Annual report 2022

Arbejdernes Landsbank

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

Contents

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Executive Bank Director

GERT R. JONASSEN
CEO

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Deputy CEO

SVEND RANDERS
Executive Bank Director

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Executive Bank Director

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Executive Bank Director

The annual report has been prepared in a Danish and an English version. In the event of discrepancy between the Danish-language original text and the English-language translation, the Danish text shall prevail.

Arbejdernes Landsbank

Management's report

Dear shareholders

2022 has been a difficult year, profoundly influenced by the high rate of inflation, the energy crisis and unrest on the financial markets. Despite this, the Group achieved a profit in 2022 of DKK 903 mill. before tax. The result is considered satisfactory in a difficult year on the financial markets. During the year, the Group year has seen growth in our core business, both in the influx of new customers and in developments in business activity. This also means that the Group starts 2023 in a strong position. There is high customer satisfaction in the Group, and this has resulted in Danish bank customers pointing to Arbejdernes Landsbank as their preferred bank for the 14th consecutive year. As the Chairman of Arbejdernes Landsbank, I am both pleased and proud of the positive developments in the Group. The Group will continue to build the business on sound values and strive to gain even more customers and more satisfied customers in 2023.

The consolidated financial statements for 2022 show a profit after tax of DKK 789.2 mill.,which gives a return on equity of 6.1% after tax. The 2022 result is at the lowest end of our expectations at the beginning of the year. This is primarily due to a negative result on the investment portfolio because of increasing interest rates, although this was partially offset by generally good and satisfactory developments in business activity and core earnings for the whole Group. The results are deemed satisfactory.

Total Group income increased slightly relative to 2021 after taking account of the effect of recognition of Vestjysk Bank A/S (hereafter referred to as Vestjysk Bank) following the acquisition of a majority shareholding from 31 May 2021, as well as non-recurring income in connection with the acquisition.

Group net interest and fee income rose to DKK 3,782.9 mill. against DKK 2,839.4 mill. in 2021. Excluding the effect of recognising Vestjysk Bank from 31 May 2021, the increase is attributable to positive developments in customer activity, increasing interest rates and the end of negative interest rates.

Value adjustments and dividends are negative at DKK -127.4 mill., and this is primarily attributable to a challenging year on the financial markets. Other operating income of DKK 314.0 mill. was lower than in 2021 because of recognition of non-recurring income in the form of badwill of DKK 328.6 mill. from the purchase of the majority shareholding in Vestjysk Bank.

Despite further management estimates, impairments on loans and receivables, etc. continued positively with write-backs of DKK 52.1 mill., mainly as a result of positive developments in the loan portfolio, with financially healthy private and business customers and write-backs of management estimates relating to Covid-19. Group costs and amortisation/depreciation increased to DKK 2,906.8 mill. against DKK 2,424.4 mill. in 2021. After adjusting for the effects of recognition of Vestjysk Bank, the increase is attributable to staff costs following pay increases and increased requirements due to SIFI regulations.

The Board of Directors and the Executive Board recommend to the General Meeting a dividend of 10%, corresponding to DKK 0.10 per share of DKK 1.

Group management and more cooperation

In 2021, Aktieselskabet Arbejdernes Landsbank (hereafter referred to as Arbejdernes Landsbank) acquired a majority shareholding in Vestjysk Bank. This was part of realisation of the Bank's 2025 strategy to continue growth, to spread the Group's geographical presence, and to take a stronger position in the business segment.

The increase in our shareholding in Vestjysk Bank means that the Group has secured a good balance between business and private, so that the Group is in a stronger position in the market to face future capital requirements for financial companies. Thus, we have built the foundation for a new and stronger banking group to benefit customers, society and shareholders.

Arbejdernes Landsbank and Vestjysk Bank operate as two independent banks; each with their own strong brands. In 2022, the Group management has focussed on ensuring Group management of risks and has commenced collaboration on a number of staff areas. The Group has established Group responsibility in the 2nd and 3rd lines of defence, and has established a common Group debt-recovery function. The management still expects that the Group will be able to achieve efficiency improvements through continued investments in IT as well as optimisation of staff and support functions.

Swedbank portfolio

As part of the Group's strategy to increase our customer base, Arbejdernes Landsbank took over 1,036 cooperative housing loans and credits from Swedbank in June 2022. More than one-half of the customers are currently premium customers at Arbejdernes Landsbank. The takeover has added great commercial value to the Group, because the customer segment fits well into the Group's business model.

SIFI requirements and bond issue

The Bank was designated as a SIFI (systemically important financial institution) by the Danish FSA in June 2021. The designation reflects the important societal role that the Bank and Group now play in the Danish banking market. Designation as a SIFI entails stricter requirements for the Group; both administratively and in terms of increased capital requirements.

As part of meeting the increased capital requirements, in 2022 the Group worked intensively to prepare and execute issues of capital instruments. These preparations included a rating from Moody's, and preparation of a (Medium Term Note programme (MTN). On 31 May 2022, Moody's published its first rating of the Group of Baa2 for the baseline credit assessment, and a rating of A2/P-1 for bank deposits.

In 2022, the Group made three capital separate issues with senior non-preferred (SNP) status, corresponding to about DKK 2 bn. in total. The capital meets the requirements for own funds and eligible liabilities.

The issued bonds have been admitted to trading on Nasdaq Copenhagen A/S. In this connection, Arbejdernes Landsbank has been approved by Nasdaq Copenhagen A/S as an issuer and is therefore covered by the current regulations governing listed companies.

Execution of the issues was in collaboration with a number of banks. In 2022, the Group has promoted its profile in both Norway and Sweden. It is important to build up a strong investor network in Denmark, Sweden and Norway in order to be able to attract investors in the future. This work will therefore continue in 2023.

Changes in the Executive Management

The long-serving CEO of Arbejdernes Landsbank, Gert R. Jonassen, announced in 2022 that he will be retiring in 2023. Gert R. Jonassen will pass the baton to the current Deputy CEO, Jan W. Andersen, who will take over as CEO from 1 April 2023. At the same time, Frank Mortensen, Executive Bank Director and CFO, will be appointed as the Deputy CEO of Arbejdernes Landsbank.

Gry Bandholm joined the Executive Management from 1 October 2022. Gry Bandholm has been employed at the Bank for 11 years, and she comes from her latest position as a Deputy Bank Director and responsible for Group risk.

As at the date of signature, Gry Bandholm had not been registered with the Danish Business Authority as a member of the Executive Management, as the Bank's articles of association stipulate a limit of five members of the Executive Management. The articles of association are expected to be amended by the General Meeting on 13 March 2023, after which Gry Bandholm will be registered as a member of the Executive Management with the Danish Business Authority.

New organisation and customer-oriented units at Arbejdernes Landsbank

In order to better accommodate customer needs, in 2022 Arbejdernes Landsbank implemented a new organisation for the Bank's customer-oriented units, with an ambition to secure more local decision-making power and specialised consulting services for the Bank's customers. Overall, the Bank has decided to distinguish between private and business customers in two separate areas. All business and association customers have been consolidated in the Bank's new business and housing association center, where focus will be on advising business customers. In the private area, the Bank has established seven new regions, each with three to six associated customer areas to ensure a stronger and more local presence. As a part of the new organisation, nine of the Bank's branches were merged because of changed customer behaviour and less use of branches.

New collaboration with Privatsikring

In December 2022, Arbejdernes Landsbank signed a cooperation agreement with Privatsikring, which is part of the Alm. Brand Group. The new insurance collaboration will commence on 1 March 2023. Vestjysk Bank already has a collaboration with Privatsikring. This means that, from March 2023, all the Group's private and business customers will be offered non-life insurance via Privatsikring and Erhvervssikring.

Focus on sustainability in the Group

Sustainability is high on the agenda for the Group, in line with implementation of new and extensive regulation of the area as well as business initiatives across business areas and companies. The Group's overall approach to sustainability is to increase financing and investment in activities and businesses that contribute to sustainable development and the transition to a green economy, and also reduce negative secondary impacts, including the financed CO_2e emissions.

Rapid and dramatic reduction in global CO_2e emissions towards a climate-neutral economy is a prerequisite for being able to mitigate climate change and achieve the goals of the Paris Agreement. In 2022, the Group published its total CO_2e emissions associated with the Group's lending and investment activities. The CO_2e calculations for 2022 constitute the Group's baseline, as this is the first time Vestjysk Bank's business activities have been included.

Throughout 2022, the Group has had special focus on integrating Vestjysk Bank in the sustainability strategy, and on training staff and advisors in ESG and sustainability, including the role of the financial sector in the green transition, what sustainability means for the Group, as well as how the Group can help customers with their transition to a more sustainable future.

Read more about the Group's work on sustainability in the section on "Strategy and vision work in 2022".

Macro-economic outlook for 2023

The Danish economy was generally strong entering 2022. Since the start of the year, increasing energy prices, high inflation rates, increasing interest rates and growing global uncertainty in the wake of the Russian invasion of Ukraine have led to an economic slowdown. In 2023, Arbejdernes Landsbank expects an economic recession.

Among other things, the increasing headwind in the Danish economy comes from the prospect of continued drops in private consumption, while Danish exports, including investments, may see a decline as a consequence of the global uncertainty.

In 2022, inflation was at the highest level for many years, and this is expected to continue in 2023. Danes have experienced the most dramatic price increases for 40 years, particularly driven by increases in energy and food prices. However, Arbejdernes Landsbank expects that inflation will peak in early 2023, and thereafter gradually fall through 2023.

Employment was at a record high in 2022, whereas the unemployment was at the lowest level for many years.

Arbejdernes Landsbank expects the labour market to slow down in 2023, with an expected decrease in employment and increasing unemployment in 2023.

In the housing market, increasing interest rates in particular, but also increasing energy prices, have had an impact, with a significant drop in housing sales and prices. Arbejdernes Landsbank expects that house prices will continue to drop in 2023, particularly in the first half-year. Certain parts of the housing market, including flats in Copenhagen, are expected to be increasingly affected by falling prices following the new housing taxes, which enter into force in early 2024. Developments in the housing market, as well as increasing prices of building materials can also influence the market for construction-project financing.

Agriculture, particularly pig producers, has also been affected by increasing prices for feed and energy, and there is a risk of further spread of African swine fever.

Despite the gloomy outlook for the economy, there are a number of factors that strengthen the Group's expectation that the economy will weather the storm. The drop in growth started from a strong outset, with a robust Danish economy, high employment and low unemployment. Both Danish households and businesses are also generally sturdy, with large savings and a solid buffer, while the housing market is also strong.

Group outlook for 2023

The Group expects 2023 to be challenging for the economy, with continued increasing interest rates, high inflation rates and increasing unemployment. With expected continued investments in IT security and development of digital customer services, costs. The Group also expects lower activity in the housing market, and this will lead to a reduction in the Group's fee and commission income. However this is likely to be counterbalanced by the expected net influx of customers, as well as normalisation of the net interest margin, which will improve the Group's core earnings. Uncertainty related to Covid-19 has largely been replaced by uncertainty about macro-economic developments, and this is reflected in the significant additions by management to impairments. Overall, expectations for the Group profit before tax are around DKK 1.2-1.4 bn.

Claus Jensen
Chairman of the Board of Directors

Financial highlights for the Group

		2022 DKK mill.	2021 DKK mill.	2020 DKK mill.	2019 DKK mill.	2018 DKK mill.
Income statement						
Net interest income		2,218.1	1,642.7	1,070.1	1,074.5	1,104.4
Net fee and commission income		1,564.8	1,196.7	699.5	688.1	580.3
Value adjustments and dividends		-127.4	293.4	284.9	341.8	45.5
Other operating income		98.2	412.2	70.0	69.2	68.8
Profit from equity investments in associated companies		3.8	95.3	103.1	24.3	0.0
Total income		***3,757.5***	***3,640.3***	***2,227.6***	***2,197.9***	***1,799.0***
Costs and depreciation/amortisation		-2,906.8	-2,424.4	-1,767.1	-1,663.4	-1,529.5
Impairments on loans and receivables etc.		52.1	162.3	-78.6	53.9	69.5
Total costs		***-2,854.8***	***-2,262.1***	***-1,845.7***	***-1,609.5***	***-1,460.0***
Profit before tax		***902.7***	***1,378.2***	***382.0***	***588.4***	***339.0***
Tax		-113.5	-49.4	-52.0	-43.6	-40.1
Profit for the year		***789.2***	***1,328.9***	***330.0***	***544.8***	***298.9***
Selected balance sheet items						
Loans and other receivables at amortised cost		44,110.4	41,958.3	23,817.7	22,906.4	22,085.8
Bonds at fair value		28,590.0	28,116.2	21,902.5	20,859.8	18,834.3
Total assets		107,986.9	107,460.6	62,913.3	59,024.0	55,106.5
Deposits incl. pooled schemes		88,095.5	89,236.6	52,044.6	47,989.8	44,872.7
Equity		12,348.2	11,852.9	7,125.2	6,855.2	6,873.2
Selected ratios and key figures						
Capital ratio	%	19.8	18.2	20.6	19.8	20.0
Common Equity Tier 1 capital ratio	%	16.1	14.9	17.0	16.2	17.6
Return on equity before tax	%	7.0	14.8	5.5	8.6	5.0
Return on equity after tax	%	6.1	13.9	4.7	7.9	4.4
Ratio of operating income to operating expenses per DKK	DKK	1.32	1.61	1.21	1.37	1.23
Liquidity coverage ratio (LCR)	%	264.5	249.4	274.1	269.9	268.1
Impairment ratio for the year	%	0.6	0.5	0.2	-0.2	-0.2
Lending growth for the year	%	5.1	76.2	4.6	3.7	0.8

See note 50 for definitions of ratios and key figures. The reserves reversed for losses on credit-impaired lending at initial recognition have not been included in the calculation of the impairment ratio for the year.

The subsidiary Vestjysk Bank A/S has been included in the financial highlights for the Group from 31 May 2021.

Comparative figures for 2018 have not been adjusted for the effect of implementing IFRS 16.

Financial review

Profit for the period

In 2022, the Group earned a profit before tax of DKK 902.7 mill. against a profit last year of DKK 1,378.2 mill. The profit after tax amounts to DKK 789.2 mill. against a profit last year of DKK 1,328.9 mill. The 2022 results have been impacted by challenging financial markets, while 2021 was positively impacted by non-recurring items related to the acquisition of the majority shareholding in Vestjysk Bank amounting to DKK 328.6 mill. The profit after tax for 2022 corresponds to a return on average own funds of 6.1%.

The 2022 result is at the lowest end of our expectations at the beginning of the year of DKK 900-1,100 mill. before tax. This is primarily due a negative result on the investment portfolio because of increasing interest rates, although this was partially offset by write-backs of impairments on loans because of the healthy financial situation of private and business customers. There were also generally good and satisfactory developments in business activity and core earnings for the whole Group. The results are deemed satisfactory.

Comparisons of Group figures with 2021 will be distorted because figures to recognise Vestjysk Bank in 2021 were only included in all items from and including 31 May. Therefore Vestjysk Bank is only fully recognised in the consolidated financial statements for 2021, with earnings for seven months amounting to DKK 281.6 mill. before tax. In the period before 31 May 2021, earnings from Vestjysk Bank of DKK 76.7 mill. are included in results from associated companies. This also means that comparisons of items on the income statement in the consolidated financial statements between 2021 and 2022 is difficult, because there was not full recognition of Vestjysk Bank in 2021.

Income

Total Group income increased slightly relative to 2021 to DKK 3,757.5 mill., which is slightly higher than in 2021.

	2022 DKK mill.	2021 DKK mill.	Change DKK mill.
Group			
Net interest income	2,218.1	1,642.7	575.4
Net fee and commission income	1,564.8	1,196.7	368.0
Value adjustments and dividends	-127.4	293.4	-420.8
Other operating income	98.2	412.2	-314.0
Profit from equity investments in associated companies	3.8	95.3	-91.5
Total income	*3,757.5*	*3,640.3*	*117.1*

Net interest income in 2022 increased by DKK 575.4 mill. to DKK 2,218.1 mill. The increase is due to a continued increase in the level of activity in the core business, and normalisation of interest rates. The latter means that the negative interest rates on deposits of recent years have been discontinued and that savings products with positive interest rates are again available. The Group has prioritised discontinuing negative rates on deposits for all customers and otherwise adopts an approach conforming with the market to continue to offer competitive rates.

Net fee and commission income was DKK 1,564.8 mill., an increase of DKK 368.0 mill. in relation to 2021. Besides the effects of recognising Vestjysk Bank, the increase is primarily due to customer growth and high activity in the provision of mortgage-credit loans, including conversion of mortgage-credit loans with low nominal interest rates.

With increasing interest rates and falling share prices, the financial markets were challenged in 2022 which resulted in negative value adjustments on bonds, incl. derivatives as well as shares. Value adjustments and dividends accounts for an overall loss of DKK 127.4 mill. in 2022 against gains in 2021 of DKK 293.4 mill.

The decline in other operating income of DKK 314.0 mill. is primarily due to last year's non-recurring income in the form of badwill, which is the difference between the acquisition price of the shares in Vestjysk Bank and the value of the net assets taken over. Badwill in connection with the acquisition amounted to DKK 328.6 mill.

Profit on equity investments in associated companies in 2021 includes income from Vestjysk Bank for the period from the end of September 2020 up to and including May 2021; i.e. from before the company became a subsidiary.

Costs and depreciation/amortisation

Total Group costs and depreciation/amortisation were DKK 2,906.8 mill., an increase of DKK 482.4 mill. in relation to 2021.

	2022 DKK mill.	2021 DKK mill.	Change DKK mill.
Group			
Staff expenses	-1,521.7	-1,208.5	-313.2
Administration expenses	-1,160.7	-1,005.1	-155.6
Amortisation/depreciation as well as impairments on intangible assets and property, plant and equipment	-170.5	-160.2	-10.3
Other operating expenses	-53.9	-50.6	-3.3
Total costs and depreciation/amortisation	*-2,906.8*	*-2,424.4*	*-482.4*

Staff expenses showed an increase in 2022 of DKK 313.2 mill. compared with last year. Besides the effect of recognising Vestjysk Bank, the increase is attributable to pay increases from collective agreements and higher staff expenses arising from stricter requirements.

Other administration expenses increased by DKK 155.6 mill. compared with 2021. Adjusted for the effect of recognising Vestjysk Bank, the increase is attributable to higher IT costs, primarily for BEC.

Impairments on loans and receivables etc.

Despite increased management estimates for macro-economic uncertainty, impairments show an income of DKK 52.1 mill. in 2022, as opposed to an income of DKK 162.3 mill. in 2021. 2022 has been influenced by increasing energy and raw-materials prices, high inflation and growing uncertainty. This has affected prices on the housing market and customers' disposable income negatively and caused higher costs for agriculture and the building and construction sector, for example. However, the negative macro-economic developments have so far only had a limited negative effect on the Group's exposures, partly because of the high level of employment and generally robust private and business customers.

The Group's management estimates at the end of 2022 total DKK 540.6 mill., of which DKK 434.5 mill. is related to macro-economic estimates. Macro-economic estimates have increased by DKK 112.4 mill. since the end of 2021. Other management estimates are related to model uncertainty and portfolios, and amounted to DKK 106.1 mill., of which DKK 65.0 mill. has been provided for possible further spread of African swine fever.

Despite increased management estimates for the macro-economic uncertainty, impairments on loans continued positively with write-backs of DKK 52.1 mill. These were reversals due to lower management estimates related to Covid-19, and a continued healthy financial situation for the Group's private and business customers.

Results by segment

Income and costs by segment are described in note 4.

Customer activities and the Vestjysk Bank segment together account for the majority of the core activity of the Group. However, Vestjysk Bank was only included with the final seven months in 2021, as until 31 May 2021 Vestjysk Bank was included in the 'Other' segment as an associated company.

