hope that a number of these write-downs will be recovered in the coming years as we together with our customers work on their financial situation and improved creditworthiness.

The accounting profit for the Group in 2014 reflects a very busy year to maintain a sound business in an uncertain market in which low interest rates do not favour a bank such as ours, with a large bond portfolio of more than DKK 14 bn. We have stuck to our investment strategy of a reasonable return but with price-risk hedging, and as a natural consequence there are no value adjustments.

After the first six months of 2014, we maintained our expectations for the year of a profit before tax of DKK 350-400 mill. With a final profit before tax of DKK 295 mill. it is clear that we were not able to predict adequately the trends in the financial markets. The profit on portfolios of DKK 89 mill. after the first half-year ended at just a small profit of DKK 3 mill. On the other hand, we are pleased that core earnings before write-downs were better than budgeted so that the profit as a whole can be described as satisfactory in a year with very difficult market conditions.

Throughout the past years, we have believed that the level of write-downs would be falling and that the economic recovery was just around the corner. However, we now believe that the 2014 on-site inspection by the Danish Financial Supervisory Authority and the subsequent action plans, combined with a total reserve for losses on the lending and guarantees portfolio of 5.9 % will provide a more normal basis for the coming years, provided that the current economic forecasts do not have negative repercussions in 2015. The start point will be write-downs of 0.7 % in 2015.

The profit after tax of DKK 266 mill. is satisfactory, and together with the revaluations on the property portfolio this will increase consolidation and solvency. We are convinced that in the years to come Arbejdernes Landsbank will continue as a textbook example of a modern Bank, with a visible values base able to retain and develop its customer base.

In 2015 we will focus on continuing growth in the inflow of customers and we will ensure that private customers requiring advice experience a proactive bank and that all customers experience high-quality service in accordance with their needs for banking services.

In 2015 we expect to achieve a core profit before write-downs of around DKK 400-450 mill. and a profit before tax of around DKK 350-400 mill.

The Board has recommended to the General Meeting a dividend of 15 %, corresponding to DKK 45 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 2014. I would also like to extend a special thank you to the Group employees for an excellent and productive year. We can all be proud of this and use it as a solid foundation for positive and sustainable growth in 2015 and beyond.

Poul Erik Skov Christensen

Chairman of the Board of Directors



POUL ERIK SKOV CHRISTENSEN
Former union president

A/S Arbejdernes Landsbank - Group

Financial and operating data

	2014 DKK '000	2013 DKK '000	2012 DKK '000	2011 DKK '000	2010 DKK '000
Income statement according to the core earnings model					
Net interest income	1,132,850	1,174,921	1,125,548	1,076,055	932,373
Net fee and commission income etc.	454,773	410,378	355,347	329,848	303,778
Core earnings, excl. trading earnings	1,587,623	1,585,299	1,480,895	1,405,903	1,236,151
Trading earnings	130,473	102,805	95,700	87,436	97,721
Total core earnings	1,718,096	1,688,104	1,576,595	1,493,339	1,333,872
Staff costs	-725,796	-699,863	-673,004	-631,096	-627,108
Administration expenses and depreciation/amortisation	-568,511	-570,894	-503,449	-505,792	-491,074
Core profit before write-downs	423,789	417,347	400,142	356,451	215,690
Write-downs on loans etc.	-230,351	-235,493	-277,193	-209,896	-174,897
Core profit	193,438	181,854	122,949	146,555	40,793
Investment portfolio earnings, excl. investment securities	3,361	289,822	378,919	-195,251	80,981
Investment securities	142,870	86,940	84,022	87,876	114,174
Profit before sector solutions	339,669	558,616	585,890	39,180	235,948
Contributions to sector solutions	-44,602	-41,603	-26,015	-34,756	-107,162
Profit before tax	295,067	517,013	559,875	4,424	128,786
Tax	-28,687	-93,651	-103,274	33,647	5,109
Profit	266,380	423,362	456,601	38,071	133,895
Other financial and operating data					
Net interest and fee income	1,629,379	1,580,141	1,496,559	1,439,446	1,349,935
Value adjustments	25,135	278,719	344,709	-226,729	27,143
Staff and administration expenses	-1,177,574	-1,152,574	-1,093,067	-1,074,817	-1,064,412
Profit/loss from equity investments in associates and group companies	115,396	112,645	128,035	110,755	101,433
Loans and other receivables at amortised cost	18,330,380	18,148,528	17,751,986	17,001,600	16,933,065
Bonds at fair value	14,566,631	12,748,674	13,843,097	13,034,557	10,464,216
Deposits incl. pools	29,640,734	28,145,612	24,106,931	22,943,120	20,946,291
Issued bonds at amortised cost	262,158	262,158	3,090,796	3,631,912	3,614,444
Subordinated debt	828,950	725,950	720,951	718,620	328,000
Equity	4,199,965	3,929,360	3,607,213	3,157,260	3,118,224
Total assets	40,123,218	37,648,464	36,839,247	34,633,710	32,385,274
Total contingent liabilities	4,370,452	3,226,520	3,130,635	4,076,221	4,180,600

A/S Arbejdernes Landsbank - Group Financial ratios

		2014	2013	2012	2011	2010
Financial ratios						
Solvency						
Capital ratio	%	15.6	14.9	14.6	13.5	13.1
Tier 1 capital ratio	%	15.6	14.0	13.6	12.4	12.0
Earnings						
Return on equity before tax	%	7.3	13.7	16.6	0.1	4.3
Return on equity after tax	%	6.6	11.2	13.5	1.2	4.4
Ratio of operating income to operating expenses per DKK	DKK	1.19	1.33	1.37	1.00	1.09
Earnings per DKK 1,000 nominal share value	DKK	887.9	1,411.2	1,522.0	126.9	446.2
Return on capital employed	%	0.7	1.1	1.3	0.1	0.4
Market risk						
Interest-rate risk	%	-1.0	-1.8	-1.0	0.3	3.3
Currency position	%	3.0	4.4	3.3	7.0	8.0
Currency risk	%	0.1	0.1	0.0	0.2	0.1
Liquidity						
Loans plus write-downs in relation to deposits	%	66.5	69.0	78.1	77.9	84.2
Excess liquidity in relation to statutory requirements for liquidity *)	%	229.9	261.2	261.2	242.4	232.2
Credit						
Sum of large exposures **)	%	20.8	46.4	35.4	53.7	65.5
Write-down ratio for the year	%	1.0	1.1	1.3	1.1	1.1
Growth in loans for the year ***)	%	1.0	2.3	3.6	0.4	-0.1
Loans in relation to equity		4.4	4.6	4.9	5.4	5.4
Equity						
Equity value	DKK	1,400.0	1,309.8	1,202.4	1,052.4	1,039.4
Proposed dividend per DKK 1,000 nominal share value	DKK	150.0	200.0	350.0	80.0	80.0
Employees						
Average number of employees during the financial year converted to full-time employees		1,082	1,076	1,061	1,053	1,040

*) The definition of excess liquidity in relation to statutory requirements for liquidity was changed in 2013. Excess liquidity is calculated according to the highest value of the 10 %-15 % requirement. The financial ratio for 2014 and 2013 is calculated according to the 15 % requirement; the other years are calculated according to the 10 % requirement.

***) The definition of large exposures changed in 2014. Comparative figures have not been adjusted.

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



Management's review

2014 for the Group Arbejdernes Landsbank

In 2014 the Group earned a profit before tax of DKK 295 mill. This does not fully meet our expectations stated in the 2013 annual report and in the 2014 interim report, both indicating a level of DKK 350-400 mill. before tax. This was solely because of declining returns on the Bank's trading portfolio in the 2nd half year of 2014, whereas core earnings before write-downs comply with the budget.

Core earnings of DKK 1,718 mill. increased marginally in 2014, and with a moderate rise in costs, core profit before write-downs are identical with the 2013 level.

Write-downs of DKK 230 mill. are higher than budgeted, though similar to the 2013 level of DKK 235 mill. A requirement for increased write-downs following the Danish Financial Supervisory Authority on-site inspection has been incorporated in write-downs for the year.

Investment portfolio earnings, which also include the Bank's investment securities, amounted to DKK 146 mill. against DKK 407 mill. in 2013.

The profit after tax of DKK 266 mill. and the return on equity of 6.6 % is considered satisfactory in light of the falling interest rates and increased competition.

The year 2014 was another year with an impressive influx of customers where the Bank rounded customer number 250,000. The influx counted more than 7,000 customers net, which in addition to generating a higher market share, added new business to the Group. Bank lending has hit a plateau in recent years, and moderate net growth of 1.0 % hides conflicting factors in which new lending is counterbalanced by continued preferences to pay off debt. Bank deposits and pools continued their impressive growth with 5.3 % in 2014.

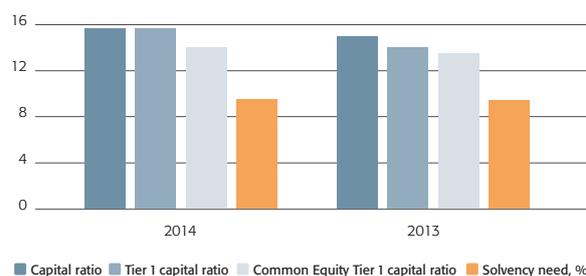
Distribution of profit

The Board has recommended to the General Meeting a dividend of 15 %, corresponding to DKK 45 mill.

Solvency

The capital ratio amounted to 15.6 %, against 14.9 % in 2013. The Tier 1 capital ratio amounted to 15.6 % against 14.0 % in 2013. The Common Equity Tier 1 capital ratio of 14.0 % shows that the Bank only has moderate holdings of Additional Tier 1 capital. Solvency need was the same as 2013 at 9.4 %.

Solvency conditions



Outlook for 2015

Low interest rates and the drops in oil prices could potentially trigger renewed growth in the Danish and global economies. The US economy shows clear signs of improvement, and the Fed is expected to raise its federal fund rates in 2015/2016. The size of private households' disposable income, which is of vital importance for economic growth, seems to be favoured by lower oil prices and continued low-interest loans on freehold property. Just six months ago, only few people would have dared to forecast this development, which will be a significant catalyst for economic recovery in 2015. Once this optimism is converted into dynamism in the form of increased consumption, the positive rub-off effect will motivate customers to borrow money from the bank.

Our own activities are aimed at customer growth and business growth on a sustainable foundation with focus on increasing core earnings. The Bank expects the interest-rate differential to come under pressure because of the competitive situation. Tight cost management with room for investments in controlled growth will define 2015.

With regard to assessment of the level for write-downs, for 2015 we have chosen to assume an improved level as a consequence of recent years' intensive focus on hedging and containing weak exposures, resulting in less need for new write-downs on the portfolio.

Investment portfolio earnings depend on developments in the financial markets, and we anticipate weaker results in this area.

Group expectations for 2015, expressed as profit before tax, are around DKK 350-400 mill., corresponding to a return on equity before tax of around 8-9 %.

The income statement

On the basis of the core earnings model, see page 8 of this annual report, developments in operating profits for 2014 at group level can be described as follows:

Core earnings

Core earnings amounted to DKK 1,718 mill., which is an increase of 1.8 % compared with 2013. Net interest income decreased by DKK 42 mill. to DKK 1,133 mill. This meant that continued positive customer growth and new business were only to a limited extent able to match reductions in the interest-rate differential and increased costs of issuing Additional Tier 1 capital, and this kept interest expenses at a high level. We consider Arbejdernes Landsbank to be an extremely attractive bank with competitive prices, in which the freehold and cooperative property area have particular focus.

Net fee and commission income increased by DKK 45 mill. to DKK 455 mill. and we are pleased with the increasing demand for lending. Low interest rates have led to high activity, triggered by customers converting their mortgage-credit loans, and this is reflected in this item.

Trading earnings increased by 26.9 % to DKK 130 mill., primarily as a result of increasing activity with securities trading and deposits management for our customers.

Staff and administration expenses, etc.

Staff costs amounted to DKK 726 mill., including an increase of DKK 26 mill. which, among other things, is attributable to increasing costs for severance pay and social costs, of which about DKK 13 mill. can be attributed to a changed basis of calculation for payroll tax for 2012-2013. In addition to this there was an increase in payroll costs for 22 employees from Østjydsk Bank in connection with the Bank's takeover of three branches in June 2013. The number of employees calculated as the average number of full-time employees grew from 1,076 in 2013 to 1,082 in 2014. Payroll tax amounted to DKK 75 mill. against DKK 61 mill. in 2013. Ongoing rising tax rates from 11.4 % in 2014 to 15.3 % in 2021 will also be charged to this item in the coming years.

Administration expenses of DKK 569 mill. indicate zero growth compared with 2013 as a result of tight cost management, which covers increasing IT development costs. 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 230 mill. against DKK 235 mill. in 2013. Write-downs for the year correspond to 1.0 % per annum of total loans and guarantees, and this is not considered satisfactory. The ordinary on-site inspection by the Danish Financial Supervisory Authority in spring 2014 resulted in further write-downs, primarily group write-downs. The expectation that write-downs would decrease in 2014 was thus not met. We have noted the instructions given by the Danish Financial Supervisory Authority in their assessment of weak exposures and we are making the necessary adjustments in the form of higher requirements for quality, action plans and credit descriptions, etc. in order to improve identification of weak customers as early as possible.

The objective for the coming years is to lower write-downs to a level of 0.7 %. Our own initiatives on improving credit descriptions together with the low level of interest rates and the budding positive developments in the housing market, also outside large cities, are expected to reduce write-downs to a more acceptable level in 2015.

Investment portfolio earnings

Investment portfolio earnings, excluding investment securities, amounted to DKK 3 mill. against DKK 290 mill. in 2013. This bears witness to a troublesome year in the financial markets, where positive forecasts after the first half year could not be maintained. The Bank's investment strategy entails a reasonable return, but hedging of price risks led to a natural absence of value adjustments. Profit from investment securities amounted to DKK 143 mill. against 87 mill. in 2013, and this return can primarily be attributed to Forsikringsaktieselskabet ALKA and LR Realkredit A/S. In addition to this, seen in isolation, the Bank's sale of its shareholding in Nets Holding led to a gain of DKK 42 mill.

Contributions to sector solutions

The Bank's contributions to the Guarantee Fund for Depositors and Investors, etc. amounted to DKK 45 mill. against DKK 42 mill. in 2013.

Profit for the year

The Group profit before tax was DKK 295 mill. against DKK 517 mill. in 2013. Profit for the year after tax was DKK 266 mill. against DKK 423 mill. in 2013. Return on equity was 7.3 % before tax and 6.6 % after tax.

Equity and return on equity

Balance sheet

At the end of December 2014, total assets amounted to DKK 40.1 bn., and this is an increase of DKK 2.5 bn. compared with December 2013.

Deposits

Total deposits, including savings in pooled schemes amounted to DKK 29.6 bn., and this is an increase of DKK 1.5 bn. compared with December 2013. This rise is attributable to private customers with DKK 1 bn. and business customers with DKK 0.5 bn., both of whom continue to show great confidence in the Bank.

Loans

Group loans amounted to DKK 18.3 bn. at the end of 2014, which is an increase of DKK 0.2 bn. compared with the end of 2013. Continued customer growth and the accompanying business barely compensated for a major roll-back on the loan portfolio in which many customers preferred to reduce their debt. The limited growth in loans will not make the Group depart from its credit policy that lending must be based on a sustainable foundation.

Securities portfolio

The Group securities portfolio amounted to DKK 16.4 bn. in the form of bonds, shares and investment certificates, etc. the majority of which is placed on the bonds market; DKK 14.6 bn.

Liquidity

Excess liquidity

The Bank has good liquidity, and excess cover in relation to the statutory requirement of 15 % is 229.9 %. The Bank's own objective is to always be at least 100 % above the statutory requirement. The current level shows excess cover of DKK 10.0 bn. in relation to the statutory

requirement and excess cover of DKK 5.6 bn. in relation to the Bank's own objective.

At European level, new regulations have been introduced for liquidity management, and these will be implemented over the next few years. The new regulations include a liquidity coverage ratio (LCR) for credit institutions to be implemented up to 2019. From 1 October 2015, this financial ratio must be at least 60 %, after which the financial ratio increases as at 1 January each year by 10 percentage points until the requirement is 100 % as at 1 January 2019. At the end of December, based on a prudent assessment, Arbejdernes Landsbank had an LCR of 55 %, which, following a minor conversion of the bond portfolio will be more than 60 %. The new regulations require a number of new calculations which have not yet been fully implemented in the Bank's systems. The final implementation will in itself entail improvements in the Bank's liquidity ratio.

New regulations on the Net Stable Funding ratio (NSFR) are being implemented and the Bank will be able to report on this at the end of March 2015.

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 2015.

Capital situation

Equity

Equity amounted to DKK 4,200 mill. at the end of 2014; an increase of DKK 271 mill. since the end of 2013. In addition to the profit for the year of DKK 266 mill., the increase includes a redistribution of DKK 8 mill. between revaluation reserves and free reserves, an increase in revaluation reserves on properties of DKK 56 mill., as well as a dividend distribution of DKK 60 mill. in March 2014.

Other capital elements

In 2014, the Bank redeemed a subordinate loan of DKK 328 mill. and issued new Additional Tier 1 capital of DKK 429 mill. This ensures a better capital composition and future-proofs own funds which form the basis for calculating the capital ratio.

Own funds

The Group own funds as at 31 December 2014 amounted to DKK 4,513 mill. and the Tier 1 capital after deductions also amounted to DKK 4,513 mill. Common Equity Tier 1 capital amounted to DKK 4,041 mill.

Solvency

The Group capital ratio was 15.6 % of which the Tier 1 capital ratio was 15.6 %. At the end of 2013, the capital ratio amounted to 14.9 %, of which the Tier 1 capital ratio contributed 14.0 %.

Group calculations include a number of the transitional provisions the sector may apply until these provisions are gradually phased out up to 2019. For the Bank, this is particularly about more rigorous deduction regulations for equity investments in insurance companies, including ALKA.

The Group is assessing the consequences of a full phasing-in of the CRD IV regulations whereby the requirements for capital and the quality of capital will be continuously tightened in the period up to 2019. An assessment of the consequences can be illustrated by placing the Bank's current capital and risk-weighted assets in the setup which will apply in 2015 and 2019 when the new directive is fully phased in.

	2014	2015	2019
Common Equity Tier 1 capital ratio (CET1 in %)	14.0	13.2	11.1
Tier 1 capital ratio	15.6	13.8	13.7
Capital ratio	15.6	13.8	13.7

The most significant factor in this tightening is the calculation of own funds, whereas changes in the calculation of risk-weighted items are less important.

The risk-weighted items amounted to DKK 28.9 bn. at the end of 2014, corresponding to an increase of DKK 2.2 bn. compared with the end of 2013. See note 5 for more details on risk-weighted items.

The Bank's projections for 2020 under various macro-economic scenarios, in combination with capital preservation and solvency improvement plans, confirm that the Bank has the required financial strength to comfortably meet our own solvency objectives.

Solvency need

End December	Group	
	2014	2013
	%	%
Credit risk	6.4	6.2
Market risk	2.0	2.2
Operational risk	1.0	1.0
Other risks	0.0	0.0
Total solvency need	9.4	9.4

The solvency need expresses the capital which the Group itself finds necessary in relation to our risk exposure. This is based on the Danish FSA's 8+ model, according to which a bank may not have a solvency need of less than 8 %. The difference between the solvency need and the lower limit of 8 % thus expresses the additional capital which we must hold in relation to our risk exposure. The solvency need is identical at Group and Bank level as the Bank provides 100 % funding to its subsidiaries.

Business strategy

General

Generally, Arbejdernes Landsbank is a bank for private customers (primarily wage earners), associations, as well as small and medium-sized enterprises. The core of the value offered by the Group is personal consultancy and local presence/visibility through a nationwide branch network, as well as offering digital solutions to give customers more options. The Group cooperates with a number of financial partners in order to ensure our customers a varied selection of financial products, but also to achieve the necessary knowhow about our consultancy services. The Bank's key activities include consultancy services, production, sales and concept development of customer concepts and IT systems. This also includes management of the Bank's large securities portfolio as a core activity. The business model is maintained by focusing on competent consultants and the national distribution network. Well-functioning IT systems are an important prerequisite for the business model. In this respect, BEC (Bankernes EDB Central) is an important partner. Focus is also on ensuring adequate liquidity and capital to make it possible to carry out Group activities.