Both segments are continuing to grow in customer numbers and business activity, although in Q4 2022 Vestjysk Bank sold three branches, and this has meant that the net intake of customers in 2022 for Vestjysk Bank has been very limited. Furthermore, the improvement in the net interest margin and a high level of activity in the provision of mortgage-credit loans had a positive effect.

Investment activities are significantly worse than expected in 2022 compared with 2021, and this is due to a challenging year on the Danish finance markets, with increasing interest rates and falls in share prices.

Other activities include the Bank's properties, certain sector-related shares and associated companies.

Balance sheet

The balance sheet total increased slightly in 2022 by DKK 0.5 bn. to DKK 108.0 bn. despite a continuing increase in customer business activities in the Group. Arbejdernes Landsbank's acquisition of a cooperative housing portfolio from Swedbank in June 2022 had a positive effect of approx. DKK 0.8 bn., while the disposal of three Vestjysk Bank branches in southern Jutland affected negatively by approx. DKK 1.2 bn.

At the end of 2022, Group deposits amounted to DKK 72.9 bn. against DKK 71.7 bn. at the start of the year.

Group lending increased by DKK 2.2 bn. to DKK 44.1 bn. corresponding to a lending growth of 5.1%.

Deposits in pooled schemes were reduced by DKK 2.3 bn., and this is due to the developments on the financial markets.

Equity amounted to DKK 12.3 bn., and besides a net increase of Additional Tier 1 capital of net DKK 225.0 mill., a dividend was paid of DKK 523.5 mill. The net increase was also divided into an increase in comprehensive income for the year of DKK 836.3 mill. as well as a decrease in equity attributable to interest paid on Additional Tier 1 capital of DKK 41.7 mill. and an increase due to trade in own shares of DKK 0.8 mill.

Significant accounting estimates and assessments

The calculation of the carrying amount of certain assets and liabilities requires estimates, assessments and assumptions about future events, see note 2.

The estimates and assessments are, in each case, based on the historical experience of the Group and other factors that the Management considers reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate. Future events or circumstances may arise which were not predicted at the time of the estimate. Making such estimates and assessments is therefore difficult. Estimates that also involve customer relationships and transactions with other counterparties will be associated with considerable uncertainty. Therefore, it may be necessary to change estimates made previously because of new information, further experience or subsequent events.

Events after expiry of the financial year

No events have taken place after the end of the financial year with an impact on the assessment of the Group and the Parent Company's financial position and profit for the year.

The financial reporting process

The Board of Directors and the Executive Management have responsibility for Group control and risk management in connection with the financial reporting process, including compliance with relevant legislation and other regulations during the process.

The Group has implemented procedures and manuals in important areas for the financial reporting process.

The financial reporting process takes its point of departure in a number of routines, and is carried out in collaboration with significant business areas and the Executive Management. The process is organised such that the CFO area is responsible for the Group's internal financial follow-up in the form of monthly reports, budget follow-up and development analyses. Furthermore, the CFO area prepares the Group's external financial statements and ensures that the financial statements provide a true and fair view, without material misstatement, and in accordance with relevant legislation.

Control environment

The Group has implemented the internal controls and risk-management systems it considers necessary and effective with regard to countering the risks identified in connection with presentation of the financial statements. The Group's internal controls and risk-management systems are updated regularly and designed with a view to identifying and eliminating errors in the financial statements.

Compliance with the procedures adopted is tightened regularly, and regular sample checks are made to monitor and control such compliance.

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

Furthermore, the Audit Committee monitors whether the financial reporting process by the Group and the Bank, including internal controls and risk management systems, is working effectively to ensure the credibility, authenticity, integrity and transparency in the financial reporting.

Risk assessment

The Board of Directors and the Executive Management regularly assess the risks associated with the financial reporting process. As part of the risk assessment, the Board of Directors and the Executive Management examine the risk of fraud and consider whether the measures taken to reduce and/or eliminate any risks are adequate. In this context possible incentives/motives for fraudulent financial reporting are discussed.

Principal activities of the Arbejdernes Landsbank Group

The Group is nationwide, offering relevant and competitive financial products and services combined with competent advisory services for private individuals, associations and enterprises.

The two banks in the Group are operated as two independent banks, each with its own focus and brand. Common for the whole Group is more focus on a continued influx of new customers and a stronger position in the market.

The Arbejdernes Landsbank Group includes the following companies:

- A/S Arbejdernes Landsbank (parent company)
- Vestjysk Bank A/S (subsidiary)
- AL Finans A/S (subsidiary)
- Ejendomsselskabet Sluseholmen A/S (subsidiary)

A/S Arbejdernes Landsbank holds almost 73% of the shares in Vestjysk Bank A/S, while AL Finans A/S (hereafter referred to as AL Finans) and Ejendomsselskabet Sluseholmen A/S (hereafter referred to as Ejendomsselskabet Sluseholmen) are fully owned by the Parent Company.

Arbejdernes Landsbank
Arbejdernes Landsbank is a nationwide full-service bank for private individuals, associations and small and medium-sized enterprises. The Bank's business strategy is based on sound values.

Arbejdernes Landsbank works systematically and strategically to develop a dynamic and customer-oriented culture. The Bank's culture is crucial in retaining and developing our unique position relative both to the Bank's customers and to being an attractive workplace for our employees. Arbejdernes Landsbank sees a clear link between strategy and culture.

Vestjysk Bank
The strategic focus of Vestjysk Bank is to be Denmark's strongest local bank, offering advisory services to private and business customers, locally as well as regionally. Vestjysk Bank aims to be an attractive cooperation partner for both private and business customers.

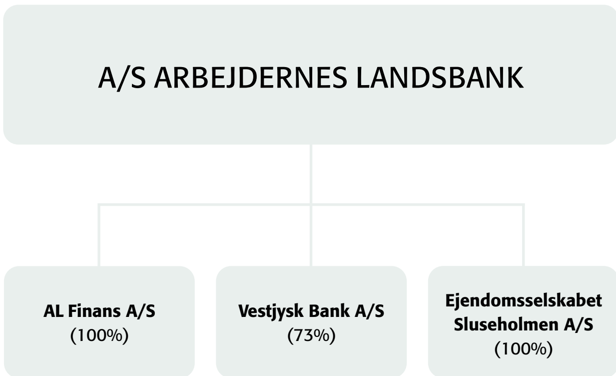
Vestjysk Bank wants to strengthen its position as a bank appealing to the business community, and in future it will specifically target businesses in the bank's market area.

Vestjysk Bank has extensive expertise in the fisheries and agriculture sectors and it will focus even more on fisheries. On 3 January 2022, the bank opened a centre of expertise targeting the fisheries sector. Because of the bank's strong foundation in west Jutland, an area with a long tradition of fishing, Vestjysk Bank has developed strong expertise and a considerable customer portfolio in the fisheries sector over a number of years.

Furthermore, the bank has decided to set up a unit with focus on renewable energy and expects growth in this area.

AL Finans
AL Finans is a finance company offering financing solutions to private individuals and businesses. For private individuals, the company mainly provides car loans and leasing. For businesses, the company offers factoring, invoice purchasing and car leasing. AL Finans aims to establish strong customer relations through close dialogue and collaboration.

Ejendomsselskabet Sluseholmen
Ejendomsselskabet Sluseholmen is the property company that will build the new headquarters for Arbejdernes Landsbank and AL Finans.



Capital and liquidity

Capital management

The Group's capital target as at 31 December 2022 has been set as the solvency need plus the capital conservation buffer, a SIFI buffer and an excess cover of 4.5 percentage points. The excess cover has been set to absorb future capital requirements in the form of a fully phased-in countercyclical capital buffer. The designation of Arbejdernes Landsbank as a SIFI means that the Group is subject to a SIFI capital buffer of 1.0% from the end of 2022. The SIFI capital buffer must be met with Common Equity Tier 1 capital. Note that the part of the minority interests' capital that may not be included in own funds, see note 36, but which is included in the capital target in Vestjysk Bank, has been included to cover the Group's targets for capital buffers.

With a solvency need of 10.3% as at 31 December 2022, the Group's capital targets are:

	Common Equity Tier 1 capital %	Tier 1 capital %	Own funds %
Group			
Capital target	13.8	15.7	18.3
Deduction for minority interests	-0.4	-0.4	-0.5
Adjusted capital target	*13.4*	*15.3*	*17.8*
Balance sheet 31 December 2021	16.1	17.8	19.8
Excess cover	*2.8*	*2.5*	*2.0*

At the end of 2022, the Group's Common Equity Tier 1 capital ratio was 16.1% against 14.9% at the end of 2021. The total capital ratio was 19.8% compared with 18.2% at the end of 2021. In this context the Group has an individual solvency need of 10.3% and a combined capital buffer requirement of 5.4% which currently comprises the capital conservation buffer of 2.5%, an institution-specific countercyclical buffer of 1.9% and a SIFI buffer of 1%. In Q1 2022, the Minister for Industry, Business and Financial Affairs decided that the countercyclical capital buffer is to be increased from 2.0% to 2.5% with effect from 31 March 2023.

The Group's total capital requirement was 15.7% at the end of 2022. Therefore, at the end of the year the Group had capital excess cover of 4.0 percentage points, corresponding to DKK 2.4 bn. The Group's excess cover of the capital and MREL requirement in relation to the risk-weighted exposures is described in the following table:

	31.12.2022 %	Statutory requirement %	Excess cover percentage points
Group			
Common Equity Tier 1 capital ratio	16.1	11.2	4.9
Tier 1 capital ratio	17.8	13.1	4.6
Capital ratio	19.8	15.7	4.0
MREL (%)	23.0	19.7	3.3

The Group regularly assesses the need to adjust its capital structure. The Group currently has very solid capital excess cover in relation to the capital requirements.

The Danish FSA lays down annually a requirement for Danish SIFIs' own funds and eligible liabilities (MREL). The method for determining the MREL requirement is based on two-times the solvency need plus the capital conservation buffer and the SIFI buffer set in relation to the risk-weighted assets. The MREL requirement will be phased in up to 1 January 2026 and is assessed on the basis that Arbejdernes Landsbank was designated as a SIFI at consolidated level in 2021.

The Group must meet the following MREL requirements up to 1 January 2026 on the dates stated in table:

	01.01.2023*) %	01.01.2026 %
Group		
Solvency	10.3	10.0
Required loss-absorption amount	*10.3*	*10.0*
Solvency need	10.3	10.0
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	1.0	1.0
Required recapitalisation amount	*13.8*	*13.5*
Phase-in	-9.7	0.0
MREL requirement	*14.3*	*23.4*
Capital conservation buffer requirement	2.5	2.5
Institution-specific countercyclical buffer requirement	1.9	0.0
SIFI buffer requirement	1.0	1.0
Combined capital buffer requirement	*5.4*	*3.5*
Total MREL and combined capital buffer requirement	*19.7*	*26.9*

*) As at 31.12.2022, the total MREL and capital buffer requirement was 18.5%.

The MREL requirement can be met by Common Equity Tier 1 instruments, Senior Non-Preferred (SNP) instruments and Senior Preferred (SP) instruments. The requirement for the MREL add-on will primarily be met by issuing SNP instruments.

Up to the final phase-in of the MREL add-on on 1 January 2026, the Group expects to have to issue a minimum of DKK 10 bn. in subordinated instruments to cover the MREL requirement, depending on changes in risk exposures, solvency need and requirements for the countercyclical capital buffer.

To support the future issues, the Group has entered into collaboration with the rating bureau, Moody's, to credit-rate the Group. On 31 May 2022, Moody's published its first rating of the Group of Baa2 for the baseline credit assessment, and a rating of A2/P-1 for bank deposits.

The Group commenced issuing SNP instruments in Q3 2022. The Group issued SNP instruments for a total of around DKK 2 bn. in 2022, divided between DKK 1.5 bn. and SEK 700 mill.

The SNP instruments have been admitted to trading on Nasdaq Copenhagen A/S as listed bonds.

In the first half of 2023, the Group will commence development of a Green Framework to be able to issue green bonds.

On 24 January 2022, with approval from the Danish FSA, Arbejdernes Landsbank redeemed nom. DKK 429 mill. in Additional Tier 1 capital and at the same time issued new capital of the same quality and of the same size. Furthermore, on 16 August 2022, Arbejdernes Landsbank issued Additional Tier 1 capital of DKK 380 mill. to cover two redemptions in Vestjysk Bank, including redemption of Additional Tier 1 capital in Vestjysk Bank of DKK 155 mill. and Tier 2 capital of DKK 225 mill.

Liquidity management

The Group aims to maintain a liquidity policy by which non-subordinated external capital is mainly financed based on deposits. Therefore a positive deposits surplus is also an objective. The deposits surplus is defined by the Group as the difference between deposits (excluding pools), and loans. At the end of 2022, the Group's deposits surplus amounted to DKK 28.8 bn. and this is DKK 1.0 bn. lower than at the end of 2021. The Group has a goal for the liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR), calculated according to the regulations in EU Regulation no. 61/2015, to always exceed 130% and 110%, respectively. At the end of 2022, the Group had an LCR of 264.5% (2021: 249.4%) and an NSFR of 140.9% (2021: 137.3%). The increase in the LCR can be attributed to a drop in the overall outflows, and this is partly because of a greater percentage of stable deposits in 2022 than in 2021. The increase in the NSFR is primarily attributable to the Group's SNP issue, which increases long-term stable funding (more than 1 year).

Risk management

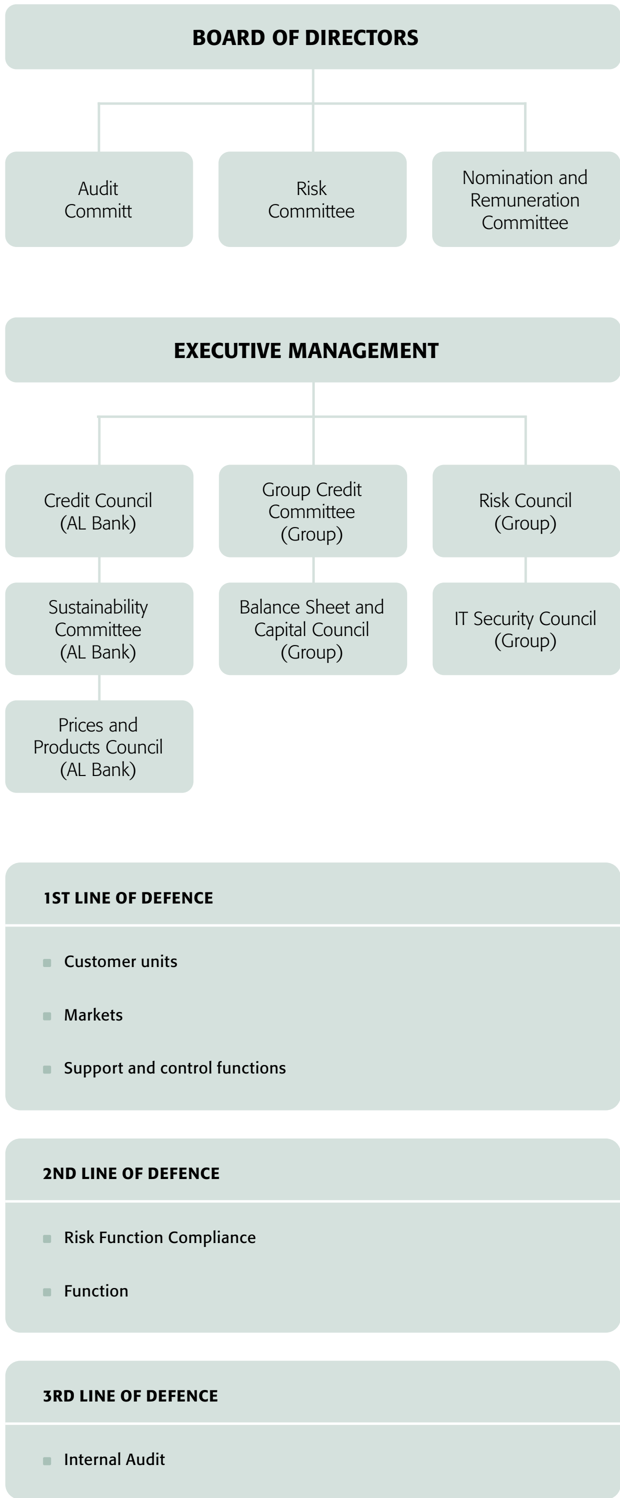
The strategic ambition for risk management at the Group is to remain a strong financial enterprise for owners, customers and society. n this connection, there is focus on the Group being aware of the risks to which the Group is exposed as a result of the business model, and on managing these appropriately. The following risks are considered as the most important:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk, including IT security, outsourcing and money laundering risk

Further description of the Group's risks are in the Group Risk Report for 2022.

The information in the annual report concerning risk management covers the Group. There are no differences between the consolidation basis for accounting purposes and consolidation in accordance with the CRR.

The governance structure is illustrated in the figure below and explained in detail on the following pages.



The basis for the overall structure of risk management at the Group is as follows:

- The business model for the Group includes AL Finans, Ejendomsselskabet Sluseholmen and Vestjysk Bank, which is operated as an independent listed bank with its own business model within the framework for the Group.
- The Board of Directors of Arbejdernes Landsbank has designed a risk strategy for the Group, setting the overall framework for risk management. The risk strategy designed by the Board of Directors sets the framework for the Group's capital consumption and delegates capital to Arbejdernes Landsbank, Vestjysk Bank and AL Finans.
- Group policies developed by the Board of Directors determine the risk appetite in all significant areas, and the Board delegates risk appetite to the individual companies in the Group.
- The Board of Directors has set up three committees: a Risk Committee, an Audit Committee and a Nomination and Remuneration Committee. These support the work of the Board of Directors.
- The Executive Management has set up a number of councils: Credit Council, Balance Sheet and Capital Council, IT Security Council, Prices and Products Council and a Risk Council. The objective of these is to ensure good governance for operational management of the Group's business activities and to check and monitor that the Group's internal control systems, and risk and security systems are working effectively.

Organisation of risk management

Committees of the Board of Directors

The Board of Directors has overall responsibility for defining and managing the Group's risks, see the figure on page 14. This is done on the basis of a business model, a strategy, risk appetite, risk policies and contingency plans. Based on reporting, the Board of Directors regularly follows up on risk management to ensure that it is satisfactory and that the Group is operated responsibly and in accordance with guidelines and policies.

The Board of Directors has set up three support committees: The Nomination and Remuneration Committee, the Audit Committee and the Risk Committee. These are described in more detail in the section "Organisation and management of the Arbejdernes Landsbank Group" on page 20.

Executive Management committees and councils

The boards of directors in each of the companies within the Group have appointed an executive management, which is responsible for day-to-day management, including that the companies are operated in accordance with the strategy, policies, etc. adopted by the boards of directors. The executive managements are responsible for ensuring organisation, processes, systems and competences that support sound risk management in the companies within the Group.

The Executive Management of Arbejdernes Landsbank has set up a number of councils and committees focusing on governance and risk management in the Group and the Bank. The 2nd line of defence participates as observers in all committees and councils.

The Risk Council follows up on risk appetite, discusses the overall risk profile for financial and non-financial risks, follows up on the Group's risk reporting and discusses risk policies before they are considered by the Board of Directors' Risk Committee.

The task of the **Credit Council** is to authorise exposures of a certain size, approve impairment levels, approve credit management tools and deal with other credit-related issues at Arbejdernes Landsbank. The Credit Council also processes cases from AL Finans, while Vestjysk Bank has its own credit council.

The purpose of the **Group Credit Committee** is to pre-process significant individual cases from Vestjysk Bank, and large cases outside the scope of the business model of Vestjysk Bank, as these have to be authorised by the Board of Directors of Arbejdernes Landsbank. Furthermore, the Committee ensures that the Board of Directors of Arbejdernes Landsbank receives adequate reports on credit risk in Vestjysk Bank.

The role of the **Balance Sheet and Capital Council** is to ensure efficient capital management across the Group and to monitor Group investments within and outside the trading portfolio.