Branch network

The Bank's customers receive consultancy and services primarily through the Bank's nationwide branch network

of 70 branches, of which the branch in Gug near Aalborg and Gl. Kongevej in Copenhagen opened in 2014.

With advanced online banking solutions, customers can also carry out a number of bank transactions online, such as payments, transfers, trading in securities, correspondence with the Bank etc. The Bank also offers a number of these facilities via customers' mobile phones. The Swipp App is used via the mobile phone for quick and safe money transfers using just the recipient's mobile number.

Private customers and services

Arbejdernes Landsbank has about 230,000 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 online banking
- Credit/debit cards
- Loans and credit
- 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 groups are small and medium-sized enterprises as well as trade unions and their organisations and associations. In recent years, the Bank has developed a corporate concept which is to ensure that customers are offered high-standard consultancy services. In 2014, business centres were set up in Copenhagen, Odense, Kolding, Aarhus and Aalborg and a head of business was appointed to ensure optimal focus on the options available within our concept.

Advanced online banking 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.

Cooperation relations

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](#). 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 Bank. 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 for example regularly monitor risks, and deal with reporting to management and relevant authorities.

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

The IT area

The technological platform is to all intents and purposes based on services supplied by BEC (Bankernes EDB Central), of which the Bank is part owner. It is vital that IT solutions lead to administrative improvements, simplification and more efficiency, as well as increased levels of self service. However, it is also important that IT solutions open opportunities for new business. IT security is a focus area and the Bank is constantly working to ensure that all systems, data and operational security are fully up to date. A number of credit institutions chose to relocate their IT operations to BEC in 2014 and with Nykredit and SparNord, among others, as the new owners, BEC is now well-equipped to meet challenges and ensure customer-oriented development. 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 17 years bears witness to solid experience and insight which helps instill a sense of confidence and security and helps maintain the close relationship with our customers.

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

At the end of the year, in terms of full time equivalents, the Bank employed 1,010 people, while the figure for the Group was 1,088.

Capital structure

Arbejdernes Landsbank is an unlisted limited company with a 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 to 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 2014, Arbejdernes Landsbank had more than 23,400 shareholders. The Bank does not hold fixed meetings for investors, however in addition to the Annual General Meeting it also holds a number of regional meetings for shareholders/customers 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.

The Board has recommended to the General Meeting a dividend of 15 %, corresponding to DKK 45 mill.

Corporate governance and statutory report on corporate governance

The statutory report on corporate governance covers the accounting period 1 January - 31 December 2014. 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

for issuers from the OMX Nordic Exchange Copenhagen, the Global Exchange Markets Listing and Admission to Trading Rules, the management codex of the Danish Bankers' Association, 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 activities.

Recommendations on corporate governance

The recommendations on corporate governance, most recently updated in November 2014, are available on the website of the Committee on Corporate Governance: www.corporategovernance.dk. The recommendations deal with the interaction and communication between shareholders, other stakeholders and the company, the tasks and responsibilities of the board of directors, the composition and organisation of the board of directors, remuneration of management, financial reporting, risk management, as well as audit.

The Bank generally follows the principles laid down in the recommendations on corporate governance. The form used to account for the Bank's observance of the recommendations on corporate governance is available on the Bank's website: www.al-bank.dk.

Policy on the under-represented gender in management positions

In 2013, the Bank's board of directors adopted a policy on the under-represented gender in order to promote equal opportunities between genders in management positions. The policy sets the following general objectives:

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

Specifically the objective is:

- to increase the percentage of the under-represented gender with a view to meeting the 40/60 ratio of genders laid down in 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. At the end of 2014, the distribution was 28/72. 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. As part of a modernisation of the Bank's management on the basis of the most recent Executive Order on Management and Control of Banks etc., at the Bank's General meeting on 9 March 2015, the Board of Representatives and the Board of Directors unanimously propose that the Board of Representatives be disbanded and that direct elections to the Board of Directors be established. The Board of Directors will subsequently set up an advisory board of representatives, which, with a wide representation of up to 30 members, can participate in, and provide sparring for, the Board of Directors on development of the Bank, strategically and commercially.

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, up to eight 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 pages 21-23 of the annual report.

In order to be nominated to the Board of Directors, a candidate must meet the requirements stipulated in the current regulations and codex for members of the board of directors of a financial undertaking, including the Bank's requirements in this respect. 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, gender 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 society around 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 rules of procedure, which are 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 13 meetings in 2014.

Each member of the Board of Directors is evaluated annually to assess the need for competency development in the individual member of the Board of Directors and the Board of Directors as a whole.

The Nomination and Remuneration Committee

Legislation stipulates that a nomination committee and a remuneration committee must be set up by the Group. The Board of Directors has chosen to combine the two committees. The Nomination and Remuneration Committee is composed of three members of the Board of Directors. The Chairman of the Board of Directors is the chairman of the Committee. When working on and processing themes about remuneration, including the Bank's pay policy and other decisions relative to this, a representative elected by the employees participates. The Nomination and Remuneration Committee works according to a plan set out by the Board of Directors. The tasks of the Committee include:

- Drawing up recommendations in connection with new election and re-election of members for the Bank's Board of Representatives/ "the Advisory Board of Representatives" and the Board of Directors as well as appointment of the Bank's Executive Management.
- Assessment of the size, structure, composition and results of the Board of Directors in relation to the tasks carried out, and reporting and making recommendations for any changes in this respect for the whole Board of Directors, regularly and at least once a year.
- Evaluation of the entire Board of Directors in relation to whether the Board of Directors has the required combination of knowledge, professional competences, diversity and experience, and whether the individual member is meeting the requirements laid down by the Financial Business Act. Reporting is carried out regularly and at least once a year to the entire Board of Directors, including recommendations on changes.
- Evaluation of the Bank's Executive Management and making recommendations for the Board of Directors in this respect, regularly and at least once a year.
- Annual assessment of the pay policy, including guidelines for severance pay in relation to the Board of Directors, the Executive Management and other senior employees and significant risk-takers.
- Annual identification of employees whose activities significantly influence the risk profile of the Bank.
- Annual checks of compliance with the pay policy.
- Assessment of performance-based remuneration and emoluments schemes for the Group in order to allow for value creation for the shareholders of the Group, as well as sound and effective risk management.
- Setting the remuneration of the Executive Management in accordance with the Group's pay policy, as well as controlling the remuneration of the management of the part of the organisation that checks compliance

with the limits for risk assumption and management of the part of the organisation that otherwise performs control and audits.

Audit and Risk Committee

According to legislation, the Group must have an audit committee and a risk committee, and the Board of Directors has decided to combine the two committees. The Audit and Risk Committee is composed of three members of the Board of Directors and is chaired by Lars Andersen, Managing Director. The Audit and Risk Committee works according to 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
- Provide the Board of Directors with information on the overall current and future risk profile and strategy of the Bank
- Assist the Board of Directors in checking correct implementation of the Board's risk strategy in the organisation
- Assess whether the financial products and services of the Group are in compliance with the business model and risk profile of the Group
- Assess whether the incentives for the remuneration structure of the Group take into account the risks, capital and liquidity of the Group, as well as the probability and timing of profits.

In 2014, the Committee held four meetings and also set up a new terms of reference for the new Committee. The audit reports have been reviewed and the accounting policies used by the Bank have been examined, including in particular methods for writing down loans and provisions on guarantees. The new regulations on capital adequacy of the capital base of the Bank and the Group, as well as risk management and the control environment in the subsidiary, AL Finans, have been reviewed.

Whistleblowing

To prevent important information from being withheld, the Arbejdernes Landsbank Group has set up a whistleblower scheme to enable employees to notify unacceptable

circumstances or transactions so as to reveal any violations of financial legislation.

Remuneration policy

Each member of the Board of Directors receives a fixed annual remuneration stipulated by the Board of Representatives. In the financial year 2014, remuneration for the Board of Directors amounted to DKK 1.9 mill., of which DKK 63,500 was paid to each of the three members of the Board of Directors who are on the Audit and Risk Committee.

Members of the Board of Directors receive remuneration for their Board work, including remuneration for participation in committees set up by the Board of Directors. For some members, this remuneration is paid to the organisations which they represent.

Board members who resign from the Board of Directors will receive remuneration until the time of resignation.

In 2014 the following members resigned from the Board of Directors:

Johnny Skovengaard, former Vice President for the United Federation of Danish Workers (3F),

(resigned on 31 May, remuneration DKK 53,750)

Ulla Strøm Nordenhof, Health and Safety Consultant, elected by employees, (resigned on 1 April, remuneration DKK 52,592)

Jette Kronborg, Customer Advisor, elected by employees, (resigned on 31 May, remuneration DKK 52,592)

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, as well as a car and telephone.

Total emoluments for the Executive Management in 2014 amounted to DKK 5.8 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.

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.

THE BOARD OF DIRECTORS			
POUL ERIK SKOV CHRISTENSEN	LARS ANDERSEN	HARALD BØRSTING	PER CHRISTENSEN
			
CHAIRMAN OF THE BOARD OF DIRECTORS			
Born in 1952. Member of the Board of Directors since 1997, Chairman of the Board of Directors since 1999. Chairman of the Nomination and Remuneration Committee.	Born in 1958. Member of the Board of Directors since 2009. Chairman of the Audit and Risk Committee.	Born in 1952. Member of the Board of Directors since 2008. Member of the Nomination and Remuneration Committee. Vice Chairman of the Board of Representatives.	Born in 1957. Member of the Board of Directors since May 2014.
Former Trade Union President - 3F (United Federation of Danish Workers)	Managing Director of AE - Arbejderbevægelsens Erhvervsråd (Economic Council of Labour Movement)	President of LO (Confederation of Danish Trade Unions)	Trade Union President - 3F (United Federation of Danish Workers)
Member of the Board of Directors in: Fonden Femern Belt Development	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 (lø-Fonden)	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 Dyrtids-fond Lønmodtagernes Garanti-fond Metroselskabet I/S Playa Atlantico S.A.	Member of the Board of Directors in: A/S A-Pressen AKF Holding A/S Bolind A/S Landsorganisationen i Danmark Pension Danmark A/S Pension Holding A/S
Qualifications: <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Market risk and liquidity ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT 	Qualifications: <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Market risk and liquidity ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT 	Qualifications: <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Financial regulation ■ Credit matters ■ Business model and customer base 	Qualifications: <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Financial regulation ■ Business model and customer base
Share portfolio: 5	Share portfolio: 0	Share portfolio: 2	Share portfolio: 0
Remuneration in 2014: DKK 257,500	Remuneration in 2014: DKK 192,500	Remuneration in 2014: DKK 129,000	Remuneration in 2014: DKK 86,000

THE BOARD OF DIRECTORS, CONTINUED

CLAUS JENSEN	METTE KINDBERG	TORBEN MÖGER PEDERSEN	NIELS SØRENSEN
			
<p>Born in 1964. Member of the Board of Directors since 2013. Member of the Audit and Risk Committee. Vice Chairman of the Board of Representatives.</p>	<p>Born in 1957. Member of the Board of Directors since 2008. Member of the Audit and Risk Committee.</p>	<p>Born in 1955. Member of the Board of Directors since 2013. Member of the Nomination and Remuneration Committee.</p>	<p>Born in 1954. Member of the Board of Directors since May 2012.</p>
<p>Trade Union President of Dansk Metal (Danish Metalworkers' Union)</p>	<p>Vice President of HK/Danmark</p>	<p>Chief Executive Officer at PensionDanmark A/S and at PensionDanmark Holding A/S</p>	<p>Head of Administration for Fødevareforbundet NNF</p>
<p>Member of the Board of Directors in: Arbejderbevægelsens Kooperative Finansieringsfond A/S A-Pressen A/S Femern Landanlæg A/S Storebæltsforbindelsen A/S Øresundsforbindelsen Femern Bælt A/S Industriens Kompetenceudviklingsfond, IKUF Industriens Pensionsforsikring A/S Industriens Pension Service A/S Industriens Uddannelse- og Samarbejdsfond, IUS Industripension Holding A/S Landsorganisationen i Danmark Lindø Industripark A/S Sampension Administrationsselskab A/S Sampension KP Livsforsikring A/S Sund og Bælt Holding A/S Udlandssekretariatet Øresundsbro Konsortiet I/S</p>	<p>Member of the Board of Directors in: Asx 7 ApS Fagbevægelsens Erhvervsinvestering A/S Kommanditselskabet Christiansminde Landsorganisationen i Danmark</p>	<p>Member of the Board of Directors in: Danish Society for Education and Business Danmark-Amerika Fondet DEA – tænketank for uddannelse og erhverv Foreningen til udvikling af bestyrelsesarbejde i Danmark Forsikring & Pension Gigtforeningen Chairman of the board of directors for the PensionDanmark group subsidiaries.</p>	
<p>Qualifications:</p> <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Credit matters ■ Business model and customer base ■ Operational risks and IT 	<p>Qualifications:</p> <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Market risk and liquidity ■ Credit matters ■ Operational risks and IT 	<p>Qualifications:</p> <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Market risk and liquidity ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT 	<p>Qualifications:</p> <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Market risk and liquidity ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT
<p>Share portfolio: 5</p>	<p>Share portfolio: 0</p>	<p>Share portfolio: 0</p>	<p>Share portfolio: 1</p>
<p>Remuneration in 2014: DKK 192,500</p>	<p>Remuneration in 2014: DKK 192,500</p>	<p>Remuneration in 2014: DKK 129,000</p>	<p>Remuneration in 2014: DKK 129,000</p>

THE BOARD OF DIRECTORS, CONTINUED

JOHN MARKUSSEN	JESPER PEDERSEN	HENRIK THAGAARD	LASSE THORN
			
Born in 1957. Employee-elected member of the Board of Directors since 1997.	Born in 1979. Employee representative. Member of the Board of Directors since May 2014.	Born in 1963. Employee representative. Member of the Board of Directors since 2008.	Born in 1975. Employee representative. Member of the Board of Directors since May 2014.
Customer Consultant at A/S Arbejdernes Landbank	Customer Advisor at A/S Arbejdernes Landbank	Manager of Branch Support and Housing at A/S Arbejdernes Landbank	Shop Steward at A/S Arbejdernes Landbank
			Member of the Board of Directors in: HK/Privat
Qualifications: <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Market risk and liquidity ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT 	Qualifications: <ul style="list-style-type: none"> ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT 	Qualifications: <ul style="list-style-type: none"> ■ Management, HR and Strategy ■ Macro-economic and accounting matters ■ Market risk and liquidity ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT 	Qualifications: <ul style="list-style-type: none"> ■ Financial regulation ■ Credit matters ■ Business model and customer base ■ Operational risks and IT
Share portfolio: 11	Share portfolio: 1	Share portfolio: 0	Share portfolio: 1
Remuneration in 2014: DKK 129,000	Remuneration in 2014: DKK 85,835	Remuneration in 2014: DKK 129,000	Remuneration in 2014: DKK 85,835

EXECUTIVE MANAGEMENT

GERT R. JONASSEN

JAN W. ANDERSEN



CHIEF EXECUTIVE

EXECUTIVE BANK DIRECTOR

Born in 1959.
 Year of employment 1976
 Appointed to the Executive Management 2004
 Chief Executive 2004

Born in 1958
 Year of employment 1976
 Appointed to the Executive Management in 2011

Member of the Board of Directors in:

AL Finans A/S (Chairman)
 Bluegarden A/S (Vice Chairman)
 Bluegarden Holding A/S (Vice Chairman)
 Finanssektorens Uddannelsescenter (Vice Chairman)
 Foreningen Bankernes EDB Central (Chairman)
 Kooperationen LR Realkredit A/S (Vice Chairman)
 PensionDanmark Holding A/S
 PensionDanmark A/S
 Pras A/S
 Regionale Bankers Forening
 Totalkredit A/S

Member of the Board of Directors in:

AL Finans A/S
 Arbejdsmarkedets tillægspension - ATP
 Bankpension Pensionskasse for Finansansatte
 Bankpension Livs- og Forsikringselskab
 BI Holding A/S
 Forvaltningsinstituttet for Lokale Pengeinstitutter (Vice-Chairman)
 Lønmodtagernes Garantifond

Member of the executive management in:

Handels ApS Panoptikon

Share portfolio:

0

Share portfolio:

0

Remuneration:

3,061 (DKK '000)

Remuneration:

2,783 (DKK '000)

Risk management

General

Arbejdernes Landsbank is exposed to various types of risk and considers risk management an essential focus area for the Board of Directors, the Executive Management and the authorising units. Instructions ensure compliance of the policies adopted by the Board of Directors.

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 and follow up individual risk factors, including business and financial risks, compliance, audit plans, insurance and environmental aspects as well as compliance with competition legislation.

The overall responsibility for the Group's risk management and control in connection with financial reporting is placed in the hands of the Board of Directors and the Executive Management as well as in the Audit and Risk Committee set up by the Board of Directors, which has the necessary competencies pursuant to internal control and risk management regarding the process of financial reporting.

The Executive Management is responsible for ongoing risk management, including identifying and assessing individual risks associated with the Group's business activities.

The Bank has set up an all-risk function in the Financial Department, which is to ensure that the Executive Management and the Board of Directors frequently 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.

A person who refers to the Executive Management is responsible for risk management for the major activity areas, providing credit and management of securities as well as for the liquidity area, as the Bank considers specific competencies and knowledge about these areas to be very important.

Special issues of a cross-sectoral nature are treated by a Risk and Balance Sheet Management and Committee

set up by the Executive Management and composed of the Executive Management as well as the Head of Risk Management.

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 Group issues a risk report, which is available in English on the Bank's website: [Group Risk Report 2014](#).

Benchmarks from the Danish Financial Supervisory Authority

As part of their monitoring of the financial sector and on the basis of a risk-based approach, 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 previous years, the Bank was also within the Danish FSA's limit values in 2014.

Benchmarks from the Danish FSA *)	Limit values	The Bank
Stable funding	< 1	0.6
Excess liquidity	> 50	229.9
Large exposures	< 125	20.7
Growth in loans	< 20	0.9
Property exposures	< 25	8.7

*) The definition of the financial ratios is explained on page 96

Stable funding is defined as loans must not exceed working capital. With a financial ratio of 0.6, 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 229.9 % 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 20.7 % and cover two 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 0.9 % in 2014, the Bank is far from this critical value.

The Bank's property-related exposures before write-downs amounted to 8.7 % and the Danish FSA has set this critical value at a maximum 25 %.

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, 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 requirement in the Capital Requirements Directive CRD IV and the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need, and can be divided into three pillars. Pillar 1 contains rules for calculation of the capital ratio. Pillar

2 deals with calculation of the Bank's individual capital need. Pillar 3 deals with disclosure requirements for risk and capital management.

To calculate the capital 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 calculation of the capital ratio.

The policy of the Board of Directors is that the Bank should have a capital 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 individual capital need as an indicator for whether there is a sufficient safety margin between individual capital need and capital ratio. The Bank has prepared contingency plans for improving the capital ratio if the limit values adopted are threatened or transgressed.

Induced by the new regulations in CRD IV which tighten requirements for the own funds of banks, the Bank redeemed a subordinate loan of DKK 328 mill. and took up new Additional Tier 1 capital amounting to DKK 429 mill., such that total own funds currently consist only of Tier 1 capital and Additional Tier 1 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.

The Board of Directors has employed a new Head of Internal Audit who started on 1 February 2015. This position has been vacant since September 2014.

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 and Risk 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

The significant rise of the CHF exchange rate will, if it remains the same, mean additional expenses of DKK 15 mill. from own positions and increased unsecured value on loans to customers with objective evidence of impairment. 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.

CSR reports

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.