The **IT Security Council** is responsible for coordination and collaboration on IT security across the Group. The role of the council is to ensure a risk-based IT security level that meets the business requirements, and to ensure that collaboration processes for handling IT security projects, tasks and incidents have been defined and work effectively across all stakeholders in the organisation.

The **Prices and Products Council** approves new products and services within its own mandate at Arbejdernes Landsbank and it approves shutting down existing products.

The **Sustainability Committee** ensures that the sustainability strategy is implemented across business areas and units.

1st line of defence

The credit departments at Arbejdernes Landsbank, Vestjysk Bank and AL Finans, respectively, are responsible for day-to-day, 1st-line-of-defence risk management of credit risk in the Bank's private branches, local business centres and business centres, as well as subsidiaries. The credit departments ensure compliance with both the credit strategy and the credit policies. Furthermore, they are in contact with branches, local business centres and business centres and provide credit advisory services in relation to processing individual cases and performing checks and monitoring.

The markets departments at Arbejdernes Landsbank and Vestjysk Bank are responsible for day-to-day, 1st-line-of-defence risk management of the Bank's market risk, and it is monitored by the Regulation department. The various Treasury functions at the Bank are responsible for the Bank's own portfolios. The units are responsible for complying with relevant policies and instructions.

AL Markets and the Bank's CFO area are responsible for day-to-day risk management of liquidity risk at Arbejdernes Landsbank. The Bank's markets departments are responsible for short-term, day-to-day liquidity management at the Bank, while overall management responsibility lies with the Bank's Treasury unit under the CFO area.

Management of operational risk (1st line of defence) is anchored in the individual business units in order to ensure efficient handling of events which have caused, or may potentially cause, operational losses. Arbejdernes Landsbank has systems to identify all operational incidents that occur. Besides reporting for managerial purposes, these systems are used to improve procedures and contingency plans. Vestjysk Bank monitors and reports on its own operational incidents to its own executive management and board of directors and the Group Chief Risk Officer (CRO).

IT security unit in the 1st line of defence is responsible for securing the correct level of emergency response, including drawing up contingency plans and safeguarding secure IT risk management as well as a sufficient level of IT security. The IT security unit has been set up at Group level and it refers to the IT Director in Arbejdernes Landsbank.

The task of ensuring that Arbejdernes Landsbank is not exploited for money laundering or terrorist financing is anchored in the AML Department supervised by the person responsible for the AML area at Group level. The person responsible for the AML area in each subsidiary is responsible for ensuring compliance by the subsidiary of the regulations in the Anti-Money Laundering Act. The persons responsible for the AML area in the Group's subsidiaries are subject to a dual reporting obligation, as they are to report both to the management of the subsidiary and to the person responsible for the AML area at Group level on matters of importance to Group compliance with the Anti-Money Laundering Act, Group policies etc.

The Board of Directors of Arbejdernes Landsbank has adopted a product policy and a governance structure to ensure that activities in new areas, as well as deliberations about new products and services, are considered by the Bank's Prices and Products Council before being recommended to the Board of Directors. Vestjysk Bank has a similar procedure for activities in new areas, and moreover, approval is required from the Board of Directors of the Group prior to any changes in Vestjysk Bank's business model.

There is focus on maintaining up-to-date IT systems in order to support risk management in significant business areas, and to quantify the size of the risks to which the Group is exposed at any time.

2nd line of defence

Arbejdernes Landsbank has a risk function managed by the Group Chief Risk Officer (CRO). The risk function monitors risk management across the Group and ensures correct identification, measurement, handling and reporting of all significant risks in the Parent Company and its subsidiaries. The Group CRO reports to the Board of Directors and the Executive Management of Arbejdernes Landsbank concerning the Group's risks. The report includes assessments and selected recommendations from the Group CRO. The risk function provides advice to the Board of Directors and the Executive Management with regard to risk issues. Vestjysk Bank has an independent risk function, which reports to the executive management and board of directors of Vestjysk Bank. The CRO at Vestjysk Bank coordinates monitoring with the Group CRO and reports to the Group's risk function. Monitoring IT security in the Group is also part of the responsibility of the Risk Function and is carried out by the Head of IT Security. The Group CRO reports to the Executive Management of Arbejdernes Landsbank, and reports independently to the Board of Directors.

The Group has a Compliance Function managed by the Group head of compliance. The Compliance Function is responsible for independent reporting to the Executive Management and the Board of Directors. The compliance function is responsible for assessing and checking compliance with current legislation, industry standards and internal rules. Furthermore, the Compliance Function provides advice on how to reduce compliance risks. Vestjysk Bank has an independent risk function, which reports to the executive management and board of directors of Vestjysk Bank. The head of compliance at Vestjysk Bank coordinates monitoring with the Group Head of Compliance and reports to the Group compliance function.

The Risk Function, including the Compliance Function, is subject to special conditions in which variable remuneration components within the framework of the collective agreement are not dependent on changes in the results of Arbejdernes Landsbank and depend exclusively on the performance of the department and the individual employee.

3rd line of defence

Internal Audit is the 3rd line of defence and is responsible for carrying out independent audit of risk management by the Group, including the internal controls and monitoring of the risk area. Internal Audit is a Group function with a Group Chief Audit Executive and staff employed in internal audit in both Arbejdernes Landsbank and Vestjysk Bank. Internal Audit reports on its activities and results to the Board of Directors and the Board of Directors' Audit Committee.

The supervisory diamond

The supervisory diamond presents a number of benchmarks which, as a general rule, are to be regarded as indications for high-risk banking activities. Breaches of individual key figures in the supervisory diamond are subject to reactions from the Danish FSA. At the end of 2022, Arbejdernes Landsbank was comfortably within all limit values in the supervisory diamond.

	Limit values %	31.12.2022 %
Bank		
Large exposures	< 175	58.3
Lending growth	< 20	9.5
Commercial propety exposure	< 25	3.8
Liquidity benchmark	> 100	255.8

The definition of the financial ratios is explained in note 50.

Vision and strategy work in 2022

Vision and strategy work is at Group level, at Parent Company level and at individual subsidiary level.

Arbejdernes Landsbank

In 2022, the Bank launched several targeted initiatives which support the growth targets in the Bank's Strategy 2025 "More customers and more satisfied customers". Work on these initiatives will continue in 2023.

Arbejdernes Landsbank's strategy and focus up to 2025 is to forge a more efficient and profitable bank. This is on the basis of an ambition to maintain a customer-oriented culture with high customer satisfaction, more customers, a strong brand and responsible banking activities. The Bank has launched concrete improvements and initiatives in three overall areas:

- Customer-oriented culture
- Efficient bank
- Position in the sector

Customer-oriented culture

All customers are welcome in Arbejdernes Landsbank Therefore, the Bank is constantly seeking to develop itself and its services at a rate that matches customers' different expectations and needs. The Bank sees that customers still want relevant and personal advisory services in connection with major financial decisions in their life, and this applies to both in-person and online meetings, while for routine matters customers want a wider range of digital services and expect rapid response. Arbejdernes Landsbank believes this trend will continue in the long term, and therefore it remains a cornerstone in the Bank's development.

In order to better accommodate customer needs, in 2022 Arbejdernes Landsbank implemented a new organisation for the Bank's customer-oriented units with an ambition to secure more local decision-making power and specialised consulting services for the Bank's customers. The Bank has divided private and business into two separate areas. All business and association customers are consolidated in the Bank's new business and housing association center, where focus will be on advising small business customers. In the private area, the Bank has established seven new regions, each with three-six associated customer areas to ensure a stronger and more local presence. As a part of the new organisation, nine of the Bank's branches were merged because of changed customer behaviour and less use of branches.

The Bank's goal is that our customers always experience Arbejdernes Landsbank as a responsible and relevant partner, able to present advice in a simple and easy-to-understand manner. Arbejdernes Landsbank aims to be close to our customers and the customer's financial situation in all phases of life - both in good times and bad times. Something new for the Bank's wealthy customers is a new unit with wealth management advisors who are experts at advising customers across subjects such as home financing, investments and pension. As a consequence of the economic situation, Arbejdernes Landsbank has introduced a new service (Advice in a difficult time) and there is extra focus on securing dialogue with customers who are particularly hard-hit by higher interest rates and inflation.

Efficient Bank

In 2022, Arbejdernes Landsbank continued focus on creating more efficient routines for the Bank's advisors and other employees dealing directly with customers. During the year, we have targeted work to optimise and streamline more workflows and processes in order to release more time for advisory services. The Bank has centralised and streamlined the onboarding process so that the Bank can now welcome new customers better and more quickly.

Position in the sector

In 2022, Arbejdernes Landsbank continuously worked to secure awareness about the Bank and to deliver good customer experiences in order to secure happy customers and high customer satisfaction. This is by learning from all the feedback the Bank receives after meetings with private and business customers and by implementing minor and major changes to benefit both customers and the Bank. Arbejdernes Landsbank measures customer satisfaction and loyalty, and the Bank scores particularly well on the question of whether customers would recommend the Bank to others. Arbejdernes Landsbank continues to have a very strong position in the sector. In January 2023, for the 14th consecutive year, we were lauded as Danes' preferred bank in Voxmeter's CEM survey of more than 60,000 bank customers. Being number one among the 20 largest Danish banks for customer satisfaction, for the 14th consecutive year, once again confirms that the Bank's customers value how the Bank is run.

The Bank continues to experience strong organic growth in the private area. Since the start of 2022, the Bank has gained 22,000 new private customers. The positive interest in Arbejdernes Landsbank means that the Bank currently has more than 323,000 private customers. Similarly, the Bank has gained 2,000 new business customers, building further on growth since the launch of a new business organisation in 2022.

Vestjysk Bank

Vestjysk Bank wants to create a positive development for the bank's customers and stimulate activity in the local community the bank is part of. This means that the bank has focus on, and takes responsibility for, development in the local area through its position as Denmark's strongest local bank.

Following the merger with Den Jyske Sparekasse in 2021, the bank now has the size and strength to focus even more on attracting new customers and to target advice for existing customers.

This will continue to take outset in the bank's branches, where the bank will increase business through targeted work to attract new private customers and business customers, and through further business with current customers, not least in the leasing and investment areas.

Furthermore, the bank will have particular focus on attracting new larger business customers for the Large Customer Department and, in particular, for growth in the bank's specialist areas, where renewable energy is expected to contribute to growth in the bank's business. Therefore, Vestjysk Bank has decided to establish a renewable energy department as an independent business area, referring to the executive management.

Similarly, the bank will target work on strengthening fisheries and agriculture. These are areas in which the bank has a high market share and strong competences, and therefore there will still be a lot of attention on developments in these sectors.

AL Finans

During 2022, AL Finans has maintained its focused market and product strategy. At the end of the year, around 77% of the lending balance sheet was related to loans and leasing for cars for private and business customers, and about 23% of the lending balance was related to factoring and purchasing outstanding invoices from businesses.

In 2022, AL Finans achieved its best bottom line ever, and there has been growth in lending in all three product areas: loans, leasing and factoring.

In the car financing market, AL Finans works through three different distribution channels; business is generated through cooperation with a large number of car dealers, cooperation with Arbejdernes Landsbank, and through a number of digital channels for direct loan applications from private car buyers.

AL Finans is currently working on responding to expected major changes in the car market over the next few years due to electrification and new mobility solutions. More than 10,000 loans to finance electric and plug-in hybrid cars confirm that, with its green car loan, AL Finans has achieved an extremely satisfactory market share for financing electric vehicles. In addition to the above market initiatives, in 2022 AL Finans has had strong focus on process optimisation and is conducting major renewal of the entire IT infrastructure on the basis of a new ERP system planned for implementation in early summer 2023.

In 2023, it is also expected that, in selected areas, AL Finans will commence a commercial collaboration with Vestjysk Bank.

Focus on sustainability in the Group

Sustainability is high on the agenda for the Group, and the Group is constantly increasing its efforts and initiatives in line with the implementation of new and extensive regulation of the area, and increasing business focus on ESG across business areas and units.

In 2022, the policy on corporate social responsibility and sustainability was expanded to cover the entire Group. The Group's overall approach to sustainability is to increase financing and investment in activities and businesses that contribute to sustainable development and the transition to a green economy, while at the same time working to reduce CO_2e emissions from financial and internal operations.

Arbejdernes Landsbank has signed the UN Principles for Responsible Banking, and in June 2022, the Bank received the first UN evaluation report. Among other things, the report emphasises that the sustainability strategy is firmly integrated in Arbejdernes Landsbank's Executive Management and in strategic work on the climate agenda across business areas and units.

Climate change is the source of a number of significant financial risks associated with assets that may be negatively affected by climate change and the green transition. Climate and environmental risks represent two main risk factors:

- Physical risks refer to the economic consequences of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation such as air, water and soil pollution, water stress, loss of biodiversity and deforestation.
- Transition risks refer to economic losses that directly or indirectly can result from the transition to a green and more environmentally sustainable economy. This could be triggered by relatively sudden adoption of climate and environment policies, technological advances or changes in market sentiment or preferences.

In 2022, the Group published its total CO_2e emissions associated with the Group's lending and investment activities. The CO_2e calculations for 2022 constitute the Group's baseline, as this is the first time Vestjysk Bank's business activities have been included. Calculation of CO_2e is one of several important steps in the process of getting an overview of the Group's impacts on the climate and efforts to reduce the CO_2e footprint associated with financed activities. The Group has an overriding wish that its customers and the businesses it invests in generally take responsibility for the climate, and the Group has an ambition to set specific CO_2e reduction targets its lending and investment portfolios. The Group's initial focus is on transparency, action and specific initiatives that can help reduce emissions immediately.

Throughout 2022, the Group therefore focused on integrating the most recent member of the Group, Vestjysk Bank, into the sustainability strategy. Moreover, the policy on corporate social responsibility and sustainability has now been approved as a Group policy. Furthermore, the Group reports on relevant ESG metrics for the Group as a whole and in the individual companies to clarify in which areas, and to what extent, the Group impacts the climate and the environment (E), social conditions (S) and governance (G) – positively as well as negatively. A joint strategy, policy and report will ensure that our initiatives relating to sustainability build on common principles throughout the Group, while enabling specific business initiatives, local solutions and common sense in practice.

Meetings between customers and their financial advisor can potentially drastically accelerate the green transition, and therefore the Group places priority on including sustainability as an integral part of contact and dialogue with the Group's customers. In its value services Valified, the Group turns an otherwise complex conversion on sustainability into a specific and values-based dialogue with relevant business customers, who can get help to start their green transition and ESG reporting. Similarly, the Group has updated its investment advice and processes, so that the Group's financial advisors now ask about, and take into account, customers' sustainability preferences and match their wishes with the Group's portfolio of investment products in the best possible way.

By introducing a number of training programmes in Arbejdernes Landsbank, in 2022 the Bank trained its employees in sustainability and ESG. This has helped to establish basic knowledge about sustainability among many of our employees, as well as more specialised knowledge about sustainability in the business and investment area among selected employees so that the employees are better equipped internally to help private customers and businesses with the transition to a more sustainable future.

Read more about the Group's work on sustainability in the Group's statutory report on corporate social responsibility pursuant to section 135b and the EU Taxonomy: https://al-bank.dk/media/134165/al_responsibility_sustainability_report_2022_final.pdf.

Data ethics

Data is increasingly important for how companies, and thereby also the Arbejdernes Landsbank Group, conduct their business. On the one hand, this generates potential to create value for the Bank's customers, but on the other hand there are also strict requirements for how the Group processes and stores data as its documentation requirements increase.

On this basis, the Board of Directors at Arbejdernes Landsbank adopted a policy for data ethics in 2021 for the first time. This policy now covers the entire Group. The policy describes Arbejdernes Landsbank's approach to good data ethics and the principles for how Arbejdernes Landsbank deals with data ethics correctly, responsibly and transparently.

It is very important for the Group to treat customers' data with respect and ensure that knowledge acquired through data is not used in conflict with the customer's legitimate interests.

Part of the data ethics principles has already been integrated into the Group's procedures to protect personal data and in the Group's security procedures. In 2023, the Group will elaborate on the principles and integrate them further into group processes.

Organisation and management of the Arbejdernes Landsbank Group

All companies in the group have a management consisting of a board of directors and an executive management. The management of Arbejdernes Landsbank comprises the Group's supreme management and is described in more detail below.

For more information on the board of directors and executive management of Vestjysk Bank, see the bank website and annual report.

The board of directors of AL Finans is composed of the Executive Management of Arbejdernes Landsbank and the Director of Credit of Arbejdernes Landsbank. For more information on the executive management and management of AL Finans, go to the company website.

Board of Directors of Arbejdernes Landsbank

The Board of Directors of Arbejdernes Landsbank is composed of 13 members, including nine elected by the General Meeting and four elected by employees. New members of the Board of Directors are recruited through a formal, thorough and transparent process to cover the competences required.

In 2022, Claus Jensen, Trade Union President for the Danish Metalworkers' Union, took over as the Chairman of the Board of Directors, and Ole Wehlast from the NNF trade union took over as the Deputy Chairman. Anja C. Jensen, HK/Denmark, and Lars Holst also joined the Board of Directors.

In order stand as a candidate for the Board of Directors, the candidate has to meet the requirements stipulated in current regulations and codes of conduct for members of the board of directors of a financial undertaking. 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.

At present, the Board of Directors has decided that the following competences should be represented in the Board of Directors:

- Management, HR and Strategy
- Macroeconomic and Accounting
- Market risk and Liquidity
- Financial regulation
- Credit matters
- Business model and Customer base
- Operational risks and IT

The Board of Directors also works to achieve a composition of members who supplement each other as well as possible 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 Board of Directors carries out an annual evaluation of the competences needed, and whether they are available in the Board of Directors. In 2022 self-evaluation was carried out in the second half-year and it included a questionnaire survey as well as a review of the results of the survey by an external consultant. The results of the survey were considered at a meeting of the Nomination and Remuneration Committee before discussions in the Board of Directors.

The result of the 2022 self-evaluation of the Board of Directors was satisfactory. The overall conclusion is that the work of the Board of Directors is conducted efficiently, and that cooperation between the Board of Directors and the Executive Management is satisfactory and trustful. The work of the Board continues to be characterised by an open culture in which all members' views are dealt with appropriately.

The members of the Board of Directors represent broad knowledge and experience from the business community. The members elected by employees have the same rights and responsibilities as the members elected by the General Meeting. The Council on Corporate Governance recommends that at least one-half of the members of the Board of Directors elected by the General Meeting are independent. The Bank follows this recommendation. See the Bank's report on the recommendations for corporate governance (in Danish), here: https://www.al-bank.dk/om-banken/baeredygtighed-og-governance/corporate-governance.

The number of employee representatives on the Board of Directors and the procedure for electing them comply with the provisions of the Danish Companies Act. Employee representatives are elected for four years. Members of the Board of Directors elected by the General Meeting are elected annually at the General Meeting. Designation as a SIFI means increased requirements for the Board of Directors, including the time each member of the Board of Directors should expect to have to spend on Board work.

In 2022, the Board of Directors held 14 meetings, of which five were extraordinary meetings, and there were two meetings with the Advisory Board of Representatives.

Information about the individual members of the Board of Directors, including their qualifications relative to their work in the Board of Directors, is available on pages 25-29 of the annual report.

Committees of the Board of Directors

The Board of Directors of Arbejdernes Landsbank has set up three committees: an Audit Committee, a Risk Committee, as well as a Remuneration Committee.

The **Audit Committee** is composed of four members. The Audit Committee prepares audit and accounts work for the Board of Directors. The Committee is responsible for supporting, monitoring and assessing whether the Group's accounting procedures, including the internal control and risk management systems, are working effectively with a view to ensuring the credibility, integrity and transparency in the financial reporting. The Committee monitors the independence of the external auditors and is responsible for the procedure for selection and recommendation of auditors for election.

In 2022, the Audit Committee held five meetings.

The **Risk Committee** consists of five members. The task of the Risk Committee is to advise the Board of Directors on whether the Group's and the Bank's current and future risk profile and strategy and the Group's and the Bank's risk management, including policies, guidelines, instructions, methods, systems, processes and procedures, are adequate and effective.

In 2022, the Risk Committee held eight meetings.

The **Nomination and Remuneration Committee** is composed of four members. In addition, an employee representative takes part when there are issues related to remuneration. The Nomination and Remuneration Committee is responsible for preparatory work in relation to the Board's evaluation and nomination process as well as discussions on matters concerning remuneration.

In 2022, the Nomination and Remuneration Committee held six meetings.

The remuneration policy is available (in Danish) on the Bank website: https://www.al-bank.dk/om-banken/baeredygtighed-og-governance/corporate-governance.

Furthermore, the Board of Directors has established the Advisory Board of Representatives, which is responsible for contributing political and commercial input and ideas to the Board of Directors, and making specific suggestions for the Bank's and the Group's strategies. The Advisory Board of Representatives serves as the link between the Bank and its shareholders and customers, and it supports the development, growth and reputation of the Bank.

Details about the members and terms of reference/framework of the committees are available (in Danish) on the Bank's website: https://www.al-bank.dk/om-banken/baeredygtighed-og-governance/corporate-governance.

The Board of Directors and Executive Management of Arbejdernes Landsbank consider corporate governance to be a fundamental precondition to maintain a good relationship with internal and external stakeholders and to be able to meet the financial and non-financial goals of the Group. Management supports work to promote corporate governance and has decided to follow the majority of the recommendations from the Committee on Corporate Governance.

The Bank's position on the recommendations is available (in Danish) on the Bank's website: https://www.al-bank.dk/om-banken/baeredygtighed-og-governance/corporate-governance.

The Executive Management of Arbejdernes Landsbank

The Executive Management employed by the Board of Directors was extended in March 2022 from two to five members. The Executive Management is composed of Gert R. Jonassen, CEO; Jan W. Andersen, Deputy CEO; Frank Mortensen, Executive Bank Director, CFO; Svend Randers, Executive Bank Director for Business; Simon Sinding Jørgensen, Executive Bank Director for Business Development, HR and IT; and Gry Bandholm, Executive Bank Director *). The Executive Management is the supreme daily management body observing the guidelines and instructions issued by the Board of Directors. The division of responsibilities between the Board of Directors and the Executive Management is described in the rules of procedure of the Board of Directors and the Board's instructions to the Executive Management.

Remuneration of members of the Board of Directors and the Executive Management

The Board of Directors are paid a fixed annual amount and are not covered by any bonus or option plans.

The employment relationship of the Executive Management, including the terms for resignation, is deemed to comply with common practice in the area and is subject to regular evaluation. In the opinion of the Board of Directors, total remuneration for the Executive Management is at a competitive and reasonable level that reflects their efforts and long-term value creation for shareholders. In accordance with the Bank's remuneration policy, the Bank offers no incentive pay to the Board of Directors and the Executive Management, the Deputy Directors, the Heads of Division and the CEO of the AL Finans subsidiary. This also applies for the Chief Audit Executive, the Group CRO, the Group Head of Compliance and the person responsible for the money laundering area in the Group.

The remuneration paid to the Board of Directors and the Executive Management is on the Bank's website (in Danish): https://al-bank.dk/media/134141/rapport-om-ledelsens-afloenning-22.pdf.

Policy and goals for the under-represented gender

The Board of Directors works constantly to promote diversity (for example in relation to gender) at all management levels in order to future-proof the Bank. The Board of Directors of Arbejdernes Landsbank has adopted a new policy and target figures to increase the percentage of the under-represented gender on the Board of Directors and at the other management levels.

The board of directors of Vestjysk Bank has adopted a separate diversity policy and separate target figures and policy for the under-represented gender in management, and for this reason the current policies and targets are just for Arbejdernes Landsbank and AL Finans.

The overall objective of Arbejdernes Landsbank and AL Finans is an equal number of men and women in the board of directors and at other management levels, defined as at least 40/60 of women and men, respectively in 2025.

At the end of 2022, the Board of Directors of Arbejdernes Landsbank was composed of six women (46.15%) and seven men (54.85%), of whom three women (33.33%) and the six men (66.66%) were elected by the General Meeting. The target has thus been met for the overall composition of the Board of Directors. The board of directors of AL Finans at the end of 2022 was composed of five men (100%), and the target has therefore not been reached. AL Finans is fully owned subsidiary, and four members of Executive Management and one representative of the credit management of the Arbejdernes Landsbank Group are currently represented. As the Group develops its gender diversity, this is also expected to be reflected in the composition of the board of directors at AL Finans.

**) As at the date of signature, Gry Bandholm had not been registered with the Danish Business Authority as a member of the Executive Management, as the Bank's articles of association stipulate a limit of five members of the Executive Management. The articles of association are expected to be amended by the General Meeting on 13 March 2023, after which Gry Bandholm will be registered as a member of the Executive Management with the Danish Business Authority.*

At the end of 2022, the other management levels in Arbejdernes Landsbank (defined as all managers with personnel responsibility) comprised 30% women and 70% men, and in AL Finans 26% women and 74% men *).

The following is a schematic overview based on the mandatory definitions of a board of directors (only members elected general meeting) and other management levels (executive management and references to the executive management) which enter into force in 2023.

			2022	2023	2024	2025	2026
Arbejdernes Landsbank							
Supreme management body	Board of Directors	Total number of members	9				
		Under-represented gender in %	33.33				
		Target in %	40	40			
		Year to fulfill targets	2025	2026			
Supreme management body	Executive Management	Total number of members	6				
		Under-represented gender in %	16.67				
		Target in %	40	40			
		Year to fulfill targets	2025	2026			
	Refer to Executive Management	Total number of members	23				
		Under-represented gender in %	30				
		Target in %	40	40			
		Year to fulfill targets	2025	2026			
	Total under-represented gender in the other management levels in %		28				

			2022	2023	2024	2025	2026
AL Finans							
Supreme management body	Board of directors	Total number of members	5				
		Under-represented gender in %	0				
		Target in %	40				
		Year to fulfill targets	2025				
Supreme management body	Executive management	Total number of members	1				
		Under-represented gender in %	0				
		Target in %	40				
		Year to fulfill targets	2025				
	Refer to executive management	Total number of members	3				
		Under-represented gender in %	0				
		Target in %	40				
		Year to fulfill targets	2025				
	Total under-represented gender in the other management levels in %		0				

**) The definition of other management levels has been adapted to the new management structure in connection with the organisational changes, and the reporting has been divided between Arbejdernes Landsbank and AL Finans because the management categories in the two companies are not aligned 1:1.*

At Arbejdernes Landsbank, there was a drop from 34% women in 2021 to 30% women in 2022, and in AL Finans, there was a drop from 28% women in 2021 to 26% women in 2022.

The drop in Arbejdernes Landsbank is due to the Bank's many organisational changes in 2022, and the drop in the number of management positions of approximately 10%. The fall in AL Finans is due to an increase in management positions of one that was filled by a man.

In order to enhance diversity and to achieve the goal of an equal gender distribution at all management levels, in 2022 Arbejdernes Landsbank launched a number of planned initiatives in 2022, which will continue in 2023. The initiatives will culminate in new action plans for 2023 and, in collaboration with the management, the HR department will execute the plans in order to achieve the target.

A sound corporate culture

The Board of Directors of Arbejdernes Landsbank has adopted a policy for a sound corporate culture to secure and promote a sound corporate culture at Arbejdernes Landsbank.

Arbejdernes Landsbank's fundamental values and approach to customers, employees, cooperation partners and investments are built on respect for people, involvement of employees, and an objective to leave the most positive impression possible on society. This policy reflects the Board's opinion regarding the behaviour expected of Group employees in relation to supporting the Bank's values and social responsibility, and in relation to treatment of the Bank's customers.

Furthermore, the Bank has a number of policies outlining specific guidelines on specific risk areas. The Bank's policy for a sound corporate culture should therefore be read in the context of these policies. They include in particular a policy for corporate social responsibility and sustainability, a remuneration policy, code of conduct, and a policy for prevention of money laundering and financing of terrorism, as well as violations of sanctions. Corporate culture is crucial to maintain and develop Arbejdernes Landsbank's unique position relative both to customers and to being an attractive workplace.

Work to promote a sound corporate culture is part of Arbejdernes Landsbank's strategic work to realise the Group's Strategy 2025.

BOARD OF DIRECTORS

CLAUS JENSEN
CHAIRMAN

Born in 1964. Member of the Board of Directors since 2013. Vice-Chairman of the Board of Directors from 2015-2021. Chairman of the Board of Directors since 2022. Member of the Nomination and Remuneration Committee, the Risk Committee and the Audit Committee. Chairman of the Advisory Board of Representatives. Independent.

Trade Union President - Danish Metalworkers' Union

Member of the board of:
- AE - Economic Council of the Labour Movement
- A/S A-Pressen
- Central Organisation of Industrial Employees (President)
- Danish Economic Councils
- FH – Danish Trade Union Confederation
- IndustriALL European Trade Union (Vice President)
- Industriansatte i Norden
- Industripension Holding A/S
- Industriens Pensionsforsikring A/S
- Industriens Pension Service A/S
- Odense Havn A/S
- Sund og Bælt Holding A/S
- Øresundsbro Konsortiet I/S
- Dansk Metal's subsidiaries (1)

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Credit matters
- Business model and Customer base
- Operational risks and IT

Attendance at meetings:
- Board of Directors: 14/14
- Audit Committee meetings: 5/5
- Risk Committee: 6/6
- Nomination and Remuneration Committee: 6/6

Shareholding (no.):
65,000 (2021: 65,000)

OLE WEHLAST
DEPUTY CHAIRMAN

Born in 1959. Member of the Board of Directors since 2016. Vice Chairman of the Board of Directors since 2022. Independent.

Trade Union President - Fødevareforbundet NNF

Member of the board of:
- AE - Economic Council of the Labour Movement
- Dansk Folkeferie Fonden
- FH – Danish Trade Union Confederation
- Københavns Bagerafdeling's Fond
- Danish Trade Union Development Agency – DTDA

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Financial regulation
- Credit matters
- Business model and Customer base

Attendance at meetings:
- Board of Directors: 14/14
- Nomination and Remuneration Committee: 3/4

Shareholding (no.):
14,000 (2021: 14,000)

TORBEN MÖGER PEDERSEN

Born in 1955. Member of the Board of Directors since 2013. Chairman of the Audit Committee. Member of Risk Committee Not independent.

CEO of PensionDanmark A/S and PensionDanmark Holding A/S

Member of the board of:
- Copenhagen Business School (Chairman)
- Danish Export and Investment Fund (Chairman)
- CIP-fonden (Chirman)
- Danish Society for Education and Business – DSEB (Chairman)
- Gefion Gymnasium (Chairman)
- Danish Insurance Association
- Danmark Akadameiet Bocuse d'Or Denmark
- Mars and Mercury (Chairman and President)
- Board Leadership Society
- Generalkonsulinde Anna Hedorf and Generalkonsul Frode Hedorf's Fund
- Hedorf A/S
- Det Udenrigspolitiske Selskab
- Climate partnership for the Financial Sector (Chairman)
- PensionDanmark Group subsidiaries (94)

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Market risk and Liquidity
- Financial regulation
- Credit matters
- Business model and Customer base
- Operational risks and IT

Attendance at meetings:
- Board of Directors: 12/14
- Audit Committee meetings: 5/5
- Risk Committee: 7/8

Shareholding (no.):
0 (2021: 0)

BOARD OF DIRECTORS (CONTINUED)

LARS ANDERSEN

Born in 1958. Member of the Board of Directors since 2009. Chairperson of the Risk Committee. Member of the Audit Committee Not independent.

Managing Director of AE – Economic Council of the Labour Movement

Member of the board of:
- Industriens Pensionsforsikring A/S
- Statistics, Denmark
- Foreningen Divérs

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Market risk and Liquidity
- Financial regulation
- Credit matters
- Business model and Customer base
- Operational risks and IT

Attendance at meetings:
- Board of Directors: 13/14
- Audit Committee meetings: 5/5
- Risk Committee: 8/8

Shareholding (no.):
7,000 (2021: 7,000)

CHRISTIAN RIEWE

Born in 1975. Member of the Board of Directors since 2017. Chairperson of the Nomination and Remuneration Committee Member of Risk Committee Independent.

Lawyer (H) and a partner in Advokatfirmaet Bjørst CEO in Salvador ApS and Salvador 2018 ApS.

Member of the board of:
- Friis-Holm Chokolade A/S (Chairman)
- KLC A/S
- Meliora Bio ApS
- RE Energy Properties A/S
- Anchersen A/S
- Anchersen-Fladså ApS

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Credit matters
- Business model and Customer base

Attendance at meetings:
- Board of Directors: 14/14
- Risk Committee: 8/8
- Nomination and Remuneration Committee: 6/6

Shareholding (no.):
0 (2021: 0)

ULLA SØRENSEN

Born in 1957. Member of the Board of Directors since 2020. Member of the Audit Committee. Not independent.

Treasurer for 3F, the United Federation of Danish Workers.

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Market risk and Liquidity
- Business model and Customer base

Attendance at meetings:
- Board of Directors: 12/14
- Audit Committee: 3/5

Shareholding (no.):
0 (2021: 0)

BOARD OF DIRECTORS (CONTINUED)

LIZETTE RISGAARD

Born in 1960. Member of the Board of Directors since 2016. Member of the Nomination and Remuneration Committee. Independent.

President of FH – Danish Trade Union Confederation

Member of the board of:
- Fonden LO-skolen Helsingør (Chairman)
- Konventum A/S (Chairman)
- A/S A-Pressen (Chairman)
- LD Fonde (Chairman)
- AKF Holding A/S
- AE – Economic Council of the Labour Movement
- Labour Market Supplementary Pension – ATP, incl.
  - Danish Labour Market Fund for Posted Workers
  - Seniorpension
  - Lønmodtagernes Garantifond
- Danish Economic Councils

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Financial regulation
- Credit matters
- Business model and Customer base

Attendance at meetings:
- Board of Directors: 11/14
- Audit Committee meetings: 5/6

Shareholding (no.):
13,146 (2021: 13,146)

ANJA C. JENSEN

Born in 1970. Member of the Board of Directors since 2022. Independent.

Trade Union President, HK/Denmark

Member of the board of:
- HK/Danmarks A-kasse (Vice Chair)
- AE - Economic Council of the Labour Movement
- AKF Holding A/S
- Labour Market Supplementary Pension – ATP, incl.
  - Danish Labour Market Fund for Posted Workers
  - Seniorpension
  - Lønmodtagernes Garantifond
- A/S A-Pressen
- Copenhagen Business Academy S/I
- FH – Danish Trade Union Confederation
- Fonden for Entreprenørskab
- Unord S/I
- HK/Denmark's subsidiaries (1)

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Credit matters
- Business model and Customer base

Attendance at meetings:
- Board of Directors: 11/11

Shareholding (no.):
0 (2021: N/A)

LARS HOLST

Born in 1952. Member of the Board of Directors since 2022. Independent.

Former Deputy Bank Director

Member of the board of:
- Vestjysk Bank A/S
- Grønlandsbanken A/S
- AG Construction A/S
- AG Development A/S
- AG Gruppen A/S
- AG Investments A/S

Qualifications:
- Macroeconomic and Accounting
- Market risk and Liquidity
- Financial regulation
- Credit matters
- Business model and Customer base

Attendance at meetings:
- Board of Directors: 11/11
- Risk Committee: 5/6

Shareholding (no.):
0 (2021: N/A)

BOARD OF DIRECTORS (CONTINUED)

YVONNE HANSEN

Born in 1964. Employee-elected member of the Board of Directors since 2016. Member of the Nomination and Remuneration Committee (only remuneration issues).

Pension Manager at A/S Arbejdernes Landsbank

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Market risk and Liquidity
- Financial regulation
- Credit matters
- Business model and Customer base
- Operational risks and IT

Attendance at meetings:
- Board of Directors: 14/14
- Nomination and Remuneration Committee: 3/4

Shareholding (no.):
11,000 (2021: 11,000)

JESPER PEDERSEN

Born in 1979. Employee-elected member of the Board of Directors since 2014.

Joint Staff Representative at A/S Arbejdernes Landsbank

Member of the board of:
- HK Privat OK-gruppen Organisationer & Finans board (Deputy Chairman)
- HK Privat Sektor board of directors

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Market risk and Liquidity
- Financial regulation
- Credit matters
- Business model and Customer base
- Operational risks and IT

Attendance at meetings:
- Board of Directors: 14/14

Shareholding (no.):
7,000 (2021: 7,000)

NADJA LIND BØGH KARLSEN

Born in 1986. Employee-elected member of the Board of Directors since 2018.

AML officer at A/S Arbejdernes Landsbank

Qualifications:
- Management, HR and Strategy
- Market risk and Liquidity
- Credit matters
- Business model and Customer base
- Operational risks and IT

Attendance at meetings:
- Board of Directors: 13/14

Shareholding (no.):
7,000 (2021: 7,000)

BOARD OF DIRECTORS (CONTINUED)

TINA HOLM CHRISTENSEN

Born in 1971. Employee-elected member of the Board of Directors since 2020.

Financial advisor at A/S Arbejdernes Landsbank

Qualifications:
- Management, HR and Strategy
- Macroeconomic and Accounting
- Market risk and Liquidity
- Business model and Customer base

Attendance at meetings:
- Board of Directors: 14/14

Shareholding (no.):
0 (2021: 0)

EXECUTIVE MANAGEMENT

GERT R. JONASSEN

Born in 1959.

CEO

Member of the board of:
- Ejendomsselskabet Sluseholmen A/S (Chairman)
- Vestjysk Bank A/S (Vice Chairman)
- PensionDanmark Holding A/S
- PensionsDanmark Pensionsforsikringaktieselskab
- PRAS A/S

Shareholding (no.):
13,145 (2021: 13,145)

JAN W. ANDERSEN

Born in 1958.

Deputy CEO

Member of the board of:
- AL Finans A/S (Chairman)
- Forvaltningsinstituttet for Lokale Pengeinstitutter (Vice-Chairman)
- Labour Market Supplementary Pension – ATP, incl.
  - Danish Labour Market Fund for Posted Workers
  - Lønmodtagernes Garantifond
  - Seniorpension
- BI Holding A/S
- Ejendomsselskabet Sluseholmen A/S
- VP Securities A/S

Shareholding (no.):
13,145 (2021: 13,145)

FRANK MORTENSEN

Born in 1974.

Executive Bank Director, CFO

Member of the board of:
- AL Finans A/S
- DLR Kredit A/S
- Ejendomsselskabet Sluseholmen A/S
- Nærpension Forsikringsformidling A/S

Shareholding (no.):
1,000 (2021: 0)

EXECUTIVE MANAGEMENT (CONTINUED)

SVEND RANDERS

Born in 1968.

Executive Bank Director, Business

Member of the board of:
- AL Finans A/S (Vice Chairman)
- Finanssektorens Uddannelsescenter
- Kooperationen
- Lokal Puljeinvest

Shareholding (no.):
33,000 (2021: 33,000)

SIMON S. JØRGENSEN

Born in 1973.