Today social responsibility continues to be the foundation of our banking philosophy. Our fundamental values and the Bank's approach to customers, employees, cooperation partners and investments are built on respect for people and an objective to leave the most positive impression possible on the world. 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 customer advisors 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, 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 to have an unnecessarily negative effect on the environment.

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

Work on our vision in 2014

Work in 2014 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 will be 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 2014.

Quick and competent business management

In 2014 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 were improvements in a number of business processes to benefit our customers as well as our employees.

Organisational changes

At the beginning of 2014, we implemented a number of strategic organisational changes. The overall purpose of these changes was to increase sustainable growth in the branches and to ensure even more focussed initiatives targeted at our private customers as well as our business customers. As part of the organisational changes, we employed a new executive head of credit, and a new head of corporate business, a new head of branch support and housing and a new business manager. The new organisational set-up has resulted in efficiency improvements and optimisation of a number of work processes, particularly within Credit, Business and Housing.

Euro available from all cashpoints

During 2014 it became possible to withdraw euro 24 hours a day from more of our cashpoints, and this has increased flexibility and accessibility for our customers and it has relieved internal processes as there are fewer foreign currency orders. In the first half of 2015, it will be possible to withdraw euro from all of the Bank's cashpoints.

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.

Contactless MasterCard

Since September 2014, we have offered our customers new contactless MasterCards with a built in chip that enables them to pay with the card merely by holding it in front of the payment terminal. This makes payment quicker and easier, and also more secure as the card does not leave the holder's hand at any stage. In 2014, we issued about 16,000 MasterCards with this new wireless chip. Within the next four years, all cards will be replaced with a contactless card.

New organisation in the business area

In 2014, we made a new strategic organisation in the business area by establishing six business centres and 20 business branches and by employing a new head of business. With this new set-up, we have gathered our forces and competencies in more effective units, and this has put us in an even better position to manage businesses with larger scope and complexity. This new organisation has also resulted in more targeted efforts towards each individual business customer and it has provided us with a better overview of their individual needs for financial services.

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.

Influx of customers

In 2014, the Bank also experienced a net growth in our customer base, and we are very pleased with a growth rate of 2.9 %. In September 2014, the Bank reached a milestone with customer no. 250,000, and this bears witness to great interest and support for our bank.

New branches

In 2014, the Bank opened new branches in Gug in Northern Jutland and on Gl. Kongevej in Copenhagen. We felt very well welcomed in both branches, and since the openings, the branches have been busy welcoming new customers. In 2015, new branch openings in Ringsted and Holbæk will improve our geographical coverage on Zealand.

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, local presence and competitive prices. The goal is for the business customer area to constitute at least 25 % of our business by the end of 2015. At the end of 2014, this was 19 %. We expect that the new set-up with six business centres and 20 business branches as well as the new head of business will strengthen us significantly and help us meet our strategic target of 25 % for 2015.

Growth in the cooperative property area

The cooperative property area is one of the Bank's focus areas, and the loan portfolio exceeds DKK 5 bn. Therefore, we are closely monitoring competition in the area, and ensuring that the Bank has an attractive cooperative property package, in which price, consultancy and accessibility are very competitive. The year 2014 saw significant demand for cooperative properties, particularly in the large cities. This means that there is still strong competition to offer attractive financing terms.

In addition to attractive financing terms, the Bank has maintained its focus on responsible advice based on a thorough valuation of the mortgaging and collateral values of cooperative property and not least the overall financial situation of customers. On the basis of this, we are very pleased that we increased our loan portfolio to private co-operative housing in 2014.

Attractive workplace

The Bank has an ambition to be an attractive workplace, internally as well as externally. This requires that we have continuous focus on, and launch, activities that help us attract and retain competent employees.

High employee satisfaction

The 2014 employee satisfaction survey is a good indicator of whether we are being perceived as an attractive workplace internally. In 2014, we were once again pleased with the high response rate of 94 %, which shows that the Bank's employees are generally loyal and satisfied with their job at the Bank. This result also shows that we have a workplace with a healthy culture that provides good opportunities for professional as well as personal development. The Bank's results are therefore somewhat above the level of the financial sector and the Danish labour market in general. The bank's low staff turnover of 5.69 % is also an indication of well-being.

Focus on managerial development

Competent management is crucial for the Bank's success. Therefore, the Bank has developed a management model which defines the expectations to management.

The management model forms the basis for the Bank's internal managerial development concept, developed and designed to ensure that managers at all levels develop the right managerial competences to deal with their own challenges or those of the Bank. The management model has also been integrated in the annual personal development reviews in order to support a targeted dialogue about the role of management and to ensure that the Bank's managers develop in relation to their own specific managerial challenges.

Skills upgrade within the business area

The Bank wants to expand its portfolio of business customers, and as part of its growth strategy for the business area, the Bank has invested in long-term training courses for more than 100 of its consultants. During 2013 and 2014, we have built solid business competences, and we look forward to creating even more good and long-term business-customer relations, so we can be as successful with our business customers as with our private customers.

Active policy for older employees

The Bank stresses the importance of being a socially responsible workplace for all employees in all stages of life. In continuation of the Bank's policy for older employees, which was formulated in 2013, all employees who have turned 60 had an additional interview in connection with their annual personal development review. The purpose of this interview is to consider the employee's future wishes for their working life and also to ensure targeted and long-term planning of Bank resources. Furthermore, we have introduced days especially arranged for employees who have turned 55, to which they are encouraged to invite their spouse/partner. The programme for this day offered presentations about pensions, inheritance and wills, etc. and also provided inspiration for a healthy lifestyle. These events have been a great success, and almost half of this target group took part in them.

A healthy working environment

Arbejdernes Landsbank believes that health and safety is important for the employees to prosper and to create good results. In 2014, we focussed particularly on the layout of the employees' workstations. The Bank's health and safety consultant has been around the entire organisation and all employees have been offered an inspection of their workstation, including advice on ergonomics, working positions and layout of the workstation.

Young persons in training

Our eight financial students and five financial trainees, who became customer advisors in 2014, have all completed good theoretical and practical training. Having a good

network is also an important part of the young persons' professional foundation. Therefore, during 2014, we held four network events for financial students and financial trainees who completed their training as customer advisors within the past six years. In 2015, we will once again look forward to congratulating financial students and financial trainees on completion of their training and we will be welcoming new trainees and students to the Bank.

Financial security and strength

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

In order to secure the Bank against socio-economic fluctuations limiting the Bank's current opportunities to an inappropriate degree, we have an overall goal of a capital ratio of minimum 2.5 percentage points higher than the solvency need calculated for Arbejdernes Landsbank. In addition to the 2.5 percentage points, this also includes the supplement from the phasing-in of the capital preservation buffer up to 2019.

In 2014, the Bank redeemed a subordinate loan of DKK 328 mill. and issued new Additional Tier 1 capital of DKK 429 mill. as part of adjustments to capital elements applying to the solvency calculations pursuant to the CRD IV requirements. At the same time, the Bank has ensured that the previously issued Additional Tier 1 capital of DKK 400 mill. can also be fully included in the calculation of capital.

The Bank is considering a credit rating by one of the recognised credit ratings agencies. This may be a requirement if the Bank has to procure liquidity through foreign sources of funding. This is currently not necessary.

The level of our solvency and core capital emphasise Arbejdernes Landsbank's position as a well 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

During 2014 several independent surveys were published, and each survey showed generally high satisfaction with our way of running business.

- In a large and independent Voxmeter survey by the **CEM Institute** the Bank was chosen by the Danes as their preferred bank for the sixth consecutive year. According to the survey, of all the banks in Denmark, Arbejdernes Landsbank has the most satisfied customers. The result is based on 65,000 interviews with Danish bank customers.
- In September another large customer survey from the consultancy firm **Loyalty Group** showed that customer satisfaction and customer loyalty in Arbejdernes Landsbank are the highest in the Danish bank sector. This confirms that our focus on personal and responsible advice is highly valued by our customers.
- Furthermore, a large survey by the communication agency **Brandhouse** in October showed that we can boast the highest customer satisfaction of all banks in Denmark. The analysis from Brandhouse included 228 of the largest service and retail businesses in Denmark. We came fourth overall.
- Satisfaction with our banking philosophy is also evident among our business customers. This was confirmed in a survey carried out by **Finanssektorens Uddannelsescenter** which showed that Arbejdernes Landsbank's business customers were the most satisfied customers in the sector. Business customers from a total of 20 banks took part in the survey.

Openness

We believe that openness is closely connected to the ability to create value for both customers and owners. Therefore, again in 2014, we have focused on participating in various analyses and 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 2014 share the common characteristic that they are not necessarily about cool cash, but focus more on what gives us value in our lives.

We have arranged a number of events with presentations by, for example, actor Peter Mygind and coach and author

Trine Kolding on "Bullying and social responsibility" and "More work-life-balance for families".

We were also visible within sports in 2014. As the main sponsor for the Danish women's national handball team, the Danish Superliga football teams Brøndby and FC Nordsjælland, and 1st division team AGF, we have invited customers and associations to matches, and we have been visible at Danish football and handball grandstands.

In 2014 we also supported the Børn, Unge & Sorg association (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 2014 we became particularly visible in films and the media through our cinema sponsorship "Behind the movie" in which we support 10-12 Danish films annually together with Dansk Reklamefilm. Moreover, in 2014, we offered free tickets for opening nights such as "Far til Fire" and "Fasandræberne", and in this connection we held pre-opening nights in more than 40 places in Denmark.

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.

Presence in the social media

In 2014, we officially launched the Bank on Facebook and Twitter, and our activities on LinkedIn continued. Being in dialogue with our customers and other stakeholders is strategically important, and therefore we are also pleased that we had as many as 6,588 followers on Facebook at the end of the year, and that support from our fans was the second highest of all of our competitors. After having created a solid foundation on the social media in 2014, in 2015 we will focus on strengthening these activities as well as our online "share of voice".

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. Even though net profit for the year does not correspond to recent years' results, we are still creating value for our owners, and it is assessed that the return on equity after tax will place us better than the average for Group 2 banks.

Economic and financial trends in 2014

The international economy and financial markets

In many ways, 2014 brought with it many surprises compared with expectations at the beginning of the year. Firstly, global market prices of crude oil fell drastically, reaching their lowest level since 2009 at the end of the year. Secondly, the Eurozone economy disappointed, as the fledgling recovery turned out to be much more fragile than expected. Thirdly, yields on government bonds in both Europe and the US dropped, although by far the majority had expected increasing yields at the start of the year.

The price of crude oil (Brent Oil in USD)

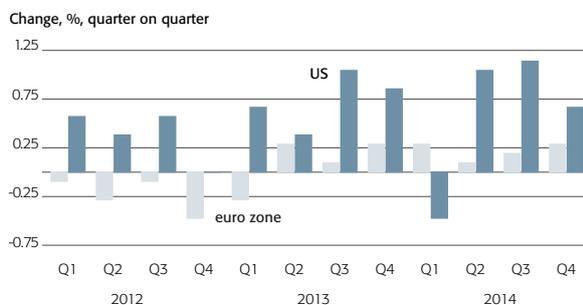


There is no clear explanation for why trends in 2014 moved as unexpectedly as they did, but two of the most important reasons were the crisis in eastern Ukraine and what many have called OPEC's price war against the growing production of shale oil in the US.

The growth cleft between the Eurozone and the US grew deeper.

In 2014 the Eurozone economy disappointed, in contrast to continued growth in the US. Thus the growth cleft between the two regions deepened.

USA far ahead of the euro zone, % quarter on quarter



The Eurozone economy started well, bolstered by the mild winter weather, but during the spring it became more sluggish. The cause was the crisis between Russia and

the Ukraine, which hit Eurozone companies and citizens hard, even though foreign trade with the two countries is somewhat insignificant in relation to total Eurozone trade. Insecurity spread, making the business community reluctant to make new investment.

In 2014, GDP grew by 1 %, which at all events is better than 2013, when the economy shrank by almost 0.5 %.

Inflation fell during 2014, reaching -0.2 % at the end of the year. This is far from the ECB target for inflation of close to, but not exceeding, 2 %. Part of this drop in inflation is due to the fall in oil prices, but low growth has also played an important role, as core inflation (which excludes oil prices) fell to just 0.7 %. This falling inflation fuelled fears of deflation in the Eurozone, as in Japan, although fortunately this was not to be the case.

Very low inflation rate in the US and euro zone



The lack of growth in the Eurozone gave rise to disagreement. On one side was Germany, which expounded a policy of austerity and savings, while France and Italy advocated more space for growth-promoting fiscal policies. At the end of the year a compromise was reached in the EU investment plan, which aims at increasing investment in infrastructure (roads, railways, high-speed internet, etc.) over the next three years, and which anticipates major financing from private investors. Moreover the ECB relaxed monetary policy further in 2014.

However, there were some happier points in the European economy in 2014: There were small signs of improvement in the labour market, with reductions in unemployment and advances in employment. Most of the south European countries saw the beginnings of economic growth; strongest in Spain. Finally, citizens in the Eurozone were a little more willing to spend, and this increase in private consumption pulled with it the modest growth in the Eurozone economy in 2014.

The US economy grew solidly, with growth in GDP of more than 4 % after the first six months. For 2014 as a whole, growth was just 2.4 %, however, because of

a weak start caused by the unusually late and harsh winter. The economic growth was particularly carried by solid advances in private consumption and in corporate investment. The advances were even more visible on the labour market, with unemployment falling from 6.6 % at the start of the year to 5.6 % at the end. Furthermore, in 2014 total employment finally passed the old record set before the financial crisis.

Surprisingly enough, pay rises remained very moderate, despite the falling unemployment. This is partly because the post-crisis mood is still affecting Americans, who are putting more priority on just having a job, than on pay. Moreover, there is still a large reserve of labour, as only two-thirds of Americans of working age are on the labour market.

Moderate pay rises and falling oil prices have led to very low inflation in 2014 in the US as well. At the end of the year, inflation in consumer prices was just 3/4 %.

Monetary policy: ECB relaxed, Fed tightened

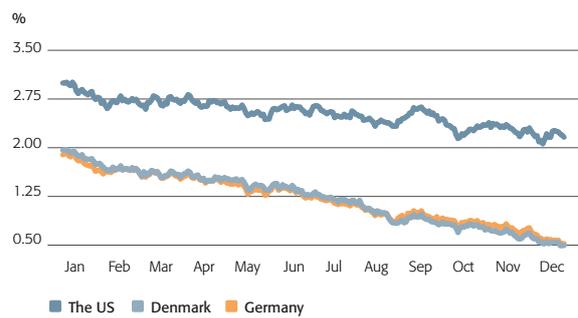
The differences in economic trends between the US and Europe were visible in monetary policy during 2014. The European Central Bank (ECB) relaxed its monetary policy by reducing its lending rate (refi rate) to just 0.05 %, while the rate on deposits was reduced to -0.20 %. There was also the introduction of new money market loans aimed at banks as well as purchases of special types of bonds. The aim of the ECB is to pump an additional up to EUR 1,000 bn. into the monetary cycle in the Eurozone in order to push up growth, and therefore inflation. At the end of the year there were also widespread expectations that the ECB was preparing to purchase government bonds in 2015 as well.

The US central bank, the Fed, went the other way and started normalising its monetary policy in 2014. This was initially by gradually phasing out purchases to support bonds; a process which ended in October. This meant that the Fed was no longer pumping additional liquidity into the US monetary cycle. The next step in the normalisation process is to raise the leading monetary policy interest rate, which has been between 0.00 % and 0.25 % since 2008. Signals from the Fed indicate that increases in interest rates will start in 2015.

Drops in yields on government bonds

Directly contrary to expectations at the start of 2014, bond yields fell significantly on both sides of the Atlantic over the year.

Interest rates fell on 10-year government bonds in 2014



The yield on a 10-year US government bond fell by 0.8 percentage points to 2.2 % at the end 2014, while the yield on a corresponding German government bond decreased by a full 1.35 percentage points to just 0.55 %. This is less than 1/4 of a percentage point higher than the 10-year yield in Japan – an unthinkable situation only one year ago.

The background for this drop in yields is a mixture of disappointing economic trends and the unexpected drop in oil prices with the consequential fall in inflation, as well as, at least for Germany, the expectation that the ECB is about to buy up government bonds. This also caused interest rates to fall to record lows in the rest of the Eurozone (except for in Greece).

Large differences in share markets

In general, 2014 was yet another good year for shares, with price rises in most countries and regions, although much smaller than in 2013. On the large stock markets, US shares performed best, with an increase (in local currency) of 13 %, followed by Japanese shares with a 7 % increase. Somewhat more modest were rises in equities in the Eurozone, with an increase of just 2.5 %. Danish shares were amongst the best globally, with an increase of 18 %.

The overall factors behind the positive stock markets were high liquidity in the monetary cycle and poor prospects of returns on bonds; the usual alternative to investing in equities. Moreover there were high earnings in many companies, most of which had used the crisis years to reduce costs.

The Danish economy

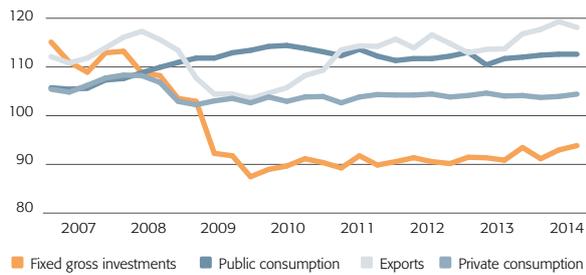
Weak progress in 2014

There was again economic headway in 2014 after two years of retreat. However, the recovery was weak in relation to expectations at the start of the year. This is very much due to geopolitical unrest and disappointing growth in Europe. Prospects of accelerating and more sustainable growth across all sectors in 2014 were stifled on numerous occasions. On the basis of preliminary figures, growth ended at 0.8 %.

The private service sector in particular contributed positively to progress. On the other hand, industry pulled trends in the other direction. In terms of demand, this meant advances in exports and public investments. Private consumption was more or less stagnant and therefore contributed little.

Denmark: GDP using the expenditures approach

Index: 2006 Q1 = 100

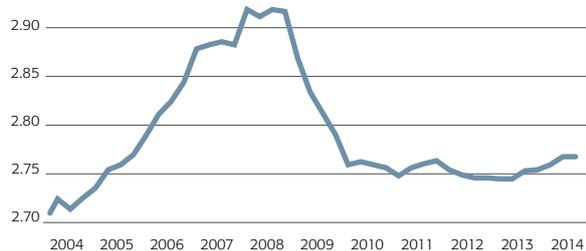


Improvements in the labour market

Despite weak economic progress and the previous years of recession, there were noteworthy improvements in the labour market.

Denmark: Employment

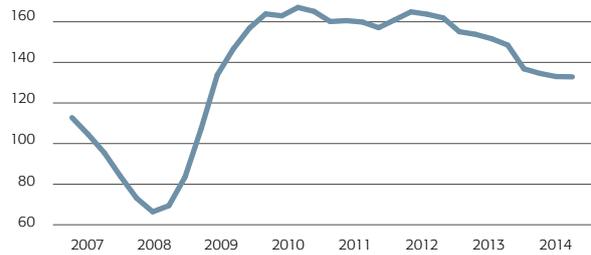
Number of persons in employment – millions



Employment increased drastically. The private sector was the locomotive in this advance. The private service sector in particular saw good improvements in employment.

Denmark: Gross unemployment

Persons in '000



Gross unemployment continued to fall during 2014. Although the drop was blurred by reforms, including in the unemployment benefits area, this indicates an improvement in the labour market, with more jobs.

Improvements in public finances because of extraordinary revenues

There are currently prospects of a surplus on public finances in 2014. The surplus is partly attributable to extraordinary revenues from tax on yields of certain pension-scheme assets. Public finances are also being bolstered by higher than normal revenues because of tax incentives for Danes to convert their capital (lump-sum) pensions to retirement (instalment) pensions in 2013 and 2014. This possibility will also apply in 2015. In 2015 it will also be possible to withdraw savings from LD Pensions with favourable tax breaks. These extraordinary measures have been implemented to avoid a new recommendation from the EU.