Executive Bank Director for Business Development, HR and IT

Member of the board of:
- AL Finans A/S
- BEC Financial Technologies a.m.b.a.
- Ejendomsselskabet Sluseholmen A/S
- TestaViva DK ApS
- UsersTribe A/S

Shareholding (no.):
0 (2021: 0)

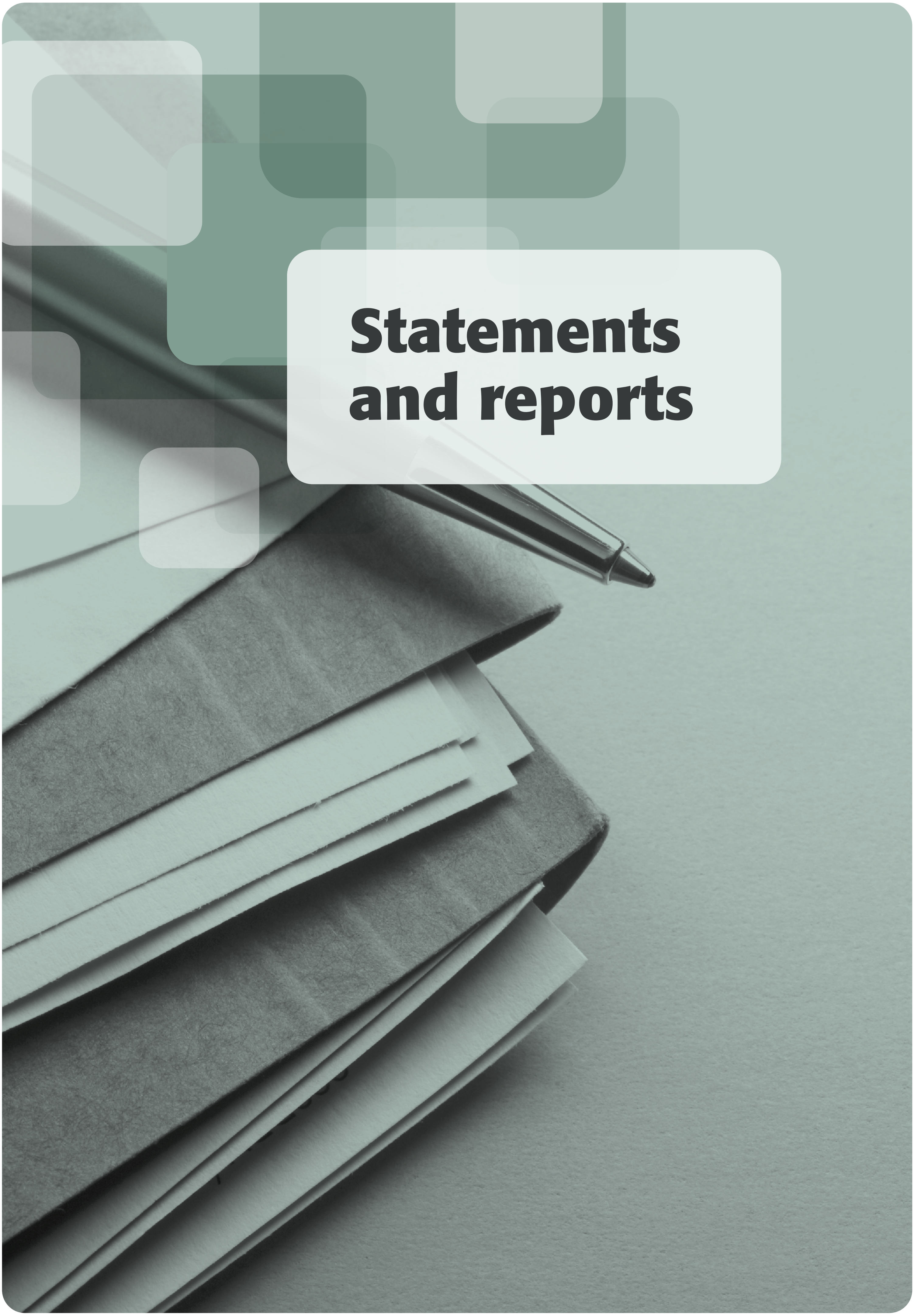
GRY BANDHOLM

Born in 1973.

Executive Bank Director
(not notified to the Danish Business Authority)

Shareholding (no.):
0 (2021: 0)

Statements and reports



Statement by Management

Today, the Board of Directors and the Executive Management presented and adopted the annual report of Aktieselskabet Arbejdernes Landsbank for 2022.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial institutions and issuers of listed bonds. 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.

The management's report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the assets, liabilities and financial position of the Group and of the Bank as at 31 December 2022, and of the results of the activities of the Group and the Bank and the cash flows of the Group for the financial year 1 January to 31 December 2022.

In our opinion, the management's report provides a true and fair report of the developments of the activities and financial situation 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.

It is our opinion that the annual report for 2022 for Aktieselskabet Arbejdernes Landsbank, with file identifier 549300D6BJ7XOOO3RR69-2022-12-31-da, has, in all material respects, been prepared in accordance with the ESEF Regulation.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 14 February 2023

Executive Management:

Gert R. Jonassen
CEO

Jan W. Andersen
Deputy CEO

Frank Mortensen
Executive Bank Director

Svend Randers
Executive Bank Director

Simon S. Jørgensen
Executive Bank Director

Gry Bandholm
*Executive Bank Director *)*

Board of Directors:

Claus Jensen
Chairman

Ole Wehlast
Vice Chairman

Torben Möger Pedersen

Lars Andersen

Christian Riewe

Ulla Sørensen

Lizette Risgaard

Anja C. Jensen

Lars Holst

Yvonne Hansen

Jesper Pedersen

Nadja Lind Bøgh Karlsen

Tina Holm

*) *As at the date of signature, Gry Bandholm had not been registered with the Danish Business Authority as a member of the Executive Management, as the Bank's articles of association stipulate a limit of five members of the Executive Management. The articles of association are expected to be amended by the General Meeting on 13 March 2023, after which Gry Bandholm will be registered as a member of the Executive Management with the Danish Business Authority.*

Internal auditor's report

Opinion

We have audited the consolidated financial statements and the parent financial statements of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January to 31 December 2022, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies of the group and the Bank, and the cash flow statement for the group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial institutions and issuers of listed bonds, and the parent company financial statements have been prepared in accordance with the Danish Financial Business Act.

In our opinion the consolidated financial statements and the parent financial statements of Aktieselskabet Arbejdernes Landsbank give a true and fair view of the Group's and the Bank's assets, liabilities and financial position as at 31 December 2022 and of the results of the Group's and the Bank's activities and the Group's cash flows for the financial year 1 January to 31 December 2022, in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial institutions and issuers of listed bonds in respect of the consolidated financial statements, and in accordance with the Danish Financial Business Act in respect of the parent financial statements.

Our opinion is consistent with our long-form audit report to the Audit Committee and Board of Directors.

Basis for opinion

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as financial groups, and pursuant to the International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. 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 parent financial statements are free from material misstatement.

Our audit has been planned and performed such that we have assessed procedures and internal control procedures, including the risk management organised by the Management relevant to reporting processes and significant business risks.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent 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 parent financial statements, whether due to fraud or error. In making risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the consolidated financial statements and the parent company financial statements. The purpose is to design audit procedures that are appropriate in the circumstances. 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 parent financial statements.

Our audit has included the material areas of risk, and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on the management's report

Management is responsible for the management's report.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management's report, and we do not express any form of assurance conclusion thereon.

In relation to our audit of the consolidated financial statements and the parent financial statements, we are responsible for reading through the management's report, and considering whether it is materially inconsistent with the consolidated financial statements, the financial statements or with knowledge obtained in connection with our audit, or whether it appears otherwise to contain material misstatement.

Moreover, we are responsible for considering whether the management's report includes the information required in accordance with the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management's report has been prepared in accordance with the Danish Financial Business Act, and that the information in the management's report is in accordance with the consolidated financial statements and the parent financial statements. We did not identify any material misstatement in the management's report.

Copenhagen, 14 February 2023

Christoffer Max Jensen
Group Audit Chief Executive

Independent auditor's report

To the shareholders of Aktieselskabet Arbejdernes Landsbank

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January – 31 December 2022, which comprise income statements, statements of comprehensive income, balance sheets, statements of changes in equity, a consolidated cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial undertakings and issuers of listed bonds, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial undertakings and issuers of listed bonds.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in Article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Aktieselskabet Arbejdernes Landsbank on 11 March 2019 for the financial year 2019. We have been reappointed annually by resolution of the general meeting for a total consecutive period of four years up until the financial year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2022. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Key audit matters

Measurement of loans and guarantees
A significant part of the Group's assets consists of loans which entail a risk of loss in case of the customer's inability to pay. Also, the Group offers guarantees and other financial products also implying a risk of loss.

The Group's total loans amounted to DKK 44,110.4 million at 31 December 2022 (DKK 41,958.3 million at 31 December 2021), and total provisions for expected credit losses amounted to DKK 1,547.9 million at 31 December 2022 (DKK 1,290.4 million at 31 December 2021).

We consider the Group's measurement of impairment provisions on loans and provisions for losses on guarantees, etc. a key audit matter as the measurement implies significant amounts and management estimates. This concerns in particular the assessment of probability of default, staging and the assessment of indication of credit impairment, realisable value of collateral received as well as the customer's ability to pay in case of default.

Significant exposures with high risk are assessed individually, whereas all other loans and loans with lower risk are assessed on the basis of models for expected credit losses where methods and assumptions used to assess the expected credit loss are based on assumptions and management estimates.

The Group recognises additional impairment provisions based on management estimates in situations where the model-calculated and individually assessed impairment losses are not yet considered to reflect a specific loss risk.

Reference is made to the accounting policies and notes 10 and 51 to the consolidated financial statements for a description of the Group's credit risks and a description of uncertainties and estimates where matters that may affect the determination of expected credit losses are described.

How our audit addressed the key audit matter

Based on our risk assessment and knowledge of the industry, we performed the following audit procedures regarding the Group's measurement of loans and guarantees:

- Assessment of the Group's methods for measuring provisions for expected credit losses and whether methods applied for model-based and individual measurement of expected credit losses are in accordance with the accounting principles.
- Test of the Group's procedures and internal controls, including monitoring of exposures, stage allocation of exposures, recording of indications of credit impairment and recording and valuation of collateral.
- Sample test of the largest and most risky exposures, including credit-impaired exposures.
- For model-based impairments, we tested completeness and accuracy of input data, model assumptions, accuracy of calculations and the Group's validation of models and methods.
- For management additions to individual and model-based impairments, we assessed whether the methods applied are relevant and appropriate. In addition, we assessed and tested the Group's basis for the assumptions used, including whether they are reasonable and well-founded compared to relevant bases of comparison.

We also assessed whether disclosures relating to exposures, impairment losses and credit risks meet the relevant accounting rules and tested the amounts therein (notes 10 and 51).

Statement on the management's report
Management is responsible for the management's report.

Our opinion on the financial statements does not cover the management's report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's report and, in doing so, consider whether the management's report is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's report provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management's report is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management's report.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Business Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of Aktieselskabet Arbejdernes Landsbank, we performed procedures to express an opinion on whether the annual report of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January – 31 December 2022 with the file name 549300D6BJ7X0003RR69-2022-12-31-da is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Aktieselskabet Arbejdernes Landsbank for the financial year 1 January – 31 December 2022 with the file name 549300D6BJ7XOOO3RR69-2022-12-31-da is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 14 February 2023

EY
GODKENDT REVISIONSPARTNERSELSKAB
CVR NO. 30 70 02 28

Thomas Hjortkjær Petersen	**Bjørn Würtz Rosendal**
State Authorised Public Accountant	*State Authorised Public Accountant*
mne33748	*mne40039*

Consolidated financial statements and parent financial statements

Income statement

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
5	Interest income calculated using the effective interest-rate method	2,042.0	1,500.7	993.1	869.7
5	Other interest income	181.8	98.4	127.2	84.0
5	Positive interest expenses on financial liabilities	192.4	194.3	117.8	132.4
6	Interest expenses	-156.2	-93.1	-89.1	-53.7
6	Negative interest income on financial assets	-41.8	-57.6	-25.3	-42.0
	Net interest income	***2,218.1***	***1,642.7***	***1,123.7***	***990.4***
	Dividends from shares etc.	73.5	48.0	51.2	42.1
7	Fee and commission income	1,671.7	1,290.1	882.8	845.4
7	Fees and commissions paid	-106.9	-93.4	-46.7	-51.7
	Net interest and fee income	***3,856.4***	***2,887.4***	***2,011.0***	***1,826.1***
8	Value adjustments	-201.0	245.4	-48.4	174.5
	Other operating income	98.2	412.2	39.9	365.3
9	Staff and administrative expenses	-2,682.4	-2,213.6	-1,666.8	-1,511.9
19-21, 45	Amortisation and impairments on intangible assets and property, plant and equipment	-170.5	-160.2	-82.8	-84.0
	Other operating expenses	-53.9	-50.6	-45.5	-40.4
10	Impairments on loans and receivables etc.	52.1	162.3	48.5	245.0
16-17	Profit from equity investments in associated companies and group companies	3.8	95.3	423.2	379.3
	Profit before tax	***902,7***	***1.378,2***	***679,1***	***1.354,0***
11	Tax	-113.5	-49.4	-46.0	-143.5
	Profit for the year	***789.2***	***1,328.9***	***633.2***	***1,210.6***
	Broken down by:				
	Shareholders of Arbejdernes Landsbank	597.7	1,179.0	597.7	1,179.0
	Holders of Additional Tier 1 instruments	52.2	44.3	35.4	31.5
	Minority interests	139.2	105.6	0.0	0.0
	Profit for the year	***789.2***	***1,328.9***	***633.2***	***1,210.6***
12	**Earnings per share**				
	Earnings per share (DKK)	0.29	0.94	0.29	0.94
	Diluted earnings per share (DKK)	0.29	0.94	0.29	0.94

Statement of comprehensive income

Note		Group 2022 DKK mill.	Group 2021 DKK mill.	Bank 2022 DKK mill.	Bank 2021 DKK mill.
	Profit for the year	*789.2*	*1,328.9*	*633.2*	*1,210.6*
	Other comprehensive income				
	Items that cannot be reclassified to the income statement				
	Other comprehensive income after tax concerning associated and group companies	0.0	0.4	0.2	-1.0
20	Changes in the revalued amount of owner-occupied properties	82.9	88.0	83.8	89.3
	Remeasurement of defined benefit plans	1.2	-0.5	0.0	0.0
11	Tax	-36.9	-14.4	-36.9	-14.4
	Total other comprehensive income	*47.1*	*73.5*	*47.0*	*73.9*
	Comprehensive income for the year	*836.3*	*1,402.4*	*680.2*	*1,284.4*
	Broken down by:				
	Arbejdernes Landsbank's shareholders	644.8	1,252.9	644.8	1,252.9
	Holders of Additional Tier 1 instruments	52.2	44.3	35.4	31.5
	Minority interests	139.3	105.2	0.0	0.0
	Comprehensive income for the year	*836.3*	*1,402.4*	*680.2*	*1,284.4*

Balance sheet

Note		Group 2022 DKK mill.	Group 2021 DKK mill.	Bank 2022 DKK mill.	Bank 2021 DKK mill.
	Assets				
	Cash in hand and demand deposits with central banks	12,368.6	12,345.1	7,500.4	7,170.7
10, 13	Receivables from credit institutions and central banks	527.8	678.0	1,632.6	788.5
10, 14	Loans and other receivables at amortised cost	44,110.4	41,958.3	27,445.2	25,073.3
15	Bonds at fair value	28,590.0	28,116.2	19,158.0	18,800.0
	Shares etc.	2,154.9	1,981.2	899.8	1,121.8
16	Equity investments in associated companies	146.2	141.6	16.1	13.8
17	Equity investments in group companies	0.0	0.0	4,472.1	4,048.2
18	Assets linked to pooled schemes	15,187.8	17,516.6	7,279.2	8,293.3
19	Intangible assets	216.1	249.9	0.0	0.0
	Investment properties	159.7	242.7	146.3	39.2
	Owner-occupied properties	1,933.0	1,719.4	1,292.5	1,369.3
20	***Total land and buildings***	***2,092.7***	***1,962.1***	***1,438.8***	***1,408.4***
21	Other property, plant and equipment	153.2	186.9	88.4	108.1
	Current tax assets	83.1	0.0	3.1	11.9
22	Deferred tax assets	170.8	272.8	0.0	0.0
23	Assets held temporarily	50.4	246.6	1.1	198.0
24	Other assets	2,054.1	1,676.5	1,277.0	931.1
	Prepayments and accrued income	80.9	128.9	38.0	32.6
	Total assets	***107,986.9***	***107,460.6***	***71,249.7***	***67,999.8***

Balance sheet (continued)

Note		Group 2022 DKK mill.	Group 2021 DKK mill.	Bank 2022 DKK mill.	Bank 2021 DKK mill.
	Equity and liabilities				
	Liabilities				
	Debt				
25	Debt to credit institutions and central banks	715.9	380.8	719.2	375.7
26	Deposits and other debt	72,907.7	71,720.0	47,870.7	45,638.0
	Deposits in pooled schemes	15,187.8	17,516.6	7,279.2	8,293.3
27	Issued bonds at amortised cost	2,311.0	348.4	1,962.1	0.0
39	Other non-derivative financial liabilities at fair value	41.7	0.0	41.7	0.0
	Current tax liabilities	0.0	73.9	0.0	0.0
28	Other equity and liabilities	2,892.7	3,685.1	1,641.5	2,468.1
	Accruals and deferred income	88.1	94.9	16.6	20.9
	Total debt	***94,144.9***	***93,819.7***	***59,530.9***	***56,796.0***
	Provisions				
	Provisions for pensions and similar obligations	17.9	25.7	0.0	0.0
22	Provisions for deferred tax	0.0	0.0	86.5	63.2
10, 29	Guarantee loss provisions	33.0	36.2	8.9	14.9
30	Other provisions	168.7	228.5	52.3	70.5
	Total provisions	***219.7***	***290.4***	***147.7***	***148.6***
31	Subordinated debt	1,274.2	1,497.7	900.0	900.0
	Total liabilities	***95,638.7***	***95,607.8***	***60,578.6***	***57,844.6***
	Equity				
32	Share capital	2,100.0	2,100.0	2,100.0	2,100.0
	Revaluation reserves	514.1	476.5	510.0	476.5
	Reserve under the equity method	0.0	0.0	1,396.4	972.5
	Reserves provided for by the articles of association	505.8	505.8	0.0	0.0
	Retained earnings	6,503.0	6,105.1	5,616.5	5,638.4
34	Proposed dividend	210.0	525.0	210.0	525.0
	Shareholders of Arbejdernes Landsbank	***9,832.9***	***9,712.4***	***9,832.9***	***9,712.4***
37	Holders of Additional Tier 1 instruments	990.0	754.5	838.2	442.8
	Minority interests	1,525.2	1,385.9	0.0	0.0
	Total equity	***12,348.2***	***11,852.9***	***10,671.1***	***10,155.2***
	Total equity and liabilities	***107,986.9***	***107,460.6***	***71,249.7***	***67,999.8***

Statement of changes in equity

	Shareholders of Arbejdernes Landsbank								
	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserves provided for by the articles of association **) DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Minority interests DKK mill.	Total equity DKK mill.
Group 2022									
Equity brought forward	2,100.0	476.5	505.8	6,105.1	525.0	*9,712.4*	754.5	1,385.9	*11,852.9*
Comprehensive income									
Profit for the year	0.0	0.0	0.0	387.7	210.0	*597.7*	52.2	139.2	*789.2*
Other comprehensive income									
Changes in the revalued amount of owner-occupied properties	0.0	87.9	0.0	-4.8	0.0	*83.1*	0.0	-0.2	*82.9*
Other additions and disposals *)	0.0	-13.4	0.0	13.4	0.0	*0.0*	0.0	0.0	*0.0*
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.8	0.0	*0.8*	0.0	0.3	*1.2*
Tax	0.0	-36.9	0.0	0.0	0.0	*-36.9*	0.0	0.0	*-36.9*
Total other comprehensive income	*0.0*	*37.6*	*0.0*	*9.4*	*0.0*	*47.0*	*0.0*	*0.1*	*47.1*
Total comprehensive income	*0.0*	*37.6*	*0.0*	*397.2*	*210.0*	*644.8*	*52.2*	*139.3*	*836.3*
Transactions with owners									
Issue of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	809.0	0.0	*809.0*
Redemption of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	-584.0	0.0	*-584.0*
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	-41.7	0.0	*-41.7*
Dividend paid for 2021	0.0	0.0	0.0	0.0	-525.0	*-525.0*	0.0	0.0	*-525.0*
Dividend on own shares received	0.0	0.0	0.0	1.5	0.0	*1.5*	0.0	0.0	*1.5*
Purchase of own shares	0.0	0.0	0.0	-2.9	0.0	*-2.9*	0.0	0.0	*-2.9*
Sale of own shares	0.0	0.0	0.0	2.1	0.0	*2.1*	0.0	0.0	*2.1*
Total transactions with owners	*0.0*	*0.0*	*0.0*	*0.7*	*-525.0*	*-524.3*	*183.3*	*0.0*	*-341.0*
Equity carried forward	*2,100.0*	*514.1*	*505.8*	*6,503.0*	*210.0*	*9,832.9*	*990.0*	*1,525.2*	*12,348.2*

*) Realised revaluation reserves as well as depreciation of revalued owner-occupied properties.

**) Reserves provided for by the articles of association totalling DKK 695.7 mill. consist of DKK 568.7 mill. from the conversion of Den Jyske Sparekasse to a limited company in 2018, and DKK 127.0 mill. that, in connection with a change in the articles of association in 2015, was transferred from guarantor capital to reserves provided for by the articles of association. The reserves provided for by the articles of association may not be used for dividends, but can be used to cover losses that are not covered by the elements that can be used for dividends. The minority interests' share of the reserves provided for by the articles of association amounted to DKK 189.9 mill.

Statement of changes in equity (continued)

	Shareholders of Arbejdernes Landsbank								
	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserve under the equity method DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Equity total DKK mill.	Total equity DKK mill.
Group 2021									
Equity brought forward	300.0	405.7	0.0	5,973.4	0.0	*6,679.1*	446.1	0.0	*7,125.2*
Comprehensive income									
Profit for the period	0.0	0.0	0.0	654.0	525.0	*1,179.0*	44.3	105.6	*1,328.9*
Other comprehensive income									
Other comprehensive income after tax concerning associated companies	0.0	0.0	0.0	0.4	0.0	*0.4*	0.0	0.0	*0.4*
Changes in the revalued amount of owner-occupied properties	0.0	89.3	0.0	-1.1	0.0	*88.2*	0.0	-0.2	*88.0*
Other additions and disposals *)	0.0	-4.1	0.0	4.1	0.0	*0.0*	0.0	0.0	*0.0*
Remeasurement of defined benefit plans	0.0	0.0	0.0	-0.3	0.0	*-0.3*	0.0	-0.1	*-0.5*
Tax	0.0	-14.4	0.0	0.0	0.0	*-14.4*	0.0	0.0	-14.4
Total other comprehensive income	*0.0*	*70.7*	*0.0*	*3.1*	*0.0*	*73.9*	*0.0*	*-0.3*	*73.5*
Total comprehensive income	*0.0*	*70.7*	*0.0*	*657.2*	*525.0*	*1,252.9*	*44.3*	*105.2*	*1,402.4*
Transactions with owners									
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	-44.7	0.0	*-44.7*
Share issue	1,800.0	0.0	0.0	0.0	0.0	*1,800.0*	0.0	0.0	*1,800.0*
Costs of share issue	0.0	0.0	0.0	-24.9	0.0	*-24.9*	0.0	0.0	*-24.9*
Additions on acquisition of subsidiary	0.0	0.0	505.8	-505.8	0.0	*0.0*	308.9	1,161.2	*1,470.2*
Subsequent adjustment of purchase price allocation	0.0	0.0	0.0	3.9	0.0	*3.9*	0.0	119.5	*123.3*
Purchase of own shares	0.0	0.0	0.0	-1.1	0.0	*-1.1*	0.0	0.0	*-1.1*
Sale of own shares	0.0	0.0	0.0	2.6	0.0	*2.6*	0.0	0.0	*2.6*
Total transactions with owners	*1,800.0*	*0.0*	*505.8*	*-525.4*	*0.0*	*1,780.4*	*264.2*	*1,280.7*	*3,325.3*
Equity carried forward	*2,100.0*	*476.5*	*505.8*	*6,105.1*	*525.0*	*9,712.4*	*754.5*	*1,385.9*	*11,852.9*

*) Depreciation of revalued owner-occupied properties.

**) Reserves provided for by the articles of association totalling DKK 695.7 mill. consist of DKK 568.7 mill. from the conversion of Den Jyske Sparekasse to a limited company in 2018, and DKK 127.0 mill. that, in connection with a change in the articles of association in 2015, was transferred from guarantor capital to reserves provided for by the articles of association. The reserves provided for by the articles of association may not be used for dividends, but can be used to cover losses that are not covered by the elements that can be used for dividends. The minority interests' share of the reserves provided for by the articles of association amounted to DKK 189.9 mill.

Statement of changes in equity (continued)

	Shareholders of Arbejdernes Landsbank							
	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserve under the equity method DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Equity total DKK mill.
Bank 2022								
Equity brought forward	2,100.0	476.5	972.5	5,638.4	525.0	*9,712.4*	442.8	*10,155.2*
Comprehensive income								
Profit for the year	0.0	0.0	423.7	-36.0	210.0	*597.7*	35.4	*633.2*
Other comprehensive income								
Other comprehensive income after tax concerning group companies	0.0	0.0	0.2	0.0	0.0	*0.2*	0.0	*0.2*
Changes in the revalued amount of owner-occupied properties	0.0	83.8	0.0	0.0	0.0	*83.8*	0.0	*83.8*
Other additions and disposals *)	0.0	-13.3	0.0	13.3	0.0	*0.0*	0.0	*0.0*
Tax	0.0	-36.9	0.0	0.0	0.0	*-36.9*	0.0	*-36.9*
Total other comprehensive income	*0.0*	*33.5*	*0.2*	*13.3*	*0.0*	*47.0*	*0.0*	*47.0*
Total comprehensive income	*0.0*	*33.5*	*423.9*	*-22.6*	*210.0*	*644.8*	*35.4*	*680.2*
Transactions with owners								
Issue of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	809.0	*809.0*
Redemption of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	-429.0	*-429.0*
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	-20.0	*-20.0*
Dividend paid for 2021	0.0	0.0	0.0	0.0	-525.0	*-525.0*	0.0	*-525.0*
Dividend on own shares received	0.0	0.0	0.0	1.5	0.0	*1.5*	0.0	*1.5*
Purchase of own shares	0.0	0.0	0.0	-2.9	0.0	*-2.9*	0.0	*-2.9*
Sale of own shares	0.0	0.0	0.0	2.1	0.0	*2.1*	0.0	*2.1*
Total transactions with owners	*0.0*	*0.0*	*0.0*	*0.7*	*-525.0*	*-524.3*	*360.0*	*-164.3*
Equity carried forward	*2,100.0*	*510.0*	*1,396.4*	*5,616.5*	*210.0*	*9,832.9*	*838.2*	*10,671.1*

*) Realised revaluation reserves as well as depreciation of revalued owner-occupied properties.

Statement of changes in equity (continued)

	Shareholders of Arbejdernes Landsbank							
	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserve under the equity method DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Equity of total DKK mill.
Bank 2021								
Equity brought forward	300.0	405.7	460.5	5,512.8	0.0	*6,679.1*	446.1	*7,125.2*
Comprehensive income								
Profit for the period	0.0	0.0	509.1	144.9	525.0	*1,179.0*	31.5	*1,210.6*
Other comprehensive income								
Other comprehensive income after tax concerning associated and group companies	0.0	0.0	-1.0	0.0	0.0	*-1.0*	0.0	*-1.0*
Changes in the revalued amount of owner-occupied properties	0.0	89.3	0.0	0.0	0.0	*89.3*	0.0	*89.3*
Other additions and disposals *)	0.0	-4.1	0.0	4.1	0.0	*0.0*	0.0	*0.0*
Tax	0.0	-14.4	0.0	0.0	0.0	*-14.4*	0.0	*-14.4*
Total other comprehensive income	*0.0*	*70.7*	*-1.0*	*4.1*	*0.0*	*73.9*	*0.0*	*73.9*
Total comprehensive income	*0.0*	*70.7*	*508.1*	*149.0*	*525.0*	*1,252.9*	*31.5*	*1,284.4*
Transactions with owners								
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	*0.0*	-34.8	*-34.8*
Share issue	1,800.0	0.0	0.0	0.0	0.0	*1,800.0*	0.0	*1,800.0*
Costs of share issue	0.0	0.0	0.0	-24.9	0.0	*-24.9*	0.0	*-24.9*
Shares acquired from minorities	0.0	0.0	3.9	0.0	0.0	*3.9*	0.0	*3.9*
Purchase of own shares	0.0	0.0	0.0	-1.1	0.0	*-1.1*	0.0	*-1.1*
Sale of own shares	0.0	0.0	0.0	2.6	0.0	*2.6*	0.0	*2.6*
Total transactions with owners	*1,800.0*	*0.0*	*3.9*	*-23.4*	*0.0*	*1,780.4*	*-34.8*	*1,745.6*
Equity carried forward	*2,100.0*	*476.5*	*972.5*	*5,638.4*	*525.0*	*9,712.4*	*442.8*	*10,155.2*

*) Depreciation of revalued owner-occupied properties.

Cash flow statement

Note		Group 2022 DKK mill.	2021 DKK mill.
	Profit before tax	*902.7*	*1,378.2*
	Adjustment for non-cash operating items		
	Net interest income	-2,218.1	-1,642.7
47	Badwill	0.0	-328.6
8	Fair value adjustments on investment properties	-0.3	-3.7
19	Amortisation and impairments on intangible assets	43.3	31.5
20-21, 45	Depreciation, impairments and revaluations of property, plant and equipment	127.2	128.7
10	Impairments on loans and receivables etc.	-52.1	-162.3
30	Other provisions		
16	Profit from equity investments in associated companies	-3.8	-95.3
	Change in working capital		
	Loans and receivables with credit institutions etc.	-2,695.6	-2,095.6
	Bonds and shares	-647.5	2,391.7
	Deposits and debt to credit institutions etc.	1,522.8	1,645.3
	Other non-derivative financial liabilities at fair value	41.7	0.0
	Other assets and liabilities	-771.6	-34.0
	Interest received	2,416.6	2,128.0
	Interest paid	-186.0	-239.3
	Corporation tax paid	-52.2	-177.1
	Cash flows from operating activities	*-1,572.8*	*2,924.9*
16	Acquisition of associated companies	-2.8	-316.9
	Sale of associated companies	2.0	0.0
17	Acquisition of subsidiaries	0.0	-1,713.2
19	Acquisition of intangible assets	-9.5	-6.0
20-21	Acquisition of property, plant and equipment	-212.8	-203.6
	Sale of property, plant and equipment	92.3	75.6
	Cash flows from investment activities	*-130.8*	*-2,164.2*

Cash flow statement (continued)

Note		Group 2022 DKK mill.	2021 DKK mill.
	Proceeds of the issue of bonds	1,962.7	179.0
	Repayment of lease commitments	-41.2	-34.6
31	Redemption of Tier 2 capital	-225.0	0.0
37	Issue of Additional Tier 1 capital	809.0	0.0
37	Redemption of Additional Tier 1 capital	-584.0	0.0
	Interest paid on Additional Tier 1 capital	-41.7	-44.7
	Dividend paid, excluding dividend from own shares	-523.5	0.0
	Proceeds of share issue	0.0	1,775.1
33	Purchase of own shares	-2.9	-1.1
33	Sale of own shares	2.1	2.6
	Cash flows from financing activities	***1,355.5***	***1,876.2***
	Cash flows for the year	***-348.1***	***2,636.9***
	Cash and cash equivalents brought forward	13,023.0	5,624.1
47	Cash and cash equivalents from acquisition of subsidiary	0.0	4,761.9
	Cash and cash equivalents carried forward	***12,675.0***	***13,023.0***
	Cash and cash equivalents carried forward include:		
	Cash in hand and demand deposits with central banks *)	12,368.6	12,345.1
13	Receivables from credit institutions and central banks with a term to maturity of less than three months *)	295,9	678.0
	Cash and cash equivalents carried forward	***12,675.0***	***13,023.0***

The cash flow statement cannot directly be derived from other components of the consolidated financial statements. Acquisition of subsidiary is included with the acquisition balance sheet.

*) See note 40 for information regarding collateral provided.

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Note 1
Accounting policies

Basis of preparation – general

Aktieselskabet Arbejdernes Landsbank is domiciled in Denmark. The financial section of the annual report for the period from 1 January to 31 December 2022 includes the consolidated financial statements of the Parent Company, Aktieselskabet Arbejdernes Landsbank, and its subsidiaries (the Group), as well as the separate financial statements of the Parent Company.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as further Danish disclosure requirements stipulated in the IFRS Executive Order on Financial Undertakings issued pursuant to the Danish Financial Business Act.

The 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. The regulations on recognition and measurement in the Parent Company are consistent with IFRS with the exception of owner-occupied properties which are measured at revalued amounts corresponding to fair value and recognised as other comprehensive income.

On 14 February 2023, the Board of Directors and the Executive Management presented and adopted the annual report of Aktieselskabet Arbejdernes Landsbank for 2022. The annual report will be presented to the company's shareholders for adoption at the Annual General Meeting on 13 March 2023.

The accounting policies are unchanged and applied consistently in preparation of the consolidated financial statements as well as the parent financial statements for all years presented, except where stated otherwise in the section "Change in accounting policies".

Presentation currency

The consolidated financial statements and the parent financial statements for Aktieselskabet Arbejdernes Landsbank, are presented in DKK, which is also the functional currency of the Parent Company, and rounded off to the nearest DKK mill. unless otherwise indicated. This means that there may be minor rounding differences because the totals are rounded off, and all underlying decimals are not visible to the reader of the financial statements. See the section "Currency" for further information.

Changes in accounting policies
Implementation of new or amended accounting standards and interpretations in 2022

From 1 January 2022, Aktieselskabet Arbejdernes Landsbank implemented the following changed IFRS standards and interpretation contributions:

- Amendments to IFRS 3, Reference of the Conceptual Framework
- Amendments to IAS 16, Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IAS 37, Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to IFRSs 2018-2020 cycle

Implementation of the changes mentioned above has not had any significant effect on accounting policies and/or the consolidated financial statements, including comparative figures, and it is also not expected to influence the current or future periods significantly.

No new or changed policies have been implemented in the Executive Order on Presentation of Financial Statements, based on which the Parent Company's annual report has been prepared.

New and amended accounting standards and interpretations not yet entered into force

A number of new or amended IFRS standards have been approved by the EU and are therefore in force for financial years starting on 1 January 2022, but they are not yet mandatory for annual reports for which the balance sheet date is 31 December 2022. Early implementation is permitted, but the Group has decided not to implement these new or amended standards ahead of time.

The new or amended standards will be implemented as they become mandatory:

- Amendments to IAS 1 and Practice Statement 2 concerning information on accounting policies
- Amendments to IFRS 16 concerning sale and leaseback
- Amendments to IAS 12 concerning deferred tax on assets and liabilities arising from a single transaction
- Amendments to IAS 1 concerning the classification of liabilities as either current or non-current
- Amendments to IAS 8 concerning the definition of accounting estimates

These standards and amendments are not expected to have significant influence on the accounting policies and/or the consolidated financial statements for the current or future financial years.

No new or changed policies have been implemented in the Executive Order on Presentation of Financial Statements, based on which the Parent Company's annual report has been prepared.

General information on recognition and measurement

Assets which are controlled by Arbejdernes Landsbank and the Group as a result of previous events are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group, and the value of the asset can be reliably measured. Liabilities arising as a result of previous events are recognised in the balance sheet when the repayment is expected to result in an outflow of future economic benefits and when the value of the liability can be measured reliably.

Recognition and measurement take into account gains, losses and risks occurring before the presentation of the annual report which confirm or invalidate conditions existing at the balance sheet date.

Income is recognised in the income statement as it is earned. Costs incurred to obtain earnings for the year are recognised in the income statement.Value adjustments to financial assets, financial liabilities, and derivative financial instruments are recognised in the income statement.

Consolidated financial statements

The consolidated financial statements include the financial statements for the Parent Company, Aktieselskabet Arbejdernes Landsbank, and the subsidiaries AL Finans A/S, Ejendomsselskabet Sluseholmen A/S and Vestjysk Bank A/S, in which the Parent Company directly or indirectly holds more than 50% of the voting rights or has a controlling influence, based on agreements. Companies in which the Group holds equity investments of between 20% and 50% of the voting rights, and exercises significant but not controlling influence, are considered associated companies.

The consolidated financial statements have been prepared as a consolidation of the financial statements of the Parent Company and the subsidiaries based on the Group's accounting policies by adding together uniform items. On consolidation, intragroup income and expenses, shareholdings, internal balances and dividends as well as realised and unrealised profits and losses on transactions between the consolidated companies have been eliminated.

The Group Overview in note 48 shows the subsidiaries whose financial statements are consolidated in the consolidated financial statements. All consolidated subsidiaries have the same balance sheet date as the Parent Company.

Business combinations

Newly acquired companies are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not adjusted for newly acquired companies.

The acquisition method is applied for purchases of new companies, whereby the Group obtains a controlling influence over the company acquired. The identifiable assets, liabilities and contingent liabilities in the purchased company are measured at fair value on the date of acquisition. Identifiable intangible assets are recognised if they can be separated or derive from a contractual right. Deferred tax is recognised on the revaluations made.

The date of acquisition is the date on which the Group actually gains control of the company acquired.

Negative differences (badwill) between, on the one hand, the purchase price, the value of the minority interests in the acquired company and the fair value of any previously acquired equity investments, and on the other hand, the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised in the profit for the year on the date of acquisition.

The purchase price of a company consists of the fair value of the agreed contract price in the form of transferred assets, accepted liabilities and issued equity instruments.

Costs incurred in connection with acquisitions are recognised in administrative expenses in the year in which they are incurred.

If, on the date of acquisition, there is uncertainty relating to identifying or measuring assets, liabilities or contingent liabilities taken over, or in establishing the costs of the purchase, initial recognition is on the basis of preliminarily calculated values. If it subsequently transpires that the identification or measurement of assets, liabilities or contingent liabilities taken over was wrong at initial recognition, the statement will be adjusted retrospectively, including badwill until 12 months after the date of the acquisition and comparative figures will be adjusted. After this, badwill will not be adjusted.

When associated companies transition to become subsidiaries due to the Parent Company having obtained a controlling influence, it is considered a sale. Any profits or losses are calculated as the difference between the sales price at fair value and the carrying amount of net assets on the sales date.

Minority interests

Subsidiary financial statement items are fully recognised in the consolidated financial statements.The proportionate share of the minority interests in the fair value of the subsidiaries' equity is classified as part of the Group equity. The profits/losses of the subsidiaries are distributed proportionally through the appropriation of profit for minority interests and the Parent Company's share of equity.

At initial recognition, minority interests are measured as the proportionate share of the minority interests in the fair value of the identifiable assets, liabilities and contingent liabilities of the company acquired. Therefore, badwill is not recognised in the minority interests' share in the financial year 2021.

Acquisition and sales of minority interests in a subsidiary which do not lead to a loss of controlling influence are treated in the consolidated financial statements as equity transactions, and the difference between the amount paid and the carrying amount is allocated to the Parent Company's share of equity.

Currency

The consolidated financial statements and the Parent Company's financial statements are presented in DKK, which is also the presentation currency of the Group. Transactions in other currencies than the functional currency are transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency in accordance with the exchange rate ruling on the date of transaction. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as a financial item, under financial income or expenses.

Receivables, debt and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are translated at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the date of establishing the asset is recognised in the income statement under financial income or expenses.