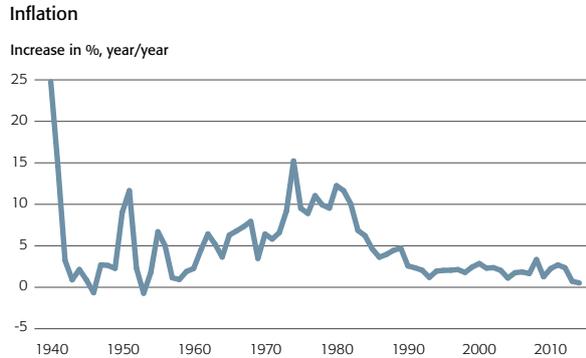
In 2010, Denmark received a recommendation from the EU because of its large budget deficit in the wake of the financial crisis. The primary requirement of the recommendation was to bring down the deficit to below 3 % of GDP by no later than 2013. The EU recommendation was repealed in June last year. It is currently estimated that the actual balance for 2014-16 will be some distance from the borderline to deficit, thus significantly reducing the risk of a new recommendation from the EU.

Measured in relation to other countries, the Danish government debt remains low and Danish government bonds continued to receive top ratings from bureaus.

Small pay and price increases

At 0.6 %, inflation was historically low in 2014. We have to go back to the early 1950s to see inflation at equally low levels. The low inflation is due to very low demand, exacerbated by trends in international commodities prices. Oil prices have fallen dramatically since the summer and are now very low. Food prices have also fallen.

Increases in salaries were also low in 2014. However, real earnings were positive for many wage earners because of the extraordinarily low rate of inflation.



The housing market is improving

Improvements in the housing market have spread even more to the housing market outside of large cities. However, there are still large areas of Denmark in which the housing market is at a standstill. These are especially peripheral areas where there is still a considerable over-supply of houses for sale compared with the low activity on the market.

The price of freehold flats continues to rise at a greater rate than detached houses. Slightly more dwellings were traded in 2014 than in the previous year, although trading activity remains less than normal.

The advance was supported by historically low interest rates, which fell throughout the year, as well as greater consumer confidence than in 2013. The improvements in the labour market also bolstered the housing market.

Outlook for 2015

Prospects for the international economy

The Eurozone economy is generally expected to continue on the same track as in 2014; that is with a fragile, moderate-rate recovery. Growth is expected to be 1%. The economy will be fuelled by low energy prices and low inflation, which will increase people's purchasing power. There are also the historically low interest rates.

However, there are also factors which are blocking a stronger recovery: Geopolitics are causing uncertainty and banks remain challenged. There are also many elections in 2015 in the UK, Spain and Portugal, and the outcome of these could be significant. Inflation is expected to remain

very low, with changes in oil prices in 2015 as the great unknown factor.

Outside of Europe, the US economy is also expected to see solid advances in 2015, with growth in GDP of around 3% and continued falls in unemployment.

Outlook for the Danish economy

There is a good basis for further economic growth in Denmark. Competitiveness has been improving over several years, with low increases in pay, and a more stable housing market benefitting from very low interest rates.

Furthermore, we expect the lower oil prices to make a positive contribution to growth. In addition, employment and household incomes have risen. This is likely to raise private consumption in 2015. We expect overall economic growth of 1.5% in 2015.

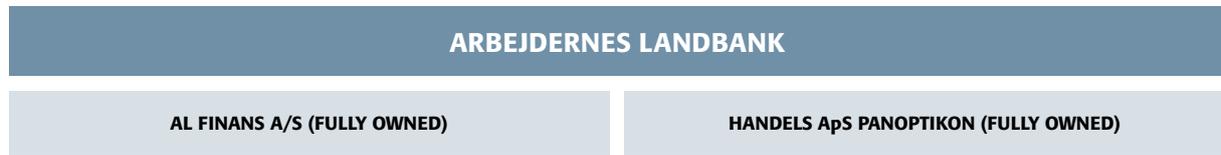
The most important risk for yet another year of disappointing growth is the political unrest regarding the Euro system. Significant risks also include the continued stagnation and low inflation in Europe. Furthermore 2015 may also turn out to be a year in which Danes hold tight to their purse-strings with regard to consumption.

Outlook for interest rates

The ECB is expected to continue its very relaxed monetary policy in 2015. It is very likely that the ECB will commence buying government bonds in Eurozone countries and that the leading monetary policy interest rates will be held unchanged at 0% in reality. On this basis yields on German and Danish government bonds are expected to remain very low throughout 2015.

The US Fed is expected to move in the opposite direction and start to raise its monetary policy rates during 2015. This is likely to lead to moderate increases in yields on US government bonds during 2015.

Organisation chart for Arbejdernes Landsbank Group

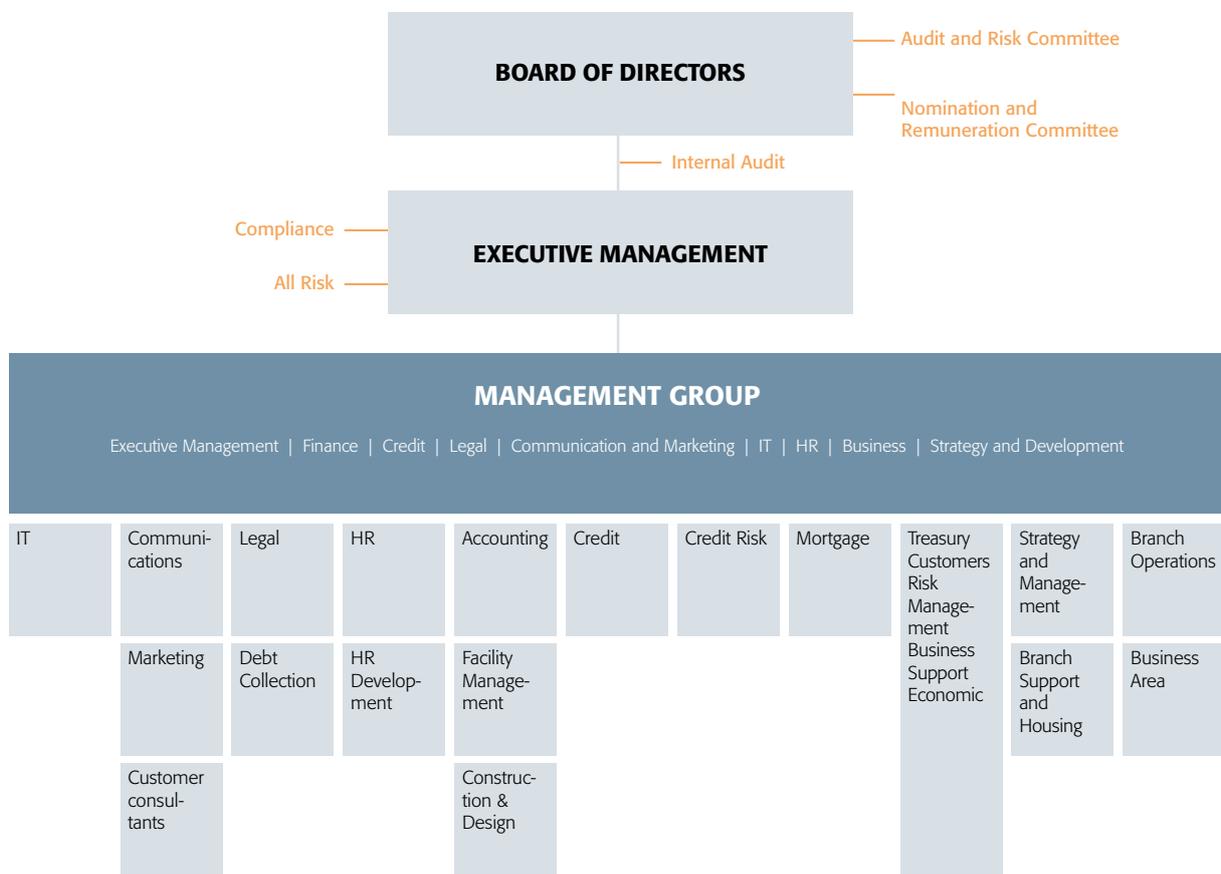


Management structure

Arbejdernes Landsbank consists of one parent company and two subsidiary companies.

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.

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 %
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 %
2014	300,000	4,199,965	29,640,537	18,201,929	40,060,265	15 %



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 2014.

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 2014 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 2014.

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, 10 February 2015

Executive Management:

GERT R. JONASSEN
Chief Executive

JAN W. ANDERSEN

The Board of Directors:

POUL ERIK SKOV CHRISTENSEN
Chairman

CLAUS JENSEN

JOHN MARKUSSEN

LARS ANDERSEN

METTE KINDBERG

JESPER PEDERSEN

HARALD BØRSTING

TORBEN MÖGER PEDERSEN

HENRIK THAGAARD

PER CHRISTENSEN

NIELS SØRENSEN

LASSE THORN

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 annual financial statements of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January to 31 December 2014 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 2014 and of the results of the Group's activities and cash flows for the financial year 1 January to 31 December 2014 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 2014, as well as of the result of the activities and cash flows of the Bank for the financial year 1 January to 31 December 2014 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, 10 February 2015

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	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
Income statement					
7	Interest income	1,429,908	1,446,272	1,320,408	1,348,869
8	Interest expenses	-298,954	-304,504	-298,755	-304,253
	Net interest income	1,130,954	1,141,768	1,021,653	1,044,616
	Dividends from shares etc.	35,691	59,590	35,691	59,590
9	Fee and commission income	504,168	434,340	451,903	381,392
	Fees and commissions paid	-41,434	-55,557	-5,732	-24,496
	Net interest and fee income	1,629,379	1,580,141	1,503,515	1,461,102
10	Value adjustments	25,135	278,719	22,748	274,724
	Other operating income	111,306	103,436	47,258	38,079
11	Staff and administration expenses	-1,177,574	-1,152,574	-1,094,344	-1,066,358
	Amortisation/depreciation as well as write-downs for impairment on intangible assets and property, plant and equipment	-81,471	-61,408	-30,342	-15,169
12	Other operating expenses	-96,753	-108,452	-96,753	-108,452
13	Write-downs on loans and receivables etc.	-230,351	-235,494	-224,288	-229,778
17, 42	Profit/loss from equity investments in associates and group companies	115,396	112,645	152,986	149,336
	Profit before tax	295,067	517,013	280,780	503,484
14	Tax	-28,687	-93,651	-14,400	-80,122
	Profit for the year	266,380	423,362	266,380	423,362
	Proposal for distribution of profit:				
	Dividend for the year	45,000	60,000	45,000	60,000
	Transferred to equity	221,380	363,362	221,380	363,362
	Total for distribution	266,380	423,362	266,380	423,362
Comprehensive income					
	Profit for the year	266,380	423,362	266,380	423,362
	Other comprehensive income which cannot be redesignated to the income statement				
19, 23	Change in the valuation of owner-occupied properties	64,224	3,785	64,224	3,785
	Total other comprehensive income	64,224	3,785	64,224	3,785
	Total comprehensive income	330,604	427,147	330,604	427,147

Balance sheet as at 31 December

Note	Group		Bank		
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000	
Assets					
	Cash in hand and demand deposits with central banks	426,082	664,402	426,068	664,400
15, 33	Receivables from credit institutions and central banks	2,110,289	2,043,890	2,110,146	2,043,615
4, 33	Loans and other receivables at amortised cost	18,330,380	18,148,528	18,201,929	18,051,773
16	Bonds at fair value	14,566,631	12,748,674	14,566,631	12,748,674
4	Shares etc.	1,066,333	999,127	1,066,333	999,127
17,40,42	Equity investments in associates	763,290	719,917	763,290	719,917
40,42	Equity investments in group companies	0	0	190,152	152,567
18	Assets linked to pooled schemes	1,068,920	652,520	1,068,920	652,520
21	Intangible assets	28,977	43,894	13,602	24,338
19	Total land and buildings	836,202	746,325	836,202	746,325
	Investment properties	0	55,332	0	55,332
	Owner-occupied properties	836,202	690,993	836,202	690,993
20	Other property, plant and equipment	200,128	189,837	88,542	75,912
	Current tax assets	22,426	0	42,750	12,916
23	Deferred tax assets	7,345	5,811	24,055	28,558
22	Other assets	668,854	659,258	638,026	623,774
	Accruals and deferred income	27,361	26,281	23,619	23,550
	Total assets	40,123,218	37,648,464	40,060,265	37,567,966
Liabilities					
Debt					
24, 33	Debt to credit institutions and central banks	2,810,092	2,596,125	2,810,092	2,596,125
25	Deposits and other debt	28,571,814	27,493,092	28,571,617	27,482,099
	Deposits in pooled schemes	1,068,920	652,520	1,068,920	652,520
26	Issued bonds at amortised cost	262,158	262,158	261,164	261,164
	Current tax liabilities	0	7,871	0	0
27	Other liabilities	2,253,072	1,869,215	2,200,134	1,817,454
	Accruals and deferred income	33,467	30,837	24,643	22,039
	Total debt	34,999,523	32,911,818	34,936,570	32,831,401
28	Provisions				
	Provisions for pensions and similar liabilities	6,700	7,600	6,700	7,600
	Provisions for losses on guarantees	20,563	17,512	20,563	17,512
	Other provisions	67,517	56,224	67,517	56,143
	Total provisions	94,780	81,336	94,780	81,255
	Subordinated debt				
29	Subordinated debt	828,950	725,950	828,950	725,950
	Total subordinated debt	828,950	725,950	828,950	725,950
Equity					
30	Share capital	300,000	300,000	300,000	300,000
	Revaluation reserves	263,634	207,378	263,634	207,378
	Other reserves	612,778	569,405	790,099	709,140
	Reserve under the equity method	612,778	569,405	790,099	709,140
	Retained earnings or losses	2,978,553	2,792,577	2,801,232	2,652,842
	Proposed dividend	45,000	60,000	45,000	60,000
	Total equity	4,199,965	3,929,360	4,199,965	3,929,360
	Total liabilities	40,123,218	37,648,464	40,060,265	37,567,966

Changes in equity

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Dividends	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Group 2014						
Equity brought forward 2014	300,000	207,378	569,405	2,792,577	60,000	3,929,360
Profit for the year		0	98,879	122,501	45,000	266,380
Other comprehensive income		64,224	0	0	0	64,224
Total comprehensive income		64,224	98,879	122,501	45,000	330,604
Other additions and disposals		-7,968	-55,505	63,473		0
Dividend paid for 2013					-60,000	-60,000
Total changes in equity		56,256	43,374	185,974	-15,000	270,604
Equity carried forward 2014	300,000	263,634	612,779	2,978,552	45,000	4,199,965
Group 2013						
Equity brought forward 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	0	0	3,785
Total comprehensive income		3,785	93,245	270,117	60,000	427,147
Other additions and disposals		0	0	0		0
Dividend paid for 2012					-105,000	-105,000
Total changes in equity		3,785	93,245	270,117	-45,000	322,147
Equity carried forward 2013	300,000	207,378	569,405	2,792,577	60,000	3,929,360
Bank 2014						
Equity brought forward 2014	300,000	207,378	709,140	2,652,842	60,000	3,929,360
Profit for the year		0	136,464	84,916	45,000	266,380
Other comprehensive income		64,224	0	0	0	64,224
Total comprehensive income		64,224	136,464	84,916	45,000	330,604
Other additions and disposals		-7,968	-55,505	63,473		0
Dividend paid for 2013					-60,000	-60,000
Total changes in equity		56,256	80,959	148,389	-15,000	270,604
Equity carried forward 2014	300,000	263,634	790,099	2,801,232	45,000	4,199,965
Bank 2013						
Equity brought forward 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
Other additions and disposals		0	0	0		0
Dividend paid for 2012					-105,000	-105,000
Total changes in equity		3,785	129,930	233,432	-45,000	322,147
Equity carried forward 2013	300,000	207,378	709,140	2,652,842	60,000	3,929,360

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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 pursuant 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.

Some information has been omitted in order to ease reading of the financial statements and reduce the number of notes in which both the amount and the qualitative information is deemed as immaterial for the user.

Implementation of new and changed standards as well as interpretation contributions

As of 1 January 2014, Arbejdernes Landsbank has implemented the following new and changed standards and interpretations of relevance for the Bank:

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- Amended IAS 32, Financial Instruments: Presentation (Offsetting in financial assets and financial liabilities)
- IFRIC 21, Levies
- Amended IAS 36, Impairment of assets: Recoverable Amount Disclosures for Non-Financial Assets
- Amended IAS 39, Financial instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)

IFRS 10 replaces the section on consolidation and consolidated financial statements in IAS 27 and amends the definition of when a company is deemed to have control.

IFRS 11 replaces IAS 31 and SIC-31 and lays down how an arrangement in which two or more investors hold joint control is to be classified and recognised.

IFRS 12 collects in one standard all information requirements concerning group investments in subsidiaries, associates and joint arrangements.

IAS 32 outlines the requirements for offsetting financial assets and liabilities.

IFRIC 21 provides guidance on when to recognise a liability for levies/taxes imposed by public authorities.

IAS 36 terminates the requirement for disclosing the recoverable amount of every cash-flow-generating entity concerning non-financial assets. Furthermore, disclosure requirements are defined on calculation of the recoverable amount on the basis of fair value less costs of disposal.

In IAS 39, the change means that replacing a novation concerning the hedging instrument is not to be considered expiry or termination of the instrument if the replacement is required by existing or new legislation, and if the replacement means that a clearing house (CCP) or a member of a CCP becomes the new novation for each of the parties in a derivative. This will be the case, for example, for novation as a consequence of implementation of the EU EMIR Directive.

Implementation of new and changed standards has not led to changes in accounting policies.

IFRS 9 replacing IAS 39 Financial instruments: Recognition and measurement must be implemented by no later than 1 January 2018. This is about the accounting treatment of financial assets and liabilities for classification and measurement, including changed provisions on hedge accounting and impairment. This is expected to entail a significant change in accounting policies and will probably lay down requirements for a new opening balance sheet.

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 with elimination of 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, financial liabilities, and derivative financial instruments. However, increases in the value of the Bank's owner-occupied properties are recognised in other comprehensive income and posted 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).
- Other financial assets 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.
- Deposits in pooled schemes with fair value adjustment through the income statement (fair value option).
- Other financial liabilities measured at amortised cost.

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 price and the purchase price is recognised in the income statement during the term as interest. 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 costs and excluding earnings from investment portfolios. Core earnings are divided into trading earnings and core earnings excluding trading earnings.

Trading earnings include commission and extra brokerage fees on trading activities in 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 include the return on transactions with credit institutions and on 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 shares and equity investments, which the Bank considers to be sector-related, or 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 repo/reverse 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 under the effective interest-rate method less write-downs for provision of losses. 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.

Identifiable 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 old

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.

Prepayments, assets

Accruals and deferred income are recognised and measured at cost at initial recognition and subsequently at cost. Prepayments under assets 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.

Issued bonds at amortised cost

Issued bonds at amortised cost comprise the Group'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.

Accruals, liabilities

Accruals and deferred income are recognised and measured at cost at initial recognition and subsequently at cost. Accruals under liabilities 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 Additional Tier 1 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 pursuant to the CRR Regulation, constitute 10 % or more of the own funds, are included in the calculation of financial ratios at their exposure after deduction.

Capital ratio

The Group and Aktieselskabet Arbejdernes Landsbank calculate the capital ratio according to the CRD IV Directive issued by the EU. 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 according to the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need and reported quarterly 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 transferred, 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.

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, particularly for private customers, uncertainty is attributable to high debt, floating-rate loans and cessation of interest-only loans which can result in a failure to settle payments for 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. 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 credit rating or ability to pay.

Measurement of revalued amount on properties

Significant estimates are required to determine a rate of return requirement to sell owner-occupied properties 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 therefore be associated with some uncertainty.

Note 3 Events after expiry of the accounting period

The significant rise in prices on CHF will, at an unchanged level, incur expenses at DKK 15 mill. from own positions and increased unsecured value on loans customers with objective evidence of impairment. 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.