Financial instruments – General information on classification and measurement

On initial recognition, financial instruments are measured at fair value at the date of recognition. Directly attributable transaction costs on acquisition/issue are added to/deducted from financial instruments measured at amortised cost or fair value after initial recognition through other comprehensive income.

Financial instruments are recognised on the settlement date. With regard to financial instruments which are subsequently measured at fair value, changes in the fair value of the acquired or sold instrument in the period between the transaction date and the settlement date are recognised as a financial asset or liability under either "Other assets" or "Other liabilities", respectively, with a set-off entry under "Value adjustments" in the income statement.

In connection with initial recognition and measurement, financial assets must be classified in one of the categories below. The category determines how subsequent recognition and measurement will be made.

- Amortised cost
- Fair value via the income statement
- Fair value via other comprehensive income

The classification of financial assets depends on the business model in which the financial asset is included, as well as on the underlying contractual cash flows linked to the asset, i.e. whether or not the cash flows consist of repayments of the principal of the asset and associated interest at fixed dates.

Financial assets with cash flows not consisting of repayments of the principal of the asset and associated interest at fixed dates must – independently of the company's business model – be classified in the category "Fair value via the income statement" and subsequently be measured at fair value through the income statement. For example, this category includes shares, derivative financial instruments as well as other financial assets which are included in a trading portfolio or in a risk management system or an investment strategy based on fair values and are included on this basis in the Bank's internal management reporting. Examples of the latter include the Bank's assets linked to pooled schemes and other holdings of shares and bonds.

All other financial assets are categorised on the basis of Aktieselskabet Arbejdernes Landsbank's business model for the individual asset.

Financial assets which the Group holds to maturity under the business model and on which the Group receives the asset's contractual payments consisting solely of interest on and repayments of the outstanding balance at fixed dates are subsequently measured at amortised cost. Lending, receivables from credit institutions, interest and commission receivable, capital contributions to BEC Financial Technologies a.m.b.a., and other receivables are included in this category.

The Group's business models and financial assets are regularly reviewed with a view to making correct classification of the financial assets held by the Group.

As a rule, financial liabilities are subsequently measured at amortised cost. However, certain financial liabilities are subsequently measured at fair value, including derivative financial instruments (see next section), deposits in pooled schemes (to avoid accounting mismatch with the item Assets linked to pooled schemes) and negative bond portfolios.

Derivative financial instruments

Derivative financial instruments are instruments, the fair value of which has been derived from the value of an underlying asset, e.g. a security, and they are measured at fair value both at initial recognition and subsequently.

Positive fair values are recognised as other assets. Negative fair values are recognised as other liabilities.

A change in the fair value of derivative financial instruments is recognised in the income statement under interest income, currency exchange-rate adjustments or value adjustment of derivatives, depending on the content of the value change.

Leasing as a lessee

Leased assets and leasing commitments are recognised in the balance sheet when, in accordance with a leasing agreement made for a specific identifiable asset, the Group is given disposal of the leased asset for the term of the lease and when the Group obtains the right to almost all financial benefits from the use of the identified asset and the right to determine how the identified asset is used.

At initial recognition, leasing commitments are measured at the present value of the future lease payments discounted by an alternative borrowing rate. Subsequently, the leasing commitment is measured at amortised cost using the effective interest-rate method. The lease commitment is recalculated when there are changes in the underlying contractual cash flows due to changes in an index or interest rate, if there are changes in the Group's estimate of a residual value guarantee, or if the Group changes its assessment of whether a purchase, extension or termination option is expected to be exercised with reasonable certainty.

At initial recognition, the leased asset is measured at cost, which corresponds to the value of the leasing commitment adjusted for prepaid lease payments plus directly related costs and estimated costs for impairment, repairs or the like and less any discounts received or other types of incentive payments from the lessor.

The asset is subsequently measured at cost less accumulated depreciation, amortisation and write-downs. The leased asset is depreciated over the shortest of the term of the lease and the useful life of the leased asset.Depreciation is recognised in the income statement on a straight-line basis.

The leased asset is adjusted for changes in the leasing commitment as a consequence of changes to the terms of the leasing agreement or changes to the contractual cash flows concurrently with changes in an index or interest rate.

The Group presents the leased asset and the leasing commitment separately in the balance sheet. Moreover, the Group has chosen not to recognise leased assets of low value and short-term leasing agreements in the balance sheet. Instead, lease payments relating to these leasing agreements are recognised on a straight-line basis in the income statement.

Hedge accounting

The Group uses the special rules on hedge accounting in order to avoid inconsistency arising when some financial assets are measured at amortised cost while derivative financial instruments are measured at fair value when the requirements for documentation and efficiency are met. The hedging relationship is established on fixed-interest loans.

When hedging the fair value of recognised fixed-interest assets, hedged items are adjusted to fair value regarding interest-rate risk. Hedging is applied by utilising interest-rate swaps.

Offsetting

Financial assets and liabilities are offset when there is legal access to offsetting, and the Bank intends to carry out offsetting or settle the asset and the liability at the same time.

Cash flow statement

The cash flow statement presents cash flows for the year broken down into operation, investment and financing activities, changes in cash and cash equivalents, and cash and cash equivalents at the beginning and the end of the year.

The effect on cash flow of acquisition and disposal of companies is shown separately under cash flows from investment activities. Cash flows from companies acquired are recognised in the cash flow statement from the date of takeover.

Cash flows from operations are calculated according to the indirect method on the basis of profit before tax adjusted for non-cash operating items, changes in working capital, and tax paid.

Cash flows from investment activities comprise payments made in link with acquisitions and disposals of companies and activities as well as acquisitions and disposals of intangible assets and property, plant and equipment as well as securities not presented as cash and cash equivalents.

Cash flows from financing activities comprise repayment of lease commitments, changes to the size of the composition of subordinated debt and Additional Tier 1 capital, payment of dividends to shareholders and interest on Additional Tier 1 capital as well as buying and selling own shares.

Cash and cash equivalents include cash in hand, demand deposits with central banks and receivables from credit institutions and central banks with a term to maturity of less than three months.Cash and cash equivalents can be freely realised and with insignificant risk of changes in value.

Segment information

The segment information has been prepared in accordance with Group accounting policies and follows the internal management reporting.

Transactions between the segments only concern interest on the liquidity surplus/deficit, and a liquidity premium related to the price of complying with the LCR target for the Group. The interest rate on the liquidity surplus/deficit is fixed on the basis of market interest rates. Common costs of items such as remuneration and salaries, rent, depreciation/amortisation, etc. are divided between the individual segments on the basis of an assessment of the proportionate share of the total level of activity. Segment assets and segment liabilities comprise the operating assets and liabilities that are used for the operation of a segment or that have arisen out of the operation of a segment and are directly linked or can reasonably be allocated to the segment. Each segment includes a calculation of the equity interest based on the capital objective. The share of equity that exceeds the necessary equity in terms of the capital objective is included under Other activities.

Customer activities are defined as:

- All business transactions/trading conducted with customers, where the Group generates earnings in the form of net interest margins, commissions, fees or additional brokerage fees.
- Returns on equity investments relating to customer activities.
- Returns on derivative transactions entered into in order to hedge a market risk on customer activities.

Investment activities are defined as:

- Activities related to Treasury and liquidity management.

Vestjysk Bank is defined as:

- All activity in the subsidiary Vestjysk Bank.

Other activities are defined as:

- Returns on equity investments not related to customer activities.
- Property management.
- Other activities not related to customer activities or investment activities.

Ratios and key figures

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Other calculations of ratios and key figures follow the requirements of the Danish FSA, see Annex 7 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc., and Annex 4 of the reporting guideline.

See note 50 for definitions of ratios and key figures.

Income statement and other comprehensive income

Net interest income

Interest income and interest expenses include interest payable as well as accrued interest until the balance sheet date, and are recognised in the income statement at the amounts pertaining to that accounting period.

Interest income and interest expenses include:

- Interest-bearing financial instruments are recognised under the effective interest-rate method based on the value of the financial instrument at initial recognition. Interest from customers, credit institutions, etc. is recognised in the income statement under interest income, and interest paid to customers, credit institutions, etc. is recognised in the income statement under interest expenses.
- Premiums and discounts, as well as commissions 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.
- Interest on financial instruments valued at fair value is disclosed separately, except for interest concerning assets and deposits in pools, which is shown under value adjustments. Index adjustments to bonds and price adjustments to zero-coupon bonds are included under interest on bonds. Value adjustments to certificates of deposit issued by Danmarks Nationalbank are included under interest from credit institutions.
- Interest on loans with individual impairment (stage 3) is recognised on the basis of the impaired value. Interest amounts in addition to this are recognised under Impairments on loans and receivables, etc.
- The interest element on repo/reverse transactions is included under the respective interest items depending on the counterparty.
- Premiums (net) for forward transactions and interest on swap transactions (net) are included under other interest income.

Interest on Additional Tier 1 capital with indefinite maturity, where the Bank has an unconditional right to omit paying interest, is recognised directly in equity at the time of payment as a distribution.

Dividends from shares etc.

Dividends from other equity interests and investments in equities are recognised as income in the income statement at the date when the dividend is declared.

Net fee and commission income

Fees and commissions are viewed as the price of services from contracts with customers, irrespective of whether they can be related to a one-off service or an ongoing service. Fees and commissions regarding an ongoing service are accrued over the term of the contract. Commissions regarding guarantees are recognised as revenue over the term of the guarantees. Other fees are recognised in the income statement when the transaction has been completed.

Fees for arranging mortgage-credit loans for Totalkredit and DLR Kredit are calculated according to an offsetting model. Commissions for providing loans are recognised at the time of provision of the loan, and fees for ongoing servicing of the debtor are recognised as the Group manages the servicing and thus earns the right to receive fees. Ascertained losses with a right of set-off are treated as a reduction in income in the period in which the offsetting takes place.

Fees and commissions paid are accounted for in the same way as fees and commissions received.

Value adjustments

Value adjustments consist of foreign exchange differences – see the section "Currency" – and realised and unrealised value adjustments of assets and liabilities as well as derivative financial instruments measured at fair value.

Other operating income and expenses

Other operating income and expenses include items secondary to the Group's activities. Other operating income and expenses include rental income, administration of real property, operating lease payments as well as gains and losses from selling leased assets. Gains and losses from selling leased assets are calculated as the selling price less costs of sales and the carrying amount of the leased asset at contract expiry. For the Parent Company, the item also includes badwill related to acquisitions.

The Bank's proportionate share of statutory expenses for the Guarantee Fund for Depositors and Investors, as well as Afviklingsformuen (Resolution Fund) under the Financial Stability Company, is also included under Other operating expenses.

Staff and administrative expenses

Staff expenses include remuneration and salaries and other staff-related expenses, including holiday allowances, anniversary bonuses, pension costs, payroll tax and other social benefits for staff and management. Wages and salaries which the Group expects to pay are recognised as an expense when the employees perform the services.

Administration expenses include office costs, IT expenses, marketing, office expenses, procurement of small items, audit, etc.For the Parent Company, the item also includes costs related to acquisitions.

Profit from equity investments in associated companies and group companies

In the income statement, the proportionate share of the profit or loss of underlying companies is recognised after fully eliminating internal profits/losses and after tax. Full elimination of internal profits and losses is carried out in group companies without taking into account ownership interests.

Only proportionate elimination of profits and losses is carried out in associated companies taking into account ownership interests.

In the income statement of the Parent Company, the proportionate share of the profit or loss after tax of individual group companies is recognised after fully eliminating internal profits/losses.

In the income statements of the Group and the Parent Company, the proportionate share of the profit or loss after tax of associated companies is recognised after eliminating the proportionate share of internal profits and losses.

The proportionate share of other comprehensive income recognised in the equity of the associated company is included in the Group's other comprehensive income.

Tax

Aktieselskabet Arbejdernes Landsbank is taxed jointly with its Danish subsidiaries. The Parent Company acts as a management company for the joint taxation and thus settles all payments of corporation tax with the tax authorities. Group companies are included in the joint taxation from the time when they are included in the consolidated financial statements and until the time when they are no longer included in the consolidated financial statements.

The jointly taxed companies are covered by the current tax scheme, and the Parent Company pays corporation tax according to the current tax scheme. To the extent that tax paid on account does not correspond to expected tax due for the year, interest additions or deductions are recognised in respect of the difference under interest income and interest expenses, respectively, in the income statement.

Tax for the year comprises current tax for the year and changes in deferred tax. In addition, tax for the year comprises changes to previous years' tax amounts. Tax for the year is included in the profit or loss for the year, in other comprehensive income or directly in equity, depending on where the transaction related to tax for the year has been recognised. In the calculation of current tax for the year, the tax rates and rules applicable on the balance sheet date are used.

Current corporation tax is distributed between the companies taxed jointly in relation to the taxable income of the companies (full distribution with refund in respect of tax losses). Calculated tax on income for the year and deferred tax is allocated to the individual company.

Balance sheet

Assets

Cash in hand and demand deposits with central banks

Cash in hand and demand deposits with central banks include cash at bank and in hand and unmortgaged receivables with central banks and mortgage-credit institutions with a term to maturity of less than three months.This classification requires that cash in hand, etc. is freely available, can readily be converted into cash and cash equivalents, is only at insignificant risk of value adjustment and in practice functions as liquidity by forming part of the company's ongoing liquidity management.

In accordance with the section "Financial instruments – General information on classification and measurement", these are measured at fair value at initial recognition and subsequently at amortised cost under the effective interest-rate method.

Receivables from credit institutions and central banks

Initial recognition of receivables from credit institutions and central banks is carried out at fair value plus transaction costs and less fees and commissions received that are linked to establishment of the receivables.Less impairment charges, see the section "Provisions for expected credit losses" below.

In accordance with the section "Financial instruments – General information on classification and measurement", measurement is at amortised cost using the effective interest-rate method, less impairment charges, see the section "Provisions for expected credit losses" below.

Repo/reverse transactions

Repo/reverse transactions are measured continuously at amortised cost. 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 (repo transactions). 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. Returns on the securities are recognised in the income statement. Securities purchased with an agreement on sell-back (reverse transactions), are not recognised in the balance sheet. The amount paid is recognised as a receivable and the difference between the purchase and selling price is recognised in the income statement as interest during the term.

Loans and other receivables at amortised cost

This item includes lending, mortgage deeds, finance leasing contracts, factoring, invoice purchasing and reverse transactions in which the counterparty is not a credit institution or a central bank.

At initial recognition, loans at amortised cost are measured at fair value plus directly attributable transaction costs, less fees and commissions received that are directly linked to granting the loan. Subsequently, loans and other receivables are measured at amortised cost under the effective interest-rate method – less the expected credit loss – whereby commissions received, direct transaction costs as well as premiums and discounts are amortised over the expected term of the loan.

Measurement of other receivables depends on the type of asset:

- Receivables from lessees under finance lease contracts 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.
- Receivables from factoring (invoice mortgaging) and invoice purchasing are recognised as loans. Income from discounts on purchased invoices is amortised over the term of the invoice until it falls due.

Provision for expected credit losses ("impairments")

The Group makes provisions for expected credit losses ("impairment") on all financial assets which are subsequently measured at amortised cost. Similarly, provisions are made for expected credit losses on unutilised credit lines, committed loan facilities and Financial guarantees.

For financial assets recognised at amortised cost, the impairments on expected credit losses are recognised under "Impairments on loans and receivables, etc." in the income statement and reduce the value of the asset in the balance sheet. Provisions for losses on unutilised credit lines, committed loan facilities and guarantees are recognised as a liability.

Impairment charges are based on an expectation-based model.

Impairment model

The calculation of the expected credit loss depends on whether there has been a significant increase in credit risk since initial recognition. The calculation of impairment follows a model in which the loan portfolio is divided into four stages:

- Stage 1: Exposures without a significant increase in credit risk since initial recognition. The asset is impaired by an amount corresponding to the expected credit loss through default within the next 12 months.
- Stage 2: Exposures where a significant increase in credit risk has been identified since the last recognition. The asset is impaired by an amount corresponding to the expected credit loss over the lifetime of the asset.

- Stage 2 weak: Exposures where a significant increase in credit risk has been identified since the last recognition and where the customer's ability to pay shows significant signs of weakness. The asset is impaired by an amount corresponding to the expected credit loss over the lifetime of the asset.
- Stage 3 is credit-impaired assets where the financial asset has been subject to default or impaired in some other way. In stage 3, the impairments are calculated based on an individual assessment of the credit loss over the lifetime of the asset.In contrast to other stages, interest income is only recognised on the basis of the impaired value of the asset.

Ranking in stages and calculation of expected losses are based on PD-like models used in internal credit management.

A loan with a 12-month PD of less than 0.2% at the balance sheet date is considered to have a low credit risk, provided that current or expected conditions do not indicate otherwise. Loans with low credit risk are maintained in stage 1. In addition to loans with a 12-month PD of less than 0.2%, the Bank assesses that receivables from Danish credit institutions and central banks generally have low credit risk.

Assessment of considerable increase in credit risk – transfer to stage 2

An exposure is transferred from stage 1 to stage 2 when it is deemed that there is a considerable increase in credit risk, for example when the following is observed:

- An increase in the PD for the expected remaining term of the financial asset of 100%, and an increase in the 12-month PD of 0.5 percentage points when the 12-month PD at initial recognition was less than 1.0%.
- An increase in the PD for the expected remaining term of the financial asset of 100%, or an increase in the 12-month PD of 2.0 percentage points when the 12-month PD at initial recognition was 1.0% or more.
- The exposure has been in arrears/overdrawn for more than 30 days.

If the above-mentioned increase in PD is ascertained in combination with the customer's credit rating being characterised by considerable signs of weakness, the exposure will be transferred to stage 2 weak. Furthermore, the Group applies a number of its own criteria for evidence of credit weakness, expressed as the internal rating or other reason codes indicating weaknesses.

Credit-impaired – transfer to stage 3

An exposure is transferred to stage 3 when the asset is credit-impaired or subject to default. Loans and other receivables at amortised cost. Receivables from credit institutions and central banks as well as guarantees and credit commitments may be credit-impaired if one or more of the following events have occurred:

- The debtor is in significant financial difficulties.
- Breach of contract by the debtor, for example in the form of non-compliance with its liability to make repayments and pay interest, or
- The Group or other lenders grant the debtor easier terms that would not have been considered if the debtor had not been in financial difficulties.
- It is likely that the debtor will go bankrupt or become subject to other financial reconstruction.
- The disappearance of an active market for that financial asset because of financial difficulties.
- Acquisition or establishment of a financial asset at a considerable discount reflecting credit loss already incurred.

In addition, at the latest, the loan will be deemed to be credit-impaired if the borrower has been in arrears for more than 90 days.

Significant loans are assessed individually to identify indications of credit impairment at the end of each financial statement period. The Group reviews individually all stage 3 loans and selected loans in stage 2 weak exceeding DKK 250,000, and a scenario weighting is also taken into account in the review at least once a year. Stage 3 loans of less than DKK 250,000 are consistently written down by the unsecured-exposure value.

If a loan is no longer affected by the criteria on which the existing division into stages is based (as determined by the criteria values), the loan will be transferred to the stage matching the applicable criteria.

Determination of when a debtor is in default is crucial for calculation of the expected credit loss.

Arbejdernes Landsbank considers a debtor to be in default if:

- The debtor is more than 90 days in arrears with regard to significant parts of its liabilities, or
- It is unlikely that the debtor will be able to meet its liabilities in full.

The assessment of whether an individual debtor is credit-impaired, including whether it is unlikely that the debtor will be able to repay its liabilities, is based on both qualitative and quantitative indicators. A quantitative indicator could be the customer's rating, while a qualitative indicator could be any breach of contract by the customer.

If all options to help the debtor meet its obligations to service the debt to the Group seem to have been exhausted, debt collection procedures will be commenced, and any collateral will be realised and remaining debt will be written off in full or in part.