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 and 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. To ensure the right competences for business customers, most recently, the Bank has set up business centres and business branches. 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 own funds, was reduced to one exposure in 2014. These exposures account for 17.5 % of the Group's own funds. Establishment of large individual exposures will only take place after a thorough evaluation of whether there is acceptable risk and collateralisation.

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

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 1.2 % 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 2015 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 focuses on continuous follow-up on customers such that the Bank's risk management can be made on an updated and documented basis. For the Bank's weak customers, action plans are prepared to ensure quick response by the Bank in the event of any negative developments.

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 regularly focuses on improving the Bank's credit risk management through development of new credit risk management tools.

The Bank has developed a rating model for private as well as commercial customers. The model is based on a combination of payment behaviour as well as objective information about the customer, including accounting data for business customers and financial information for private customers.

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

- Rating classes 1-4: Customers with exposures of good/normal credit quality

- Rating classes 5-6: Customers with exposures with certain signs of weakness
- Rating classes 7-8: Customers with exposures where focus is on settlement and risk reduction
- Rating classes 9-10: Customers mainly with individual write-downs

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 usable 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.

The development in rating classes shows a small change from rating 1-4 to rating 5-6, see page 64. The change is mostly due to an adjustment in the Danish FSA's tightened approach to classification in credit-quality classes and not a change in the overall risk of the Bank's total loans.

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 own funds are assessed, as a minimum, each quarter and a calculation is carried out of the individual solvency need per exposure exceeding 2 % of the own funds. 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. Focus is on ensuring that mortgaged assets are assessed to be updated and documented. The most common collateral is in the form of mortgages in real property and cooperative properties.

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

- Private residential properties - up to 80 %, depending on type of property, condition and assessed marketability.
- Cooperative property is measured on the basis of our "blue stamp programme", see page 55 of the annual report.
- 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 on page 63.

For individually assessed exposures, collateral is calculated in impairment calculations at estimated fair value, pursuant 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	
	2014	2013	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
Maximum credit exposure *)				
Receivables from credit institutions and central banks	2,110,289	2,043,890	2,110,146	2,043,615
Loans at amortised cost	18,330,380	18,148,528	18,201,929	18,051,773
Bonds at fair value	14,566,631	12,748,674	14,566,631	12,748,674
Shares etc.	1,066,333	999,127	1,066,333	999,127
Equity investments in associates	763,290	719,917	763,290	719,917
Equity investments in group companies	0	0	190,152	152,567
Positive market value of derivative financial instruments	49,516	71,241	50,650	75,345
Guarantees	3,400,013	2,159,408	3,400,013	2,159,408
Irrevocable credit commitments	938,761	1,033,262	200,000	325,000
Total	41,225,213	37,924,047	40,549,144	37,275,426

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

Loans and guarantees				
Loans before write-downs	19,716,530	19,414,277	19,580,002	19,309,445
Guarantees before provisions	3,420,576	2,176,920	3,420,576	2,176,920
Total loans and guarantees before write-downs, etc.	23,137,106	21,591,197	23,000,578	21,486,365
Individual write-downs on loans	1,244,092	1,188,504	1,236,905	1,180,457
Group write-downs on loans	142,057	77,246	141,168	77,216
Individual provisions on guarantees	13,329	9,076	13,329	9,076
Group provisions on guarantees	7,234	8,435	7,234	8,435
Total loans and guarantees after write-downs, etc.	21,730,394	20,307,936	21,601,942	20,211,181
Loans and guarantees before write-downs analysed by sector and industry				
Public authorities	30,111	33,931	8,144	33,812
Business				
Agriculture, hunting, forestry and fisheries	127,911	83,482	111,669	76,361
Industry and minerals	598,672	595,251	264,435	268,591
Energy supply	4,841	5,399	3,734	3,719
Building and construction	685,246	677,566	541,047	580,138
Trade	1,047,278	975,135	546,574	653,843
Transport, hotels and restaurants	509,056	495,237	416,580	425,952
Information and communication	170,261	174,850	124,662	130,002
Financing and insurance	1,206,778	1,233,669	4,105,498	3,791,499
Real property	1,860,535	1,526,097	1,839,841	1,518,364
Other business	2,598,190	2,415,940	2,359,961	2,225,834
Total business	8,808,768	8,182,626	10,314,001	9,674,303
Private	14,298,227	13,374,640	12,678,433	11,778,250
Total	23,137,106	21,591,197	23,000,578	21,486,365

	Group		Bank	
	2014	2013	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
Loans and guarantees analysed by groups of customers				
Private				
Loans and guarantees before write-downs	15,400,582	14,347,898	13,781,660	12,751,508
Loans and guarantees after write-downs	14,700,783	13,780,126	13,086,610	12,189,318
Collateral	8,278,155	8,042,631	6,744,698	6,544,958
Arrears	41,609	46,422	40,818	45,643
Actual loss written off	78,233	97,470	73,046	91,055
Business				
Loans and guarantees before write-downs	6,575,851	6,352,695	8,080,211	7,844,371
Loans and guarantees after write-downs	5,883,021	5,673,397	7,390,703	7,167,569
Collateral	3,197,167	2,512,688	1,804,365	1,432,360
Arrears	32,101	33,897	30,674	33,270
Actual loss written off	90,173	23,468	88,762	23,042
Other				
Loans and guarantees before write-downs	1,160,675	890,604	1,138,708	890,486
Loans and guarantees after write-downs	1,146,591	854,413	1,124,629	854,294
Collateral	816,201	552,545	795,424	552,438
Arrears	1,784	7,512	1,765	7,512
Actual loss written off	15	0	15	0
Total				
Loans and guarantees before write-downs	23,137,107	21,591,197	23,000,579	21,486,365
Loans and guarantees after write-downs	21,730,394	20,307,936	21,601,942	20,211,181
Collateral	12,291,523	11,107,864	9,344,487	8,529,756
Arrears	75,494	87,831	73,257	86,425
Actual loss written off	168,421	120,938	161,823	114,097

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

	Group		Bank	
	2014	2013	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
Loans in arrears				
Value of collateral for loans in arrears				
Properties	612,874	725,364	612,874	725,364
Securities, bonds, cash deposits, etc.	59,262	83,955	59,262	83,955
Cars	56,061	40,074	20,555	29,707
Warrants and guarantees	2,688	419	2,688	419
Other collateral	91,569	41,846	40,147	20,054
Total	822,453	891,658	735,526	859,499
Age distribution for arrears				
1-30 days	49,385	61,940	47,627	60,938
31-60 days	8,530	4,251	8,185	3,994
61-90 days	1,310	15,433	1,310	15,392
More than 90 days	16,269	6,207	16,135	6,101
Total arrears	75,494	87,831	73,257	86,425
Age distribution for loans in arrears				
1-30 days	1,446,151	1,775,830	1,364,109	1,746,339
31-60 days	99,432	58,436	93,664	55,195
61-90 days	14,675	93,686	14,675	93,427
More than 90 days	71,664	42,561	70,783	41,833
Total loans in arrears	1,631,922	1,970,513	1,543,231	1,936,794

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 Article 395 of CRR, an exposure with a client or group of mutually connected clients may not, after subtracting particularly secure claims, exceed 25 % of own funds. Quarterly reports are submitted to the Danish FSA. The Group has not had exposures exceeding the limits laid down in Article 395 of CRR.

Concentration risk on large exposures amounting to 10 % or more of own funds, see Article 392 of CRR.

Credit institutions				
Credit exposure after deductions *)	511,769	2,267,073	511,769	2,267,073
Other business				
Credit exposure after deductions	787,862	1,849,265	787,862	1,849,265
Number of large exposures				
Credit institutions before deductions	8	6	8	6
Other business before deductions	2	3	3	4
Greater than 20 % of own funds				
15-20 % of own funds	0	804,180	0	804,180
10-15 % of own funds	787,862	1,849,265	787,862	1,849,265
Sum of large exposures, excl. credit institutions in % of own funds	511,769	1,462,893	511,769	1,462,893
	18	46	17	46

*) From 2014, credit reduction is carried out according to CRR regulations. Comparative figures have not been adjusted.

	Group		Bank	
	2014	2013	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
Concentration on the Group's total collateral				
Private				
Properties	6,266,376	6,069,869	6,266,376	6,069,869
Securities, bonds, cash deposits, etc.	139,642	90,294	139,642	90,294
Cars	1,741,696	1,733,803	258,219	293,841
Warrants and guarantees	6,003	12,489	6,003	12,489
Other collateral	124,438	136,175	74,458	78,464
Total	8,278,155	8,042,630	6,744,698	6,544,957
Business				
Properties	818,414	984,993	818,414	984,993
Securities, bonds, cash deposits, etc.	797,439	169,197	797,439	169,197
Cars	576,064	375,933	17,627	23,853
Warrants and guarantees	16,034	0	16,034	0
Other collateral	989,216	982,565	154,851	254,317
Total	3,197,167	2,512,688	1,804,365	1,432,360
Other				
Properties	124,496	166,798	124,496	166,798
Securities, bonds, cash deposits, etc.	611,402	340,862	611,402	340,862
Cars	15,205	107	116	0
Warrants and guarantees	847	0	847	0
Other collateral	64,251	44,778	58,563	44,778
Total	816,201	552,545	795,424	552,438
Total collateral				
Properties	7,209,286	7,221,660	7,209,286	7,221,660
Securities, bonds, cash deposits, etc.	1,548,483	600,353	1,548,483	600,353
Cars	2,332,964	2,109,843	275,962	317,694
Warrants and guarantees	22,884	12,489	22,884	12,489
Other collateral	1,177,905	1,163,518	287,872	377,559
Total	12,291,523	11,107,863	9,344,487	8,529,755

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

	Group		Bank	
	2014	2013	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
Credit quality - Loans before write-down				
Customers not individually impaired analysed by primary business areas				
Private				
Rating 1-4	9,667,578	9,198,887	8,058,864	7,617,993
Rating 5-6	2,762,721	2,860,137	2,762,721	2,860,137
Rating 7-10	421,790	506,618	421,790	506,618
Total	12,852,089	12,565,642	11,243,375	10,984,748
Business				
Rating 1-4	2,023,803	2,589,127	4,068,270	4,496,287
Rating 5-6	1,186,818	613,414	894,143	386,448
Rating 7-10	704,358	728,583	466,275	543,952
Total	3,914,979	3,931,123	5,428,687	5,426,687
Other				
Rating 1-4	703,596	654,127	691,633	654,127
Rating 5-6	77,735	59,347	71,042	59,228
Rating 7-10	6,976	40,723	3,665	40,723
Total	788,307	754,196	766,340	754,077

In 2014 the subsidiary, AL Finans, introduced a new method for classification of customers. Group figures for 2013 have been adjusted accordingly.

	Group		Bank	
	2014	2013	2014	2013
	%	%	%	%
Average write-down ratio for customers not individually impaired analysed by primary business areas				
Private				
Rating 1-4	0.763	0.070	0.905	0.084
Rating 5-6	1.710	1.334	1.710	1.334
Rating 7-10	1.625	1.983	1.625	1.983
Business				
Rating 1-4	0.225	0.142	0.111	0.082
Rating 5-6	0.370	1.323	0.488	2.099
Rating 7-10	0.704	1.366	1.063	1.828
Other				
	0.042	0.113	0.042	0.113

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		Bank	
	2014	2013	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000
Reasons for individual impairment on loans				
Amortised cost, loans before write-down				
Bankruptcy	108,840	122,801	107,502	121,196
Debt collection	348,580	291,280	344,349	286,966
Debtors in financial difficulties	1,703,736	1,749,235	1,689,748	1,735,771
Amortised cost, loans before write-down	2,161,156	2,163,316	2,141,599	2,143,933
Written down on loans				
Bankruptcy	82,131	100,798	81,786	99,301
Debt collection	237,366	247,440	235,976	245,366
Debtors in financial difficulties	924,596	840,266	919,143	835,790
Written down on loans	1,244,093	1,188,504	1,236,905	1,180,457
Amortised cost, loans after write-down	917,063	974,812	904,694	963,476
Collateral	571,883	691,634	559,514	680,297
Unsecured part	345,180	283,178	345,180	283,179
Value of loans with objective evidence of impairment, and where the carrying amount is larger than zero				
Assessed individually				
Loans at amortised cost before write-down	1,812,343	2,073,990	1,795,873	2,054,606
Write-down	895,280	1,099,178	891,179	1,091,130
Loans at amortised cost after write-down	917,063	974,812	904,694	963,476
Group assessment				
Loans at amortised cost before write-down	8,766,514	5,549,707	7,958,336	5,493,809
Write-down	142,057	77,246	141,168	77,215
Loans at amortised cost after write-down	8,624,457	5,472,461	7,817,168	5,416,594
Assessed in total				
Loans at amortised cost before write-down	10,578,856	7,623,697	9,754,208	7,548,415
Write-down	1,037,336	1,176,424	1,032,346	1,168,345
Loans at amortised cost after write-down	9,541,520	6,447,273	8,721,862	6,380,070

	Group		Bank	
	2014	2013	2014	2013
	DKK '000	DKK '000	DKK '000	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	108,873	96,148	0	0
Duration between 1-5 years	468,906	297,237	0	0
Duration more than 5 years	4,718	2,883	0	0
Total	582,497	396,268	0	0
Gross investments in finance leases				
Duration up to 1 year	111,758	322,376	0	0
Duration between 1-5 years	503,387	98,727	0	0
Duration more than 5 years	5,368	2,937	0	0
Total	620,513	424,040	0	0
Unearned financing income	38,016	27,772	0	0
Write-down on finance leases	893	766	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	21,679	26,818	0	0
Duration between 1-5 years	84,153	80,077	0	0
Duration more than 5 years	1,631	925	0	0
Total	107,463	107,820	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.

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 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.

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 the Treasury Division. The rest of the framework is placed on the basis of the Executive Management's investment strategy, which depends on assessments of return in relation to risk in financial instruments as well as the Bank's other risks.

Market risk is managed at Group level, and market risk in other units in the Group is regularly hedged with the Parent Company.

Monitoring market risk

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

	2014	2013
	DKK '000	DKK '000
Broken down by type of business		
Bonds etc.	395,001	166,329
Derivative financial instruments	-483,859	-293,777
Mortgage deeds	31,510	17,040
Other items	11,619	44,268
Total	-45,729	-66,140
Broken down by currency		
DKK	80,914	47,143
USD	-75,417	-8,199
EUR	-58,417	-111,048
GBP	5,463	2,584
NOK	923	1,482
CHF	590	63
SEK	220	1,843
Other	-5	-8
Total	-45,729	-66,140
Broken down by modified maturity (M)		
0 < M ≤ 3 mths.	19,354	26,564
3 < M ≤ 6 mths.	15,318	3,320
6 < M ≤ 9 mths.	2,136	7,235
9 < M ≤ 12 mths.	1,513	4,069
1 < M ≤ 2 years	32,482	-190,486
2 < M ≤ 3.6 years	-13,730	33,756
3.6 years < M	-102,802	49,402
Total	-45,729	-66,140

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 46 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 24.4 mill. (2013: DKK 23.8 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

	2014	2013
Currency indicator 1 in DKK '000	150,016	165,833
Currency indicator 1 in % of Tier 1 capital	3.0	4.4
Currency indicator 2 in DKK '000	2,313	4,395
Currency indicator 2 in % of Tier 1 capital	0.1	0.1

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 49.4 mill. (2013: DKK 41.7 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

	2014 DKK '000	2013 DKK '000
Trading portfolio		
Listed shares	219,217	231,869
Unlisted shares etc.	40,788	22,823
Derivatives	178,220	162,653
Total trading portfolio	438,225	417,345
Investment securities		
Unlisted shares etc.	799,591	724,231
Listed shares etc.	6,737	20,204
Associates	763,290	719,917
Total investment securities	1,569,618	1,464,352
Total	2,007,843	1,881,697

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. 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 10 % of the total bond portfolio has been invested in a very diversified portfolio of corporate bonds. At the end of 2014, credit bonds accounted for 11 % of the total bond portfolio. Interest rate sensitivity represents DKK 70.3 mill., mainly in DKK and EUR bonds against DKK 71.3 mill. at the end of 2013.

Investment in bonds issued by banks represents DKK 3.5 bn. (2013: DKK 3.5 bn.) and 24 % of the Bank's total bond portfolio (2013: 27 %). Interest rate sensitivity totals DKK 87.5 mill. (2013: DKK 88.5 mill.), mainly in banks with

a BBB+ rating or higher and primarily in banks in EUR bonds.

At the end of 2014, the total bond portfolio, broken down by ratings, was:

Bond portfolio

	2014	2013
Rating		
AAA	37 %	39 %
AA+, AA, AA-	9 %	2 %
A+, A, A-	23 %	17 %
BBB+	8 %	11 %
BBB	7 %	11 %
BBB-	4 %	0 %
Rating < BBB-	2 %	5 %
Not rated	10 %	15 %
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 had no commodity positions at the end of 2014 and only assumes such risks to a very limited extent.

Balance sheet items by remaining term - Group

	On demand	Up to and incl. 3 months	More than 3 months and incl. 1 year	More than 1 year and incl. 5 years	More than 5 years	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
2014						
Assets						
Cash in hand and demand deposits with central banks	426,082	0	0	0	0	426,082
Receivables from credit institutions	503,382	1,581,820	4,087	0	21,000	2,110,289
Loans at amortised cost	640,173	1,663,609	3,537,100	6,804,714	5,684,785	18,330,380
Bonds at fair value	0	109,108	529,407	6,411,003	7,517,112	14,566,631
Total	1,569,637	3,354,537	4,070,594	13,215,716	13,222,897	35,433,381
Liabilities						
Debt to credit institutions and central banks	1,546,602	1,114,618	148,872	0	0	2,810,092
Deposits and other debt	25,806,728	1,398,543	162,148	229,227	975,168	28,571,814
Issued bonds at amortised cost	0	12,158	0	250,000	0	262,158
Subordinated debt	0	0	0	0	828,950	828,950
Total	27,353,330	2,525,319	311,020	479,227	1,804,118	32,473,014
Guarantees	0	923,793	514,652	1,334,770	626,798	3,400,013
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

Balance sheet items by remaining term - Bank

	On demand	Up to and incl. 3 months	More than 3 months and incl. 1 year	More than 1 year and incl. 5 years	More than 5 years	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
2014						
Assets						
Cash in hand and demand deposits with central banks	426,068	0	0	0	0	426,068
Receivables from credit institutions	503,382	1,581,728	4,036	0	21,000	2,110,146
Loans at amortised cost	644,394	893,905	2,224,786	9,593,314	4,845,529	18,201,929
Bonds at fair value	0	109,108	529,407	6,411,003	7,517,112	14,566,631
Total	1,573,844	2,584,742	2,758,229	16,004,317	12,383,641	35,304,773
Liabilities						
Debt to credit institutions and central banks	1,546,602	1,114,618	148,872	0	0	2,810,092
Deposits and other debt	25,806,531	1,398,543	162,148	229,227	975,168	28,571,617
Issued bonds at amortised cost	0	11,164	0	250,000	0	261,164
Subordinated debt	0	0	0	0	828,950	828,950
Total	27,353,133	2,524,325	311,020	479,227	1,804,118	32,471,823
Guarantees	0	923,793	514,652	1,334,770	626,798	3,400,013
2013						
Assets						
Cash in hand and demand deposits with central banks	664,400	0	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

Operational risk

Pursuant 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 additional expenses 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, for 3-6 months ahead excess cover must be at least 90 % and for 6-12 months ahead there must be excess cover of at least 75 %. The policy also requires work on stress tests of the forecasts. Liquidity forecasts are submitted to the Board of Directors on a monthly basis, and more often, if required.

The Bank has also prepared a cash-resources contingency plan which states specific initiatives to improve liquidity and 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.

Note	Group	2013 DKK '000	Bank	2013 DKK '000
	2014 DKK '000		2014 DKK '000	
5	Capital and solvency			
	Transformation from equity to own funds			
	Equity	4,199,965	4,199,965	
	Proposed dividend	-45,000	-45,000	
	Intangible assets	-28,977	-13,602	
	Deduction for prudent valuation	-15,457	-15,457	
	Capital instruments in financial entities	-69,305	-68,800	
	Common Equity Tier 1 capital	4,041,226	3,612,277	3,609,086
	Additional Tier 1 capital	828,950	828,950	
	Capital instruments in financial entities	-357,189	-354,643	
	Tier 1 capital	4,512,987	3,728,032	3,724,841
	Tier 2 capital	0	0	
	Own funds	4,512,987	3,981,216	3,978,025
	Capital requirement from pillar I (8 %)	2,315,680	2,136,518	2,139,992
	Risk exposures			
	Items with credit risk	19,155,027	17,754,198	18,125,723
	Items with market risk	6,302,021	5,717,369	5,684,613
	Items with operational risk	3,488,946	3,234,907	2,939,564
	Total risk exposure	28,945,994	26,706,474	26,749,900
	Capital ratio	15.6	14.9	15.6

From 2014 the capital ratio is calculated according to CRD IV/CRR (Basel III). The new regulations have led to changes in the calculation of own funds as well as in the total risk exposure. Comparative figures have not been adjusted.

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 8 of the annual report. 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		Bank	
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
7 Interest income				
Receivables from credit institutions and central banks	1,769	851	1,758	820
Loans at amortised cost	1,244,623	1,286,122	1,130,525	1,182,348
Interest on written-down exposures	-64,917	-55,454	-64,917	-55,454
Bonds	279,487	242,013	279,487	242,013
Derivative financial instruments				
Currency contracts	-16,661	-4,445	-16,661	-4,445
Interest-rate contracts	-14,393	-22,815	-10,727	-17,346
Total derivative financial instruments	-31,054	-27,260	-27,388	-21,791
Other interest income	0	0	943	933
Total interest income	1,429,908	1,446,272	1,320,408	1,348,869
Of which, reverse transactions recognised under				
Receivables from credit institutions and central banks	-1,292	-1,792	-1,292	-1,792
Loans and other receivables	308	289	308	289
8 Interest expenses				
Debt to credit institutions and central banks	-6,436	-8,790	-6,436	-8,790
Deposits and other debt	-218,804	-235,337	-218,625	-235,108
Issued bonds	-7,089	-21,131	-7,069	-21,111
Subordinated debt	-66,534	-39,152	-66,534	-39,152
Other interest expenses	-91	-94	-91	-92
Total interest expenses	-298,954	-304,504	-298,755	-304,253
Of which, repo transactions recognised under				
Debt to credit institutions and central banks	-42	-791	-42	-791
9 Fee and commission income				
Securities trading and custody accounts	103,771	78,472	103,771	78,472
Money transmission services	95,800	88,818	95,800	88,818
Loan fees	174,660	144,892	159,853	127,580
Guarantee commission	28,062	23,613	28,220	23,760
Other fees and commissions	101,875	98,545	64,259	62,762
Total fees and commission income	504,168	434,340	451,903	381,392
10 Value adjustments				
Bonds	385,728	98,138	385,728	98,138
Shares etc.	77,547	55,296	77,547	55,296
Investment properties	2,153	0	2,153	0
Currency	14,308	3,775	14,351	4,319
Derivative financial instruments				
Currency contracts	1,119	2,648	1,119	2,648
Interest-rate contracts	-457,706	123,195	-460,136	118,656
Share contracts	-1,685	324	-1,685	324
Total derivative financial instruments	-458,272	126,167	-460,702	121,628
Assets linked to pooled schemes	60,290	32,885	60,290	32,885
Deposits in pooled schemes	-60,290	-32,885	-60,290	-32,885
Other assets	3,671	-4,657	3,671	-4,657
Total value adjustments	25,135	278,719	22,748	274,724

Note	Group		Bank		
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000	
11	Staff and administration expenses				
	Emoluments to the Board of Directors, the Executive Management and the Board of Representatives				
	Executive Management	-5,864	-5,705	-5,844	-5,685
	Board of Directors	-1,897	-1,794	-1,897	-1,794
	Board of Representatives	-524	-530	-524	-530
	Total	-8,285	-8,029	-8,265	-8,009
	Staff expenses				
	Salaries	-583,284	-573,683	-532,941	-520,078
	Pensions	-63,371	-60,370	-58,405	-55,570
	Social security expenses	-6,073	-6,890	-5,684	-6,522
	Payroll tax	-75,027	-61,475	-71,908	-57,610
	Total	-727,755	-702,418	-668,938	-639,780
	Other administrative expenses	-441,534	-442,127	-417,141	-418,569
	Total staff and administration expenses	-1,177,574	-1,152,574	-1,094,344	-1,066,358
	Executive Management's payment, pension and resignation terms, etc.				
	Number of employees for the period	2	2	2	2
	Fixed remuneration	-4,780	-4,624	-4,760	-4,604
	Variable remuneration	0	0	0	0
	Pension scheme (contribution-based)	-1,084	-1,081	-1,084	-1,081
	Total	-5,864	-5,705	-5,844	-5,685
	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 Additional Tier 1 capital through Bank Package II.				
	Terms of payment and pension for the Board of Directors				
	Number of members of the Board of Directors	12	12	12	12
	Fixed remuneration	-1,897	-1,794	-1,897	-1,794
	Variable remuneration	0	0	0	0
	Pension scheme (contribution-based)	0	0	0	0
	Total	-1,897	-1,794	-1,897	-1,794
	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	18	5	17	4
	Fixed remuneration	-26,459	-5,612	-24,690	-3,855
	Variable remuneration	-607	-457	-607	-457
	Pension scheme (contribution-based)	-2,222	-568	-2,089	-437
	Total	-29,288	-6,637	-27,386	-4,749
	The definition of Risk Takers is adapted according to Executive Order no. 818 of 27 June 2014 on pay policy and obligations to disclose information on remuneration at financial undertakings, financial holding companies and insurance holding companies. Comparative figures have not been adjusted.				
	Remuneration policy				
	For information on the remuneration policies and practices see the Group Risk Report .				
	Number of employees				
	Average number of employees during the financial year converted to full-time employees	1,082	1,076	1,006	999
	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	-898	-694	-705	-550
	Tax counselling	0	-9	0	-5
	Other services	-357	0	-188	0
	Total	-1,255	-703	-893	-555
12	Other operating expenses				
	Expenses for the Guarantee Fund for Depositors and Investors	-44,602	-41,603	-44,602	-41,603
	Expenses for operating the Bank's properties	-45,305	-56,825	-45,305	-56,825
	Other operating expenses	-6,846	-10,024	-6,846	-10,024
	Total other operating expenses	-96,753	-108,452	-96,753	-108,452

Note	Group		Bank		
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000	
13	Write-downs on loans and provisions for guarantees, etc.				
	Write-downs and provisions				
	Write-downs and provisions brought forward	1,300,816	1,120,713	1,292,739	1,112,677
	Write-downs and provisions for the year	576,175	553,925	562,774	548,908
	Reversal of write-downs and provisions for the year	-383,446	-327,359	-372,903	-324,944
	Actual loss (written off) previously written down	-124,385	-101,917	-121,527	-99,356
	Interest adjustment	64,917	55,454	64,917	55,454
	Total write-downs and provisions, carried forward	1,434,077	1,300,816	1,426,000	1,292,739
	Write-downs on loans, etc., carried forward	1,386,150	1,265,749	1,378,073	1,257,672
	Provisions on guarantees, etc., carried forward	20,563	17,511	20,563	17,511
	Write-downs/provisions on other items, carried forward	27,364	17,556	27,364	17,556
	Total write-downs and provisions, carried forward	1,434,077	1,300,816	1,426,000	1,292,739
	Net impact recognised in the income statement				
	Net write-downs and provisions for the year	-192,729	-226,566	-189,871	-223,964
	Losses, not previously written down	-47,649	-20,053	-43,910	-16,374
	Recognised in claims previously written-down	10,027	11,125	9,493	10,560
	Total net impact recognised in the income statement	-230,351	-235,494	-224,288	-229,778
	Individual write-downs on loans				
	Individual write-downs on loans brought forward	1,188,504	1,036,597	1,180,457	1,029,135
	Write-downs for the year	473,104	494,355	465,467	489,338
	Reversal of write-downs for the year	-353,193	-293,069	-347,555	-291,198
	Actual loss (written off) previously written down	-124,385	-101,917	-121,527	-99,356
	Interest adjustment	60,063	52,538	60,063	52,538
	Total individual write-downs on loans, carried forward	1,244,093	1,188,504	1,236,905	1,180,457
	Individual provisions on guarantees, etc.				
	Individual provisions on guarantees, brought forward	9,076	4,550	9,076	4,550
	Provisions for the year	9,546	5,429	9,546	5,429
	Reversal of provisions for the year	-5,293	-903	-5,293	-903
	Actual loss (written off) previously provided	0	0	0	0
	Total individual provisions on guarantees, etc. carried forward	13,329	9,076	13,329	9,076
	Individual write-downs on credit institutions				
	Written down at the beginning of the year	17,252	17,252	17,252	17,252
	Write-downs for the year	0	0	0	0
	Reversal of write-downs for the year	-52	0	-52	0
	Total write-downs on credit institutions carried forward	17,200	17,252	17,200	17,252
	Individual provisions for other items				
	Provisions at the beginning of the year	304	9,054	304	9,054
	Provisions for the year	10,164	304	10,164	304
	Reversal of provisions for the year	-304	-9,054	-304	-9,054
	Total provisions for other items carried forward	10,164	304	10,164	304
	Group write-downs on loans				
	Group write-downs on loans brought forward	77,245	48,581	77,215	48,007
	Write-downs for the year	81,456	49,791	75,692	49,791
	Reversal of write-downs for the year	-21,498	-24,043	-16,593	-23,499
	Interest adjustment	4,854	2,916	4,854	2,916
	Total group write-downs on loans, carried forward	142,057	77,245	141,168	77,215
	Group provisions on guarantees etc.				
	Group provisions on guarantees brought forward	8,435	4,679	8,435	4,679
	Provisions for the year	1,905	4,046	1,905	4,046
	Reversal of provisions for the year	-3,106	-290	-3,106	-290
	Total group provisions on guarantees, etc., carried forward	7,234	8,435	7,234	8,435

Note	Group		Bank	
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
14 Tax				
Calculated tax on profit or loss for the year	-28,576	-92,421	-8,252	-71,634
Change in deferred tax concerning the income period	-253	-1,928	-5,391	-7,715
Change in corporation tax rate	-222	-371	-774	-1,823
Adjustments concerning previous years	364	1,069	17	1,050
Total tax	-28,687	-93,651	-14,400	-80,122
Tax for the year broken down by type				
Calculated tax on profit before tax for the year at 24.5 %. (25 % in 2013)	-72,291	-129,253	-68,791	-125,871
Tax base of non-deductible expenses	-4,377	-7,206	-1,794	-4,660
Tax base of profit in associates	28,272	28,161	28,272	28,161
Tax base of gains not deductible for tax purposes	19,567	13,949	28,670	23,021
Change in corporation tax rate	-222	-371	-774	-1,823
Adjustment regarding previous years	364	1,069	17	1,050
Total tax	-28,687	-93,651	-14,400	-80,122
15 Receivables from credit institutions and central banks				
Receivables from credit institutions	2,110,289	2,043,890	2,110,146	2,043,615
Total receivables from credit institutions and central banks	2,110,289	2,043,890	2,110,146	2,043,615
16 Bonds at fair value				
Government bonds	1,090,389	210,332	1,090,389	210,332
Mortgage-credit bonds	8,506,708	6,488,867	8,506,708	6,488,867
Other bonds	4,969,534	6,049,475	4,969,534	6,049,475
Total bonds at fair value	14,566,631	12,748,674	14,566,631	12,748,674
For collateral deposited with Danmarks Nationalbank (Denmark's central bank), clearing centres etc.				
Market value of bonds	3,962,853	3,616,687	3,962,853	3,616,687
Of which surplus collateral	3,962,853	3,616,687	3,962,853	3,616,687
17 Equity investments in associates				
Cost brought forward	150,512	150,512	150,512	150,512
Disposals *	0	0	0	0
Cost carried forward	150,512	150,512	150,512	150,512
Revaluations and write-downs brought forward	569,405	476,160	569,405	476,160
Result **	115,396	112,645	115,396	112,645
Dividend **	-16,518	-19,400	-16,518	-19,400
Other disposals *	-55,505	0	-55,505	0
Revaluations and write-downs carried forward	612,778	569,405	612,778	569,405
Carrying amount carried forward	763,290	719,917	763,290	719,917
* The Bank's ownership interest in BEC (Bankernes EDB Central) was reduced to less than 20 % in connection with an expansion of the group of owners in BEC in 2014. The ownership interest in BEC is subsequently grouped under the item "Shares, etc."				
** The 2014 results are recognised on the basis of profit/loss in associates for the period 1 October 2013 to 30 September 2014 (2013: for the period 1 October 2012 to 30 September 2013). Refer to note 42 for more detailed information on associates.				
18 Assets linked to pooled schemes				
Cash	75,139	54,949	75,139	54,949
Index-linked bonds	0	19,745	0	19,745
Other bonds	520,965	301,460	520,965	301,460
Investment association units	372,642	202,882	372,642	202,882
Other shares, etc.	100,174	73,484	100,174	73,484
Total pooled assets	1,068,920	652,520	1,068,920	652,520

Note	Group		Bank	
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
19	Land and buildings			
Investment properties				
	Fair value brought forward	55,332	55,332	55,332
	Additions during the year	26,886	0	26,886
	Other disposals	-84,371	0	-84,371
	Revaluation for the year to fair value	2,153	0	2,153
	Total fair value carried forward	0	55,332	0
	Rent income	1,483	1,736	1,483
	Operating expenses	-2,786	-17,194	-2,786
In 2014 the Bank set up a branch in the property on Gl. Kongevej/Værnedamsvej which is subsequently classified as an owner-occupied property. Investment properties are measured at fair value (non-observable input). A required rate of return of 6 % was used.				
Owner-occupied properties				
	Revalued amount brought forward	690,993	573,176	690,993
	Additions during the year	28,545	117,352	28,545
	Other additions	84,371	0	84,371
	Disposals during the year	-23,419	0	-23,419
	Depreciation	-3,617	-3,192	-3,617
	Changes in value recognised in other comprehensive income	64,224	3,785	64,224
	Changes in value recognised in the income statement	-4,895	-128	-4,895
	Total revalued amount carried forward	836,202	690,993	836,202
Owner-occupied properties are measured at revalued amount (non-observable input). The measurement includes rental income and operating expenses as well as a required rate of return at between 3.25 %-8.25 %, set on the basis of the interest rate and the location of the property. All else being equal, an increase in the required rate of return of 0.5 percentage points will reduce the fair value by about DKK 72 mill.				
20	Other property, plant and equipment			
	Cost brought forward	295,039	273,387	103,161
	Additions during the year, including improvements	93,339	94,274	25,047
	Disposals during the year	-79,990	-72,622	-4,221
	Total cost carried forward	308,388	295,039	123,987
	Amortisation/depreciation and write-downs brought forward	105,202	92,615	27,249
	Disposals during the year	-49,619	-36,337	-2,673
	Depreciation for the year	52,677	48,924	10,869
	Total amortisation/depreciation and write-downs carried forward	108,260	105,202	35,445
	Total other property, plant and equipment	200,128	189,837	88,542
	Write-offs for the year	226	1,055	226

Note	Group		Bank		
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000	
21	Intangible assets				
	Total intangible assets				
	Cost brought forward	62,744	22,909	28,026	2,126
	Additions during the year	5,140	40,185	0	25,900
	Disposals during the year	0	-350	0	0
	Total cost carried forward	67,884	62,744	28,026	28,026
	Amortisation/depreciation and write-downs brought forward	18,850	11,012	3,688	673
	Disposals during the year	0	-269	0	0
	Amortisation for the year	14,927	8,107	5,606	3,015
	Write-downs for the year *)	5,130	0	5,130	0
	Total amortisation/depreciation and write-downs carried forward	38,907	18,850	14,424	3,688
	Total intangible assets	28,977	43,894	13,602	24,338
	* The Bank's impairment test at the end of 2014 of customer lists taken over from Østjyds Bank resulted in write-downs of DKK 5.1 mill.				
22	Other assets				
	Positive market value of derivative financial instruments and spot transactions	49,516	71,241	50,650	75,345
	Interest and commissions receivable	134,946	140,562	134,795	140,378
	Capital contributions in Foreningen Bankernes EDB Central	315,800	315,800	315,800	315,800
	Other assets	168,592	131,655	136,781	92,251
	Total other assets	668,854	659,258	638,026	623,774
23	Deferred tax assets and tax liabilities				
	+ = tax assets - = tax liabilities				
	Deferred tax brought forward	5,811	10,887	28,558	32,573
	Changes in deferred tax	1,534	-5,076	-4,503	-4,015
	Total deferred tax carried forward	7,345	5,811	24,055	28,558
	Deferred tax broken down by type				
	Property, plant and equipment	-17,236	-21,109	-526	1,300
	Loans	9,356	10,420	9,356	10,411
	Employee obligations	8,994	9,954	8,994	9,954
	Other	6,231	6,546	6,231	6,893
	Total deferred tax carried forward	7,345	5,811	24,055	28,558
	The Bank has net deferred tax assets on properties which, however, have not been recognised as the assets are not utilised on other types of deferred tax liabilities and thus are not expected to be realised.				
24	Debt to credit institutions and central banks				
	Debt to credit institutions	2,810,092	2,596,125	2,810,092	2,596,125
	Total debt to credit institutions and central banks	2,810,092	2,596,125	2,810,092	2,596,125
25	Deposits and other debt				
	On demand	26,106,364	24,419,305	26,106,167	24,408,312
	Amounts with notice period	248,926	257,981	248,926	257,981
	Time deposits	321,592	399,626	321,592	399,626
	Special types of deposit	1,894,932	2,416,180	1,894,932	2,416,180
	Total deposits and other debt	28,571,814	27,493,092	28,571,617	27,482,099

Note	Group		Bank	
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
26 Issued bonds at amortised cost				
Bonds listed on the Irish Stock Exchange	250,000	250,000	250,000	250,000
Other bonds	12,158	12,158	11,164	11,164
Total issued bonds at amortised cost	262,158	262,158	261,164	261,164
27 Other liabilities				
Negative market value of derivative financial instruments and spot transactions	227,108	89,292	227,108	89,292
Interest and commissions due	54,320	112,926	54,320	112,926
Repurchase obligations concerning reverse transactions	1,552,628	1,301,577	1,552,628	1,301,577
Other liabilities	419,016	365,420	366,078	313,659
Total other liabilities	2,253,072	1,869,215	2,200,134	1,817,454
28 Provisions				
Provisions for pensions, etc.				
Provisions at the beginning of the year	7,600	10,200	7,600	10,200
Provisions for the year	0	0	0	0
Reversal of provisions for the year	-900	-2,600	-900	-2,600
Total provisions carried forward	6,700	7,600	6,700	7,600
Provisions for losses on guarantees				
Provisions at the beginning of the year	17,512	9,229	17,512	9,229
Provisions for the year	11,451	9,475	11,451	9,475
Reversal of provisions for the year	-8,400	-1,192	-8,400	-1,192
Final loss for the year	0	0	0	0
Total provisions carried forward	20,563	17,512	20,563	17,512
Other provisions				
Provisions at the beginning of the year	56,224	77,861	56,143	76,351
Provisions for the year	11,374	0	11,374	0
Reversal of provisions for the year	-81	-21,637	0	-20,208
Total provisions carried forward	67,517	56,224	67,517	56,143
Total provisions carried forward	94,780	81,336	94,780	81,255
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	0	328,000	0	328,000
Subordinated debt in the form of Additional Tier 1 capital*)				
Variable % nominally DKK 399.95 mill., indefinite maturity, may be redeemed before maturity on 23 May 2018	399,950	397,950	399,950	397,950
Variable % nominally DKK 429.0 mill., infinite maturity may be redeemed before maturity on 22 January 2021	429,000	0	429,000	0
Total subordinated debt	828,950	725,950	828,950	725,950
Subordinated debt recognised when calculating Tier 1 capital/own funds	828,950	725,950	828,950	725,950
*) Costs for taking loans during the period	121	0	121	0

Note	Bank	
	2014 DKK '000	2013 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, Staunings 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
- Fødevarerforbundet 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		Bank	
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
31 Contingent liabilities				
Guarantees				
Financial guarantees	1,401,199	531,981	1,401,199	531,981
Guarantees for losses on mortgage-credit loans	360,114	185,550	360,114	185,550
Private Contingency Association	0	1,814	0	1,814
Land registration and conversion guarantees	55,343	8,791	55,343	8,791
Collateral for group companies	0	0	35,200	35,200
Other guarantees	1,583,357	1,431,272	1,548,157	1,396,072
Total guarantees	3,400,013	2,159,408	3,400,013	2,159,408
Other contingent liabilities				
Irrevocable credit commitments less than 1 year	938,761	1,033,262	200,000	325,000
Unutilised pension commitments	23,700	27,500	23,700	27,500
Other contingent liabilities	7,978	6,350	7,978	6,350
Total other contingent liabilities	970,439	1,067,112	231,678	358,850
Total contingent liabilities	4,370,452	3,226,520	3,631,691	2,518,258

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.

Participation in the statutory depositor's guarantee scheme means that the sector pays an annual contribution of 2.5 % of net deposits covered until the department's net assets exceed 1 % of total net deposits covered. Finance bears the immediate losses in connection with settlement of failing banks in accordance with Bank Packages III and IV which is attributable to net deposits covered. Any losses in the final settlement are covered by the guarantee fund through Settlement and Financial Reconstruction where Arbejdernes Landsbank currently bears 2.2 % of any losses.

Arbejdernes Landsbank is taxed jointly with all entities in the Group and is jointly and severally liable for the Danish corporation taxes and tax at source etc. of these. Arbejdernes Landsbank is registered jointly for payroll tax and input VAT with all companies in the Group and is jointly and severally liable for settlement hereof.

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

Note	Group		Bank		
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000	
32	Hedge accounting				
Assets hedged with interest-rate contracts					
Loans					
	Amortised cost	45,674	63,233	45,674	63,233
	Changes in carrying amount brought forward	9,007	13,664	9,007	13,664
	Changes in value for the year	3,671	-4,657	3,671	-4,657
	Changes in carrying amount carried forward	12,678	9,007	12,678	9,007
	Carrying amount	58,352	72,240	58,352	72,240
Interest-rate contracts					
	Nominal value (principal amount)	45,332	61,909	45,332	61,909
	Carrying amount of the hedge leg	58,699	71,328	58,699	71,328
<p>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.</p>					
33	Repo/reverse transactions				
Of asset items below, reverse transactions account for					
	Receivables from credit institutions and central banks	1,582,047	1,419,358	1,582,047	1,419,358
	Loans	138,718	143,231	138,718	143,231
Of the equity and liability items below, repo transactions account for					
	Debt to credit institutions and central banks	588,637	99,839	588,637	99,839
Bonds purchased as part of reverse transactions					
	Bonds at fair value	1,723,569	1,542,024	1,723,569	1,542,024
Bonds sold as part of repo transactions					
	Bonds at fair value	587,168	98,281	587,168	98,281

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 2014				
Currency contracts				
Spot transactions, purchase	95,787	208	231	23
Spot transactions, sale	83,626	40	143	103
Forward transactions/futures, purchase	141,082	2,211	2,291	80
Forward transactions/futures, sale	8,292,239	-24,378	1,116	25,494
Options, acquired	180,879	-8	31	39
Currency swaps	18,900	0	0	0
Interest-rate contracts				
Spot transactions, purchase	260,471	369	385	16
Spot transactions, sale	239,152	-254	36	290
Forward transactions/futures, purchase	2,584,901	860	2,940	2,080
Forward transactions/futures, sale	5,455,449	-60,172	3,388	63,560
Options, issued	0	0	0	0
Swaptions	100,000	-10,838	0	10,838
Interest-rate swaps	5,593,073	-84,479	38,342	122,821
Share contracts				
Spot transactions, purchase	14,578	-265	178	443
Spot transactions, sale	22,526	248	435	187
Options, issued	24	-1,134	0	1,134
Total		-177,592	49,516	227,108
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
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		-18,051	71,241	89,292

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, continued Bank 2014				
Currency contracts				
Spot transactions, purchase	95,787	208	231	23
Spot transactions, sale	83,626	40	143	103
Forward transactions/futures, purchase	141,082	2,211	2,291	80
Forward transactions/futures, sale	8,292,239	-24,378	1,116	25,494
Options, acquired	180,879	-8	31	39
Currency swaps	18,900	0	0	0
Interest-rate contracts				
Spot transactions, purchase	260,471	369	385	16
Spot transactions, sale	239,152	-254	36	290
Forward transactions/futures, purchase	2,584,901	860	2,940	2,080
Forward transactions/futures, sale	5,455,449	-60,172	3,388	63,560
Options, issued	0	0	0	0
Swaptions	100,000	-10,838	0	10,838
Interest-rate swaps	5,943,073	-83,345	39,476	122,821
Share contracts				
Spot transactions, purchase	14,578	-265	178	443
Spot transactions, sale	22,526	248	435	187
Options, issued	24	-1,134	0	1,134
Total		-176,458	50,650	227,108
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
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		-13,947	75,345	89,292

Note	Net market value				Total DKK '000	
	Up to and incl. 3 months DKK '000	More than 3 months and incl. 1 year DKK '000	More than 1 year and incl. 5 years DKK '000	More than 5 years DKK '000		
35	Derivative financial instruments analysed by maturity Group 2014					
	Currency contracts					
	Forward transactions/futures, purchase	1,948	0	263	0	2,211
	Forward transactions/futures, sale	-21,910	-1,865	-603	0	-24,378
	Options, acquired	-8	0	0	0	-8
	Currency swaps	0	0	0	0	0
	Interest-rate contracts					
	Forward transactions/futures, purchase	816	44	0	0	860
	Forward transactions/futures, sale	-60,172	0	0	0	-60,172
	Options, issued	0	0	0	0	0
	Swaptions	0	0	0	-10,838	-10,838
	Interest-rate swaps	0	-3,358	-35,041	-46,080	-84,479
	Share contracts					
	Options, issued	0	-1,134	0	0	-1,134
	Total	-79,326	-6,313	-35,381	-56,918	-177,938
	Derivative financial instruments analysed 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
	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, 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

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		
Derivative financial instruments analysed by maturity, continued Bank 2014						
Currency contracts						
	Forward transactions/futures, purchase	1,948	0	263	0	2,211
	Forward transactions/futures, sale	-21,910	-1,865	-603	0	-24,378
	Options, acquired	-8	0	0	0	-8
	Currency swaps	0	0	0	0	0
Interest-rate contracts						
	Forward transactions/futures, purchase	816	44	0	0	860
	Forward transactions/futures, sale	-60,172	0	0	0	-60,172
	Options, issued	0	0	0	0	0
	Swaptions	0	0	0	-10,838	-10,838
	Interest-rate swaps	0	-2,224	-35,041	-46,080	-83,345
Share contracts						
	Options, issued	0	-1,134	0	0	-1,134
	Total	-79,326	-5,179	-35,381	-56,918	-176,804
Derivative financial instruments analysed 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
	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, 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

Note		Positive Market value DKK '000	Negative Market value DKK '000	Collateral DKK '000	Net Amount DKK '000
36	Offsetting possibilities *				
	Derivative financial instruments - Group 2014	3,588	3,537	51	0
	Derivative financial instruments - Group 2013	6,205	6,205	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		Bank	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
37	Cash and cash equivalents				
	Brought 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	2,687,005	1,318,406	2,686,943	1,317,430
	Carried forward				
	Cash in hand and demand deposits with central banks	426,082	664,402	426,068	664,400
	Receivables from credit institutions and central banks	2,085,202	2,022,603	2,085,110	2,022,543
	Total	2,511,284	2,687,005	2,511,178	2,686,943

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

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 and receivables in credit institutions 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 debt to 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 2014 DKK '000	Fair value 2014 DKK '000	Carrying amount 2013 DKK '000	Fair value 2013 DKK '000
Financial assets				
Cash in hand and demand deposits with central banks	426,082	426,082	664,402	664,402
Receivables from credit institutions and central banks	2,110,289	2,110,289	2,043,890	2,044,157
Loans at amortised cost	18,330,380	18,396,590	18,148,528	18,209,924
Bonds at fair value	14,566,631	14,566,631	12,748,674	12,748,674
Shares etc.	1,066,333	1,066,333	999,127	999,127
Assets linked to pooled schemes	1,068,920	1,068,920	652,520	652,520
Derivative financial instruments and spot transactions	49,516	49,516	71,241	71,241
Total financial assets	37,618,151	37,684,361	35,328,382	35,390,045
Financial liabilities				
Debt to credit institutions and central banks	2,810,092	2,810,092	2,596,125	2,596,125
Deposits	28,571,814	28,571,814	27,493,092	27,493,092
Issued bonds at amortised cost	262,158	262,158	262,158	262,178
Subordinated debt	828,950	828,950	725,950	725,583
Deposits in pooled schemes	1,068,920	1,068,920	652,520	652,520
Repurchase obligations concerning reverse transactions	1,552,628	1,552,628	1,301,577	1,301,577
Derivative financial instruments and spot transactions	227,108	227,108	89,292	89,292
Total financial liabilities	35,321,670	35,321,670	33,120,714	33,120,367

Note

38 Financial assets and liabilities, continued

Methods to measure fair value

Fair value is the price which can be obtained from selling an asset, or the price to be paid in order to transfer a liability through an ordinary transaction between independent market participants at the time of measure. Fair value is calculated according to the following valuation hierarchy

Listed prices (level 1): On all active markets, the official listed closing price is applied as fair value.

Valuation technique based on observable input (level 2): For financial assets and liabilities for which the closing price is not available or is not assessed to reflect the fair value, the fair value is established on the basis of observable market information, including interest rates, foreign exchange rates, volatilities and credit spreads as well as indicators from leading market participants.

Valuation technique based on non-observable input (level 3): In cases where the observable prices based on market information are not available or not deemed to be useful in establishing fair value, own assumptions are applied to establish fair value. These assumptions could be recent transactions in similar assets, expected future cash flows, or the equity value of the companies.

Non-observable input includes unlisted shares, primarily in companies related to the financial sector, for which the fair value is established on the basis of provisions in shareholder agreements etc. or input from transactions completed. The sector association, Lokale Pengeinstitutter (LOPI), recommends quarterly fair values of certain of the sector shares, i.e. the shares that the banks own with a view to participating actively in the infrastructure and the products offered which support the business strategy of the sector. The prices recommended by LOPI are based on shareholder agreements and transactions in the sector. In some cases, the fair value is based on the carrying amount of the equity of the underlying company, as this forms the basis for the trading price at which owners are to sell between themselves. Therefore, in calculating the fair value of sector shares in accordance with prices recommended by LOPI, these are included in the valuation as non-observable input. The Bank performs independent assessments of the recommended prices and verifies the relationship with transactions completed and publish financial statements. The value of the shares is changed by DKK 84 mill. by changing the price by 10 %. Arbejdernes Landsbank assesses that alternative methods for measuring the fair value of these shares will not lead to significantly different fair values.

There were no significant transfers between the three valuation categories in 2014.

	Listed prices DKK '000	Observable input DKK '000	Non- observable input DKK '000	Total DKK '000
Group 2014				
Financial assets				
Bonds at fair value	13,118,738	1,447,893	0	14,566,631
Shares etc.	225,954	0	840,379	1,066,333
Assets linked to pooled schemes	0	1,068,920	0	1,068,920
Derivative financial instruments and spot transactions	0	49,516	0	49,516
Total financial assets	13,344,692	2,566,329	840,379	16,751,400
Financial liabilities				
Deposits in pooled schemes	0	1,068,920	0	1,068,920
Repurchase obligations concerning reverse transactions	1,552,628	0	0	1,552,628
Derivative financial instruments	0	227,108	0	227,108
Total financial liabilities	1,552,628	1,296,028	0	2,848,656
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
Assets linked to pooled schemes	0	652,520	0	652,520
Derivative financial instruments and spot transactions	0	71,241	0	71,241
Total financial assets	11,232,869	2,491,639	747,054	14,471,562
Financial liabilities				
Deposits in pooled schemes	0	652,520	0	652,520
Repurchase obligations concerning reverse transactions	1,301,577	0	0	1,301,577
Derivative financial instruments	0	89,292	0	89,292
Total financial liabilities	1,301,577	741,812	0	2,043,389

	2014 DKK '000	2013 DKK '000
Non observable input - the Group		
Fair value brought forward	747,054	665,440
Reclassified from "Associates" *)	55,505	0
Capital gain/loss for the year in the income statement **)	73,458	-8,037
Net purchase for the year ***)	-35,639	89,651
Total fair value carried forward	840,379	747,054

*) The Bank's ownership interest in BEC (Bankernes EDB Central) was reduced to less than 20 % in connection with an expansion of the group of owners in BEC in 2014. The ownership interest in BEC is subsequently grouped under the item "Shares, etc."

***) Of which, DKK 38,6 mill. is attributable to the sale of shares in Nets Holding.

****) The Bank sold its shares in Nets Holding of DKK 109 mill. in 2014. The Bank acquired DKK 60 mill. worth of shares in DLR Kredit in 2014 and DKK 85 mill. in 2013.

Note	Fair value recognised in the income statement		Amortised cost		Total DKK '000	
	Trading portfolio DKK '000	Fair value option DKK '000	Assets DKK '000	Liabilities DKK '000		
39	Return and classification of financial assets and liabilities - Group 2014					
	Return					
	Interest income	248,433	-	1,181,475	-	1,429,908
	Interest expenses	-	-	-	-298,954	-298,954
	Net interest income	248,433	-	1,181,475	-298,954	1,130,954
	Dividends from shares etc.	4,514	31,177	-	-	35,691
	Value adjustments	-35,983	57,447	3,671	-	25,135
	Total return	216,964	88,624	1,185,146	-298,954	1,191,780
	Financial assets					
	Cash in hand and demand deposits with central banks	-	-	426,082	-	426,082
	Receivables from credit institutions and central banks	-	-	2,110,289	-	2,110,289
	Loans at amortised cost	-	-	18,330,380	-	18,330,380
	Bonds at fair value	14,566,631	-	-	-	14,566,631
	Shares etc.	260,005	806,328	-	-	1,066,333
	Derivative financial instruments	49,516	-	-	-	49,516
	Assets linked to pooled schemes	-	1,068,920	-	-	1,068,920
	Total financial assets	14,876,152	1,875,248	20,866,751	-	37,618,151
	Financial liabilities					
	Debt to credit institutions and central banks	-	-	-	2,810,092	2,810,092
	Deposits	-	-	-	28,571,814	28,571,814
	Issued bonds at amortised cost	-	-	-	262,158	262,158
	Subordinated debt	-	-	-	828,950	828,950
	Derivative financial instruments	227,108	-	-	-	227,108
	Deposits in pooled schemes	-	1,068,920	-	-	1,068,920
	Repurchase obligations concerning reverse transactions	1,552,628	-	-	-	1,552,628
	Total financial liabilities	1,779,736	1,068,920	-	32,473,014	35,321,670
	Return and classification of financial assets and liabilities - Group 2013					
	Return					
	Interest income	220,222	-	1,226,050	-	1,446,272
	Interest expenses	-	-	-	-304,504	-304,504
	Net interest income	220,222	-	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	-	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	-	-	-	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	20,856,820	-	35,328,382
	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
	Repurchase obligations concerning reverse transactions	1,301,577	-	-	-	1,301,577
	Total financial liabilities	1,390,869	652,520	-	31,077,325	33,120,714

Note	Group		Bank	
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
40	Transactions with related parties			
	Group company balances			
	0	0	2,957,982	2,615,580
	0	0	12,733	12,729
	0	0	35,200	35,200
	0	0	0	0
	0	0	50,236	44,473
	0	0	41	32
	0	0	3,478	2,751
	Associates balances			
	0	0	0	0
	44,870	159,924	44,870	159,924
	0	0	0	0
	4,578	8,093	4,578	8,093
	3	2,172	3	2,172
	510	1,728	510	1,728
	711	349	711	349
	Executive Management and Board of Directors			
	2,182	2,909	2,182	2,909
	11,587	8,657	11,587	8,657
	1,046	1,305	1,046	1,305
	2,006	3,615	2,006	3,615
	79	74	79	74
	81	101	81	101
	78	106	78	106
	Major shareholders			
	18,053	263	18,053	263
	192,924	244,028	192,924	244,028
	28,600	28,600	28,600	28,600
	2,189,869	2,026,655	2,189,869	2,026,655
	942	74	942	74
	3,124	3,797	3,124	3,797
	10,229	5,738	10,229	5,738

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.

The Bank's ownership interest in BEC (Bankernes EDB Central) was reduced to less than 20 % in connection with an expansion of the group of owners in BEC in 2014. The ownership interest in BEC is subsequently grouped under the item "Shares, etc.", and are thus not recognised as balances and outstanding accounts with associates in 2014.

Balances and outstanding accounts with the Executive Management and the Board of Directors have been established on market terms. Interest rates for loans in 2014 are 4.0 %-11.5 % (2013: 4.0 % - 11.5 %) for the Executive Management and related parties, and 2.0 % - 12.75 % (2013: 2.0 % - 4.0 %) for the Board of Directors and related parties. The Executive Management has not been granted any incentive programmes. Remuneration for Board work in AL Finans A/S amounts to DKK 20,000 (2013: 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

In 2014 there were no business combinations. In 2013 the Bank took over three branches from Østjyds Bank. This takeover includes employees, customers and all assets, liabilities and contingent liabilities relating to the three branches.

	Group	
	2014 DKK '000	2013 DKK '000
Assets and liabilities taken over at fair value		
Cash in hand and demand deposits with central banks	0	4,240
Loans and other receivables at amortised cost	0	552,800
Intangible assets, customer relations	0	25,900
Shares and other equity investments	0	75,000
Other property, plant and equipment	0	600
Other assets	0	14,267
Total assets	0	672,807
Deposits and other debt	0	977,050
Other liabilities	0	7,600
Liabilities	0	984,650
Net assets taken over	0	-311,843
Purchase sum	0	-311,843
Balance	0	0
Contingent liabilities, guarantees	0	160,000

Note	Group		Bank	
	2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 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	2,374,599	2,194,589	2,374,599	2,194,589
Ownership interest (%)	32.1	32.1	32.1	32.1
Assets	4,960,442	4,752,230	4,960,442	4,752,230
Liabilities	2,585,843	2,557,641	2,585,843	2,557,641
Net assets	2,374,599	2,194,589	2,374,599	2,194,589
Arbejdernes Landsbank's share of net assets	763,290	705,432	763,290	705,432
Total revenues	1,445,969	1,831,298	1,445,969	1,831,298
Total profit for the period	231,394	342,560	231,394	342,560
Arbejdernes Landsbank's share of profit for the period	74,380	110,113	74,380	110,113
Statement for 2014 as at 30 September 2014 (not revised)				
Statement for 2013 as at 31 December 2012				
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		1,378,000
Equity		1,488,532		1,488,532
Ownership interest (%)		22.9		22.9
Assets		2,029,524		2,029,524
Liabilities		540,992		540,992
Net assets		1,488,532		1,488,532
Arbejdernes Landsbank's share of net assets		362,918		362,918
Total revenue		1,146,317		1,146,317
Total profit for the period		10,563		10,563
Arbejdernes Landsbank's share of profit for the period		2,421		2,421
The 2013 calculation is made as at 31 December 2013				
Foreningen Bankernes EDB Central is a limited liability company providing banks and other institutions in the financial sector with business-related IT support.				

* The Bank's ownership interest in BEC (Bankernes EDB Central) was reduced to less than 20 % in connection with an expansion of the group of owners in BEC in 2014. The ownership interest in BEC is subsequently grouped under the item "Shares, etc".

	Bank	
	2014	2013
	DKK '000	DKK '000
Group overview, continued		
Consolidated group companies		
AL Finans A/S, Copenhagen		
Share capital	6,000	6,000
Equity	177,426	139,839
Ownership interest (%)	100	100
Result	37,587	36,686
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 staff in terms of full-time employees in 2014.		
Handels ApS Panoptikon, Copenhagen		
Share capital	500	500
Equity	12,726	12,727
Ownership interest (%)	100	100
Result	3	4
Handels ApS Panoptikon is a private limited company and it is currently inactive. The company has not employed any staff during 2014.		

	Denmark	
	2014	2013
	DKK '000	DKK '000
Group establishment broken down by countries		
The Arbejdernes Landsbank Group only operates in Denmark.		
Revenue*	2,045,382	1,984,048
Public contributions received**	0	0

* Revenue is defined as interest income, fee and commission income as well as other operating income.

** Public contributions only include contributions specifically for the financial sector.

Note	2014 DKK '000	2013 DKK '000	2012 DKK '000	2011 DKK '000	2010 DKK '000
43	Financial and operating data for the Bank				
Income statement					
Net interest income	1,026,612	1,080,265	1,040,163	999,649	862,104
Net fees and commission income etc.	374,164	317,739	291,426	272,706	256,377
Core earnings, excl. trading earnings	1,400,776	1,398,004	1,331,589	1,272,355	1,118,481
Trading earnings	130,473	102,805	95,700	87,436	97,721
Total core earnings	1,531,249	1,500,809	1,427,289	1,359,791	1,216,202
Staff costs	-666,959	-637,205	-621,562	-583,143	-587,552
Administration expenses and depreciation/ amortisation	-492,989	-495,701	-440,579	-452,808	-444,897
Core profit before write-downs	371,301	367,903	365,148	323,840	183,753
Write-downs on loans etc.	-224,288	-229,778	-270,887	-199,012	-163,226
Core profit	147,013	138,125	94,261	124,828	20,527
Investment portfolio earnings, excl. investment securities	973	285,827	378,919	-195,251	80,981
Investment securities	177,396	121,135	103,200	102,831	128,075
Profit before sector solutions	325,382	545,087	576,380	32,408	229,583
Contributions to sector solutions	-44,602	-41,603	-26,015	-34,756	-107,162
Profit before tax	280,780	503,484	550,365	-2,348	122,421
Tax	-14,400	-80,122	-93,764	40,419	11,426
Profit	266,380	423,362	456,601	38,071	133,847
Other financial and operating data					
Net interest and fee income	1,503,515	1,461,102	1,390,745	1,342,172	1,264,843
Value adjustments	22,748	274,724	346,363	-220,870	26,968
Staff and administration expenses	-1,177,574	-1,066,358	-1,020,373	-1,008,150	-1,005,347
Profit/loss from equity investments in associates and group companies	115,396	149,336	148,747	127,321	116,672
Loans	18,201,929	18,051,773	17,687,171	16,948,118	16,917,430
Bonds at fair value	14,566,631	12,748,674	13,843,097	13,034,557	10,464,216
Deposits incl. pools	29,640,537	28,134,619	24,100,569	22,932,631	20,942,449
Issued bonds at amortised cost	261,164	261,164	3,089,802	3,630,918	3,613,450
Subordinated debt	828,950	725,590	720,951	718,620	328,000
Equity	4,199,965	3,929,360	3,607,213	3,157,260	3,118,224
Total assets	40,060,265	37,567,966	36,773,174	34,570,204	32,344,168
Total contingent liabilities	3,631,691	2,518,258	2,544,182	3,573,421	3,713,886

Note		2014	2013	2012	2011	2010	
44	Financial ratios for the Bank						
	Solvency						
	Capital ratio	%	15.6	14.9	14.6	13.3	13.0
	Tier 1 capital ratio	%	15.6	13.9	13.5	12.2	11.9
	Earnings						
	Return on equity before tax	%	6.9	13.4	16.3	-0.1	4.0
	Return on equity after tax	%	6.6	11.2	13.5	1.2	4.4
	Ratio of operating income to operating expenses per DKK	DKK	1.19	1.35	1.40	1.00	1.09
	Earnings per DKK 1,000 nominal share value	DKK	887.9	1,411.2	1,522.0	126.9	446.2
	Return on capital employed	%	0.7	1.1	1.3	0.1	0.4
	Market risk						
	Interest-rate risk	%	-1.4	-2.3	-1.4	0.2	3.0
	Currency position	%	3.0	4.5	3.3	7.1	8.1
	Currency risk	%	0.0	0.1	0.0	0.2	0.1
	Liquidity						
	Loans plus write-downs in relation to deposits	%	66.1	68.6	77.9	77.6	84.1
	Excess liquidity in relation to statutory requirements for liquidity *)	%	229.9	261.2	268.0	248.0	237.4
	Credit						
	Sum of large exposures **)	%	20.7	46.5	35.5	54.3	66.2
	Write-down ratio for the year	%	0.9	1.1	1.3	1.0	1.1
	Growth in loans for the year ***)	%	0.9	2.1	3.5	0.2	-0.2
	Loans in relation to equity		4.3	4.6	4.9	5.4	5.4
	Equity						
	Equity value	DKK	1,400.0	1,309.8	1,202.4	1,052.4	1,039.4
	Proposed dividend per DKK 1,000 nominal share value	DKK	150	200.0	350.0	80.0	80.0
	Employees						
	Average number of employees during the financial year converted to full-time employees		1,006	999	987	988	987

*) The definition of excess liquidity in relation to statutory requirements for liquidity was changed in 2013. Excess liquidity must be calculated according to the highest value of the 10 %-15 % requirement.
The financial ratio for 2014 and 2013 is calculated according to the 15 % requirement; the other years are calculated according to the 10 % requirement.

***) The definition of large exposures changed in 2014. Comparative figures have not been adjusted.

***) The definition of growth in loans for the year (2012) has been 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. Capital ratio =	$\frac{\text{Own funds} \times 100}{\text{Total risk exposure}}$
2. Tier 1 capital ratio =	$\frac{\text{Tier 1 capital} \times 100}{\text{Total risk exposure}}$
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. Return on capital employed =	$\frac{\text{Profit after tax} \times 100}{\text{Total assets (average)}}$
7. Interest-rate risk =	$\frac{\text{Interest-rate risk} \times 100}{\text{Tier 1 capital}}$
8. Currency position =	$\frac{\text{Currency indicator 1} \times 100}{\text{Tier 1 capital}}$
9. Currency risk =	$\frac{\text{Currency indicator 2} \times 100}{\text{Tier 1 capital}}$
10. Loans plus write-downs in relation to deposits =	$\frac{\text{Loans} + \text{write-downs on loans}}{\text{Deposits}}$
11. Loans in relation to equity =	$\frac{\text{Loans}}{\text{Equity}}$
12. Growth in loans for the year *) =	$\frac{(\text{Loans, excl. repo transactions carried forward} - \text{loans, excl. repo transactions brought forward}) \times 100}{\text{Loans, excl. repo transactions brought forward}}$
13. Excess liquidity in relation to statutory requirements for liquidity *) =	$\frac{\text{Excess liquidity in relation to statutory requirements, see section 152 of the Financial Business Act}}{\text{Highest value of 10 \% to 15 \% statutory requirement}}$
14. Sum of large exposures *)	$\frac{\text{Sum of large exposures after deductions, excl. credit institutions} \times 100}{\text{Own funds}}$
15. 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	
16. Earnings per DKK 1,000 nominal share value =	$\frac{\text{Earnings}}{\text{Number of DKK 1,000 shares}}$
17. Equity value =	$\frac{\text{Equity} \times 100}{\text{Share capital}}$
18. Proposed dividend per DKK 1,000 nominal share value =	$\frac{\text{Dividend yield} \times \text{nominal value of the share}}{100}$
19. Property exposure *) =	$\frac{(\text{Gross loans and guarantees within the sector "Completion of building projects"} + \text{the sector "real property"}) \times 100}{\text{Gross loans} + \text{guarantees}}$
20. Stable funding *) =	$\frac{\text{Loans}}{\text{Sum of deposits, including pools} + \text{debt to Danmarks Nationalbank with remaining term} > 1 \text{ year} + \text{issued bonds with remaining term} > 1 \text{ year} + \text{subordinated debt} + \text{equity}}$

*) The financial ratio is used in the Danish FSA benchmarks

Management, organisation etc.

Board of Representatives

<p>Chairman:</p> <p>Claus Jensen <i>Trade Union President</i> Dansk Metal</p>	<p>Lone N. Frost <i>Chairman</i> Dansk Frisør- og Kosmetiker Forbund</p>	<p>Jørgen Juul Rasmussen <i>Trade Union President</i> Dansk El-Forbund</p>
<p>Vice Chairman:</p> <p>Harald Børsting <i>Chairman</i> Landsorganisationen i Danmark</p>	<p>Arne Grevsen <i>Group Chairman</i> Fagligt Fælles Forbund – 3F</p>	<p>Lizette Risgaard <i>Vice President</i> Landsorganisationen i Danmark</p>
<p>Lars Andersen <i>Managing Director</i> AE – Arbejderbevægelsens Erhvervsråd</p>	<p>Marina Hoffmann <i>Managing Director</i> Lo-skolen</p>	<p>Kim Simonsen <i>Trade Union President</i> HK/Danmark</p>
<p>Karen Bitsch <i>Finance Manager</i> HK/Danmark</p>	<p>Frank Jensen <i>Lord Mayor</i> The City of Copenhagen</p>	<p>Niels Sørensen <i>Administration Manager</i> Fødevareforbundet NNF</p>
<p>Inger Bolwinkel <i>Trade Union Secretary</i> FOA – Fag og Arbejde</p>	<p>Mette Kindberg <i>Vice President</i> HK/Danmark</p>	<p>Ulla Sørensen <i>Treasurer</i> Fagligt Fælles Forbund – 3F</p>
<p>Jacob Bundsgaard <i>Mayor</i> Municipality of Aarhus</p>	<p>Henrik Kjærgaard <i>Vice President</i> Dansk Metal</p>	<p>Ole Wehlast <i>Trade Union President</i> Fødevareforbundet NNF</p>
<p>Jens Bærentsen <i>CEO</i> Forsikrings-Aktieselskabet Alka</p>	<p>Jane Korczak <i>Vice President</i> Fagligt Fælles Forbund – 3F</p>	<p>EMPLOYEE REPRESENTATIVES</p>
<p>Poul Erik Skov Christensen <i>Former Trade Union President</i> Fagligt Fælles Forbund – 3F</p>	<p>Max Meyer <i>Trade Union President</i> Blik- og Rørarbejderforbundet i Danmark</p>	<p>René Bo Nielsen <i>Bank Security Officer</i></p>
<p>Per Christensen <i>Trade Union President</i> Fagligt Fælles Forbund – 3F</p>	<p>Jørn Erik Nielsen <i>Former Trade Union President</i> Malerforbundet i Danmark</p>	<p>Lasse Thorn <i>Shop Steward</i></p>
<p>Jeppé Christiansen <i>Managing Director</i> Fondsmæglerselskabet Maj Invest A/S</p>	<p>Torben Møger Pedersen <i>CEO</i> PensionDanmark A/S</p>	<p>Henrik Thagaard <i>Manager of Branch Support and Housing</i></p>
<p>John Dybart <i>Trade Union President</i> Serviceforbundet</p>	<p>Torben Poulsen <i>Treasurer</i> Dansk Metal</p>	

Management etc.

BOARD OF DIRECTORS

Chairman:

Poul Erik Skov Christensen
Former Trade Union President

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

Harald Børsting
Chairman

Per Christensen
Trade Union President

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

Mette Kindberg
*Vice President,
Member of the Audit and Risk
Committee.*

Torben Møger Pedersen
CEO

Niels Sørensen
Administration Manager

Elected by the Bank's employees:

John Markussen
Customer Consultant

Jesper Pedersen
Customer Advisor

Henrik Thagaard
*Manager of Branch Support and
Housing*

Lasse Thorn
Shop Steward

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

Member of the Executive
Management/Board of Directors in:
BOKIS
Foreningen VISA Danmark FMB

Peter Froulund
*Executive Head of Communication
and Marketing*

Finn Hansen
Executive Head of HR

Member of the Executive
Management in:
Handels ApS Panoptikon

Kjeld Gosvig-Jensen
Executive Head of Legal

Member of the Board of Directors in:
AL Finans A/S

Member of the Executive
Management in:
Handels ApS Panoptikon

Simon Sinding Jørgensen
*Executive Head of Strategy and
Business Development*

Jesper K. Karlsen
Executive Head of Credit

Leif Klinge
Executive Head of Financial

Susanne Bechsgaard
Executive Head of Business

Ulrik Duvier Stærmose
*Executive Head of Business
As of 1 January 2015*

DATTERSELSKABET AL FINANS A/S

Svend Randers
Managing Director

AUDIT

Deloitte
*Statsautoriseret
Revisionspartnerselskab*

Christoffer Max Jensen
*Internal Audit Manager
Internal Audit
As of 1 February 2015*

Staff functions

CORPORATE:

Kåre S. M. Breinholt
Head of Corporate Business

HR:

Finn Hansen
Executive Head of HR

Sarah Vinnes
Manager of HR Development

IT:

Bent Bøjden
Executive Head of IT

LEGAL - DEBT COLLECTION AND COMPLIANCE:

Kjeld Gosvig-Jensen
*Executive Head of Legal
Head of Compliance*

Kirsten Fynbo
Manager of Debt Collection

Merete Svarre
Head of Compliance

COMMUNICATION AND MARKETING:

Peter Froulund
*Executive Head of Communication
and Marketing*

Jesper Bjerrehuus
Communication Manager

Lisbeth Holm Benattia
Marketing Manager

Jens Boje Kjeldgaard Ribe
Head of Sales

CREDIT:

Jesper K. Karlsen
Executive Head of Credit

Morten Pii Johannessen
Manager of Credit

Gry Bandholm
Risk Analysis Manager

MARKET RISK AND LIQUIDITY:

Lars Theilmann
Head of Business Support

Solvejg Skovgaard Jensen
Torben Ravn (as at 1 January 2015)
International Business Manager

Jørn Pohl Nielsen
Funds and Administration Manager

Jørn N. Jensen
Head of Treasury and Finance

Carsten Hammershøj
Trading Manager

Mads Boock-Jensen
Bonds Manager

Troels Carlsen
Equity Manager

Poul Terkelsen
Capital Markets Manager

Peter Normand
Head of Customers Office

Yvonne Hansen
Pension Manager

Thor Rasmussen
Investment Manager

Lone Kjærgaard
Chief Economist

Søren Ødum Nielsen
*Senior Economist,
Manager of Risk management
in Liquidity*

MORTGAGE:

Søren Zak
Head of Mortgages

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

BRANCH SUPPORT AND HOUSING:

Henrik Thagaard
*Manager of Branch Support and
Housing*

Elisabeth Eriksen
*Branch Support Manager
Odense*

Marianne Hougaard Barrett
*Branch Support Manager
Glostrup*

Morten Kjær
*Branch Support Manager
Aarhus*

Asger Friis Pedersen
Housing Manager

Jens Damgård Nielsen
Housing Associations Manager

FINANCE:

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

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 Stærmosse

Branch in Holstebro

Nørregade 32

7500 Holstebro

Branch Manager Mette Danielsen

Branch in Horsens

Søndergade 48

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

Branch in 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 Anne Marie Jessen

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 in Glostrup Banegårdsvej 9 2600 Glostrup Branch Manager Anette Meier	Branch in Rødovre Tårnvej 221 2610 Rødovre Branch Manager Robert Bjarnholt
Branch on Amager Amagerbrogade 60 2300 Copenhagen S Branch Manager Lars Alsøe	Branch in Herlev Herlev Hovedgade 136 2730 Herlev Branch Manager Kim Dam	Branch in Sluseholmen Sluseholmen 2-4 2450 Copenhagen SV Branch Manager Lisbeth Ringsted
Branch in Ballerup Centrumgaden 35 2750 Ballerup, Denmark Branch Manager Thomas Larsen	Branch in Hvidovre Hvidovrevej 85 2650 Hvidovre Branch Manager Anita Skov Carlsen	Branch in Taastrup Køgevej 75 2630 Taastrup Branch Manager Jørgen Palle Jensen
Branch on Bispebjerg Frederiksborgvej 98 2400 Copenhagen NV Branch Manager Thomas Thørner	Branch in Kastrup Kastrupvej 201 2770 Kastrup Branch Manager Niels Jørgen Jørgensen	Branch in Valby Valby Langgade 136 2500 Valby Assistant Branch Manager Michael N. Kragbæk
Branch in Brønshøj Frederikssundsvej 160 2700 Brønshøj Branch Manager Anette Ryefelt	Branch on Kongelundsvej Kongelundsvej 289 2770 Kastrup Branch Manager Marianne Skov Jacobsen	Branch in Vanløse Jernbane Alle 66 2720 Vanløse Assistant Branch Manager Lars Ottosen
Branch in City Vesterbrogade 5 1502 Copenhagen V, Denmark Head of Branch Bo Mellerkær Larsen	Branch in Lyngby Jernbaneplassen 14 2800 Lyngby Branch Manager Jens Kristian Petersen	Branch on Østerbro Ndr. Frihavnsgade 74 2100 Copenhagen Ø, Denmark Branch Manager Kim Foss Lund
Branch at Enghave Plads Enghave Plads 5 1670 Copenhagen V Branch Manager Jørgen Petersen	Branch on Mimersgade Mimersgade 49 2200 Copenhagen N Assistant Branch Manager Jacob H. Christensen	Branch at Østerfælled Torv Østerfælled Torv 38 2100 Copenhagen Ø, Denmark Assistant Branch Manager Mikkel S. L. Krogsfeldt
Branch on Frederiksberg Falkoner Allé 62 2000 Frederiksberg Branch Manager Jette Lund	Branch on Nørrebro Nørrebrogade 52 and Nørrebrogade 62 2200 Copenhagen N Branch Manager Helge Olsen	
Branch on Gl. Kongevej Gl. Kongevej 51 1610 Copenhagen V Assistant Branch Manager Gregor Gudmann N. Pertsas	Branch at Rundetårn Landemærket 8 1119 Copenhagen K Branch Manager Christian Barrett	
Branch in Gladsaxe Søborg Hovedgade 193 2860 Søborg Branch Manager Niels Lund Sørensen		

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
5800 Nyborg

**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

Voldgade 16
5700 Svendborg

**Branch Manager Tenna Holm
Malling**

ZEALAND

Branch in Frederikssund

Havnegade 18
3600 Frederikssund

Branch Manager Per Jegsen Schmidt

Branch in Helsingør

Klostergade 1
3000 Helsingør

Branch Manager Anne Jørgensen

Branch in Hillerød

Nordstensvej 2
3400 Hillerød

Branch Manager Claus Lundsgaard

Branch in Jyllinge

Jyllingecentret 23
4040 Jyllinge

**Assistant Branch Manager Annette
Jensen**

Branch in Kalundborg

Bredgade 55
4400 Kalundborg

Branch Manager Kim Krog

Branch in Køge

Torvet 9
4600 Køge

Branch Manager Jane Skouv Lapain

Branch in Næstved

Vinhusgade 9
4700 Næstved

**Branch Manager Martin Bay
Sørensen**

Branch in Roskilde

Algade 14
4000 Roskilde

Branch Manager John Nielsen

Branch in Ringsted

(2 February 2015)

Nørregade 25
4100 Ringsted

Branch Manager Annette Jensen

Branch in Slagelse

Jernbanegade 2
4200 Slagelse

Branch Manager Jan Larsen

LOLLAND-FALSTER

Branch in Nykøbing F.

Langgade 32
4800 Nykøbing F.

Branch Manager Flemming Møller

AKTIESELSKABET

 **Arbejdernes Landsbank**

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