Calculation of expected losses
The calculation of expected losses is based on historical estimates of PD (probability of default), EAD (the size of the customer's exposure at default) and LGD (loss given default) adjusted for expectations for future developments in the economy. With regard to portfolios for which the Group has no PD values, a simpler approach is applied, e.g. a portfolio approach based on expected loss ratios. This applies to mortgage deeds, lending in the subsidiary AL Finans A/S and credit institutions.

Determination of the probability of default (PD) is based on ascertained defaults over a period, converted to an estimated probability of default within a 12-month timeframe. Lifetime PD is calculated on the basis of ascertained rating migrations and determined on the basis of the contractual terms of the facilities as well as the customer's current rating.

Determination of credit exposure on default (EAD) takes into account the expected change in exposure after the balance sheet date, including payment of interest and repayments as well as further utilisation of loan commitments. Determination of EAD is based on historical information on expected changes in exposure over the lifetime of the loans within the framework of the individual loan. Consequently, the repayment profile, early repayment and changes in the use of credits are taken into account.

As for the Bank's customers at stage 1, 2 and 2 weak, an unsecured Loss Given Default (LGD) is applied which is based on a standard rate adopted from Basel II. This applies to all segments covered by the PD approach. For all stage 3 customers, an unsecured Loss Given Default of 100% is applied, and the calculation of this takes into account the customer's repayment capacity for stage 3 customers covered by individual review.

Impairments on credit-impaired loans are calculated as the expected loss based on a number of possible outcomes (scenarios) for the debtor's financial situation and the collateral values, and based on the Group's credit management. In the calculation of the present value, the originally determined effective interest rate is applied for fixed-interest loans and receivables. For floating-rate loans and receivables, the current effective interest rate on the loan or receivable is applied.

Forward-looking information is included in the calculation of expected losses in the form of macroeconomic forecasts and projections. For this purpose, Arbejdernes Landsbank uses its own internally developed model for the private portfolio. In 2022, Arbejdernes Landsbank changed to using its own internally developed model for the business portfolio instead of the model developed by the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (LOPI).

The model is based on determination of historical correlations between impairments within a number of sectors and industries and a range of explanatory macroeconomic variables. These correlations are then supplemented with estimates for the macroeconomic variables based on forecasts from consistent sources, such as the Danish Economic Council, Danmarks Nationalbank, etc. Data from these sources generally look two years into the future and include variables such as increase in public consumption, increase in GDP, interest rates, etc.Thus, the model calculates the expected impairments for up to two years within individual sectors and industries, while for maturities that go beyond two years, a linear interpolation is made between the impairment ratio for year 2 and the impairment ratio for year 10. The model assumes that there will be long-term equilibrium, calculated as a structural level from the forecasts. Maturities of more than 10 years are assumed in the model to have the same impairment ratio as the long-term equilibrium in year 10. Finally, the calculated impairment ratios are transformed into adjustment factors adjusting the data centre's estimates in the individual sectors and industries. LOPI adapts these based on their own expectations for the future and on the composition of loans. Subsequently, the Group Management assesses whether significant new information has emerged which has not yet been included in the calculations, and which gives cause to adjust the expected credit loss.

Impairments on receivables from credit institutions and central banks as well as loans and receivables etc. are carried on an allowance account set off against receivables and loans, and provisions on guarantees and unutilised credit commitments are recognised as provisions. In the income statement, impairments and provisions are recognised under impairments on loans and receivables, etc.

Provisions for losses on guarantees and unutilised credits are treated according to the same rules as characterise the valuation of loans. Provisions for unutilised credits and guarantees are recognised under "Provisions".

See also the comments on credit risk in note 51.

Acquired impairments
A facility which is credit-impaired at initial recognition is classified as credit-impaired at initial recognition. This is the case where the financial asset has been purchased or granted with a considerable discount reflecting credit losses incurred. For these assets, lifetime expected credit losses are recognised. The Group does not grant credit-impaired financial assets, and the portfolio originates from acquired credit-impaired facilities.

Bonds at fair value
Bonds are measured at fair value exclusive of transaction costs at initial recognition. Subsequently, bonds are measured at fair value as they form part of the trading portfolio or are managed and reported on a fair value basis. Fair value is the amount at which the securities can be traded between independent parties. In an active market, the fair value is expressed as a listed price. When an active market exists, the fair value of bonds is measured on the basis of listed market prices for the instruments. A market is deemed to be active when the instrument is traded at sufficient frequency and in sufficient volumes to give valid pricing. The fair value of such instruments is calculated on the basis of the most recent observable closing prices on the balance sheet date (level 1). Alternatively, recognised models and observable market data for similar assets are applied to measure the fair value (level 2). A small part of the bonds is valued at level 3.

The fair value of called bonds is stated as the present value of the bonds. A small part of the bonds is valued by application of models and available data which are only to a lesser extent observable market data. Realised and unrealised gains and losses are included in value adjustments.

Strategic securities portfolios acquired by Arbejdernes Landsbank which do not form part of the trading portfolio are measured at fair value on the basis of available trading data or recognised valuation principles and current market data, including an assessment of future earnings and cash flows (level 3). The fair value is also affected by joint ownership, transactions and shareholders' agreements.

Purchases and sales of bonds are recognised on the settlement date. Fair value adjustments of bonds are recognised in the income statement under value adjustments.

Shares etc.
Shares, etc. are measured at fair value both at initial recognition and subsequently. Fair value is the amount at which a financial asset can be traded between independent parties. In an active market, the fair value is expressed as listed prices (level 1).

In a less active or inactive market, the fair value is a model-calculated value on the basis of recognised models and observable market data for similar assets (level 2).

A larger part of the shares is valued by application of models and available data which are only to a lesser extent observable market data. The fair value of unlisted shares and other equity investments is calculated on the basis of available information on transactions, including capital increase rounds causing changes in the group of owners and partial sales, etc. For newer investments, the purchase price may be applied, and finally, the fair value may be calculated on the basis of expected cash flows (level 3).

Shares priced in accordance with the prices recommended by LOPI are included as fair value calculated on non-observable input.

Realised and unrealised gains and losses are recognised under value adjustments, and dividends are recognised under dividends from shares etc. in the income statement.

Fair value adjustments of shares etc. are recognised in the income statement under value adjustments.

Equity investments in associated companies
Associated companies are companies which are not group companies but in which the Group holds equity investments and has significant, but not controlling influence. Significant influence is typically achieved through direct or indirect ownership or control of more than 20% of the voting rights, but not more than 50%. In the assessment of whether the Group has controlling or significant influence, the voting rights which can be exercised on the balance sheet date are taken into account.

Equity investments in associated companies are recognised and measured in the Group annual financial statements according to the equity value method, which means that the equity investments are measured as the proportionate share of the companies' net asset value calculated in accordance with the Bank's accounting policies, less or plus unrealised intragroup profits and losses and plus the carrying amount of goodwill.

In the income statement item "Profit from equity investments in associated companies and group companies", the proportionate share of the profit after tax of the individual companies is recognised, and unrealised internal profits and losses less any impairment charges on goodwill are eliminated. The proportionate share of all transactions and events recognised in the equity of the associated company is included in Group other comprehensive income.

Equity investments in group companies

Group companies are businesses in which the Parent Company has controlling influence. Equity investments in group companies are recognised and measured at net asset value in the parent financial statements.

The proportionate ownership interest of the companies' net asset value is recognised less or plus unrealised intragroup profits and losses in the Parent Company's balance sheet under "Equity investments in group companies, etc.". As regards equity investments in group companies, the Parent Company's share of any negative difference between the total cost and the fair value of the net assets is recognise at the date of acquisition in the income statement as badwill under "Other operating income".

The share of group companies' share of the profit/loss after tax and after elimination of unrealised intragroup profits or losses is recognised in the Parent Company's income statement under "Profit from equity investments in associated companies and group companies".

The total net revaluation of equity investments in group companies is provided through profit appropriation to "Reserve under the equity method" under equity.

Assets and deposits linked to pooled schemes

Assets and deposits linked to pooled schemes are measured at fair value and recognised as separate balance-sheet items, and yields on funds in pooled schemes are included as a separate operating item under value adjustments. An adjustment corresponding to the pool profits for the participants is also included under value adjustments and thus the results of the pooled schemes are neutralised in the results of the Group and the Bank for the year.

Intangible assets

Customer relations

Customer relations acquired in connection with the takeover are recognised at cost and amortised on a straight-line basis over the expected financial useful life, not exceeding 7-10 years. The financial useful life depends on customer loyalty.

Useful life is reassessed annually. Changes in amortisation due to changes to the useful life are recognised as a change in accounting estimates.

Customer relations are tested for any impairment needs where there are indications of impairment, in which case the asset is impaired to the value in use.

Other intangible assets

Intangible assets include proprietary and acquired software (completed development projects), which is recognised at cost. Cost includes the costs and salaries incurred to bring the individual piece of software into use. Software is depreciated on a straight-line basis over its expected useful life, typically three years.

Development projects under construction include external costs for projects where a future development opportunity for the Group can be demonstrated but where commissioning is not yet possible. Development projects under construction are recognised at cost. Cost includes the costs incurred for the project. Development projects in progress are not depreciated. At the time of commissioning, the asset is moved to completed development projects (software) and typically depreciated over three years.

Investment properties

Investment properties are properties owned for the purpose of collecting rent and/or achieving capital gains. On acquisition, investment properties are recognised at cost, which includes the acquisition price of the property as well as costs directly related to the acquisition. Properties are subsequently measured at fair value.

Changes to fair value are recognised in the income statement as value adjustments of investment properties under "Value adjustments" in the financial year when the change occurs.

Fair value is calculated on the basis of the returns method (level 3), with external experts being used to measure the fair value at least every three years. Changes in fair values are recognised under value adjustments.

Rental income is recognised in the income statement under other operating income No depreciation is charged on investment property.

Owner-occupied properties

Owner-occupied properties are properties from where Arbejdernes Landsbank carries out its activity as a bank. Owner-occupied properties are recognised at cost at acquisition and are subsequently measured at a revalued amount equivalent to the fair value of the property at the time of the revaluation. The revaluation model is based on current market data which forms the basis of a returns model (level 3) in which the rental income on the property and operating expenses such as administration and maintenance are included. Under exceptional conditions, another method of valuation may be applied, which better reflects the market value of the property.

Revaluation is carried out at appropriate intervals, and at least once a year, on the basis of the current market and interest-rate level, 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. In connection with the annual valuation assessment, a number of properties are selected for valuation by an external assessor.

Owner-occupied properties are depreciated on a straight-line basis over the expected useful life, taking into consideration the anticipated residual value at the expiry of the useful life. The expected useful life is reassessed each year and comprises:

- Headquarters: 75/100 years
- Owner-occupied properties used to operate branches: 50/75 years

Land value is not depreciated.

Revaluations of owner-occupied properties at fair value are recognised in other comprehensive income and transferred to a separate reserve under equity (revaluation reserves), unless the increase counteracts a reduction in value that was previously recognised in the income statement. Depreciation, amortisation and impairments as well as reversed impairment charges are recognised in the income statement under amortisation/depreciation as well as impairments on intangible assets and property, plant and equipment.

Operating lease assets where the Group is the lessee in connection with a tenancy to conduct banking activities are also recognised under owner-occupied property and represent the lessee's right to use the underlying asset. This is counterbalanced by a lease commitment measured at the present value of the future lease payments on these tenancy agreements.

Other property, plant and equipment

Operating equipment in the form of IT equipment, cars, fixtures and equipment and improvements to rented premises is recognised at cost less accumulated depreciation and impairment. The cost covers the acquisition price and costs directly related to the acquisition up until the time when the asset is ready for use.

Operating lease assets where the Group is the lessor are also recognised under other property, plant and equipment.

The basis for depreciation of property, plant and equipment is the difference between the acquisition price of the asset and the residual value at the end of the asset's useful life, and the residual value is assessed regularly. For improvements to rented premises, depreciation is carried out over 5 years, however only up to the expected useful life. Other operating equipment is depreciated on a straight-line basis over the expected useful life of the assets, which is expected to be up to 5 years. Cashpoints, coin counters and registers are assessed to have a longer useful life, typically up to 10 years.

The need of impairment for property, plant and equipment is assessed when there are indications of impairment, and the asset is impaired to the recoverable amount which is the higher of the net sales price and the value in use. Impairments are made in the income statement.

Other assets

Other assets include capital contributions to BEC Financial Technologies a.m.b.a., interest and commissions receivable and positive fair value of derivative financial instruments and spot transactions. With the exception of derivative financial instruments and spot transactions, which are measured at fair value, see the section "Derivative financial instruments", other assets are measured at cost or amortised cost.

Assets held temporarily

Assets held temporarily comprises acquired properties and equity investments, etc. awaiting disposal or settlement within a short period of time, where such disposal is very likely. The assets are measured at the lower of cost and fair value, less costs of sale. The assets are not depreciated from the date at which they are classified as assets held temporarily.

Prepayments and accrued income

Prepayments and accrued income under assets primarily comprise prepaid remuneration and salaries. Prepayments and accrued income are recognised and measured at cost both at initial recognition and subsequently.

Current and deferred tax assets

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax of taxable profit for the year adjusted for tax of previous years' taxable profits as well as tax paid on account and dividend tax.

Deferred tax is measured 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 how the management plan to utilise the asset and how they plan to settle the liability.

Deferred tax is recognised in the balance sheet under the items deferred tax assets and deferred tax liabilities on the basis of the expected tax rate. 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.

Equity and liabilities

Financial liabilities

Debt to credit institutions and central banks and deposits also includes amounts received under repo transactions, i.e. sales of securities in which an agreement is also made for repurchase at a later time. Debt to credit institutions and central banks and deposits are recognised at the date the loan was taken up at fair value corresponding to amounts received after deduction of directly attributable transaction costs.

Subsequent measurement of debt to credit institutions and central banks and deposits which are not repo transactions is at amortised cost by applying the effective interest-rate method so that the difference between the net proceeds and the nominal value is recognised in the income statement under interest expenses over the term of the loan. Other liabilities are measured at net realisable value.

Issued bonds at amortised cost

Issued bonds at amortised cost include non-preferred senior debt issued in order to comply with the MREL requirements imposed on SIFIs.

Other equity and liabilities

Other liabilities include various creditors, lease commitments where the Group is the lessee, interest and commissions payable, short-term employee obligations and negative fair value of derivative financial instruments and spot transactions. With the exception of derivative financial instruments and spot transactions, other liabilities are measured at amortised cost. For more information on the leasing commitment, see the section "Leasing".

Accruals and deferred income

Accruals and deferred income under liabilities include income received before the balance sheet date but which pertain to subsequent accounting periods, primarily prepaid fees and commissions received. Prepayments and accrued income are recognised and measured at cost both at initial recognition and subsequently.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of an event that has occurred on or before the balance sheet date, and it is likely that an outflow of resources will be required to settle the obligation. For example, this applies to expected losses in connection with legal proceedings, but also expected losses on issued guarantees, unutilised credit lines and commitments where the loss risk is calculated in accordance with the rules under IFRS 9 as described in the accounting policies under: Loans and other receivables at amortised cost

Provisions are measured as the best estimate of the costs required to settle the obligations provided for on the balance sheet date. Provisions with an expected maturity beyond one year from the balance sheet date are measured at present value if significant, otherwise at cost.

For information about provisions for deferred tax, see the section on deferred tax.

Subordinated debt

Subordinated debt is debt obligations in the form of Tier 2 capital and other capital contributions which, in the event of liquidation or bankruptcy, are to be repaid only after the claims of ordinary creditors have been met.

Subordinated debt is recognised at the date the loan was taken up at fair value, less directly attributable external transaction costs. Subsequently, subordinated debt is measured at amortised cost using the effective interest-rate method. Premature redemption of subordinated debt is subject to approval by the Danish FSA. Subordinated debt is included in own funds etc. in accordance with the Danish Financial Business Act.

Equity

In addition to paid-up share capital and accumulated retained earnings, equity consists of the following items:

Revaluation reserves

Revaluation reserves include revaluation of the Bank's owner-occupied properties after deduction of any deferred tax.
The reserve will be dissolved as the revalued properties are depreciated, impaired or sold.

Reserve under the equity method

The reserve under the equity method is the net revaluation of equity investments in associated and group companies in relation to cost. The reserve is reduced by distributions of dividend to the Parent Company, other changes in equity as well as by full or partial realisation of equity investments.

Proposed dividend

Proposed dividend is recognised as a liability at the date on which it is approved by the Annual General Meeting (time of declaration). Dividend proposed for the year is included under equity until adoption.

Own shares

Own shares are not included as assets. Acquisition and consideration amounts as well as dividends on own shares are recognised directly in retained earnings under equity.

Additional Tier 1 capital
Additional Tier 1 capital issued with indefinite maturity and without contractual obligations to pay interest and capital repayments does not meet the conditions for financial liabilities under IAS 32. The Tier 1 capital is therefore recognised as equity.

The net amount at issue is recognised as an increase in equity. Payment of interest is regarded as dividends and recognised directly in equity at the time the liability arises.

When the Bank repays Additional Tier 1 capital, at the time of repayment equity will be reduced by the repayment amount. Acquisition and consideration amounts for purchases and sales of Additional Tier 1 capital under the CRR are recognised directly in equity in the same way as own shares.

Capital increase
Transaction costs in connection with obtaining new capital are recognised directly in free reserves.

Contingent liabilities etc.
This item includes potential liabilities arising from past events, and the existence of such liabilities is dependent on the occurrence of future uncertain events not wholly within the control of the Group. Contingent liabilities are disclosed that may, but probably will not draw on the Group's resources. In addition, there is information on current liabilities which are not recognised as it is not likely that the liability will draw on the Group's resources, or because the size of the liability cannot be measured reliably.

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 Impairments on loans and receivables, etc. in the income statement, and under Provisions in the balance sheet.

Note 2
Significant accounting estimates and assessments

Accounting estimates and assessments
The calculation of the carrying amount of certain assets and liabilities requires the Management to make a number of estimates and assessments regarding future conditions which could significantly influence the carrying amount of assets and liabilities.

The estimates and assessments made by the Management are based on assumptions that the Management considers reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected future events or situations may arise. Accordingly, estimates and assessments are difficult to make, and if they also involve customer relationships and other counterparties, these will be associated with uncertainty.It may be necessary to change estimates made previously because of changes in the circumstances which formed the basis of the previous estimates or because of new knowledge or subsequent events.

The significant estimates made by the Management when applying the Group accounting policies, and the estimation uncertainties related to these, primarily related to the following in 2022:

Impairments on loans and impairments on guarantees resulting from credit impairment
When measuring the Group's total loans and guarantees according to IFRS 9, a model uncertainty arises in relation to the calculation of impairment. This uncertainty is partly due to uncertainty in relation to calculation of the model's input parameters, such as default probabilities, scenario weighting, collateral values and setting up cash flows, and with regard to the assumptions forming the basis of the model. In addition, uncertainty may be associated with the cyclical sensitivity in relation to individual sectors or to the consequence of the macro-economic developments.

Where there is objective evidence of credit impairment, the Group has estimated expected repayments from customers and the value of collateral also entails estimates.

Accounting estimates and assessments related to Group impairment charges

2022 has been influenced by increasing energy and raw-materials prices, high inflation and growing global uncertainty on the heels of Russia's invasion of Ukraine. In the housing market, increasing interest rates in particular, but also increasing energy prices, have had an impact, with a significant drop in housing sales and prices.

Agriculture, particularly pig producers, have been affected by increasing prices for feed and energy. Similarly, the building and construction industry has been particularly affected by increasing prices for building materials.

The negative macro-economic developments have so far only had a limited negative effect on the Group's exposures. This is partly because unemployment has been at the lowest level for many years and because customers have been in better financial positions than during the financial crisis.

The prospect of a recession without appreciable economic growth, an ever falling housing market, continued uncertainty in relation to inflation and energy prices as well as the risk of further spread of African swine fever are, however, things that are expected to affect the Group's exposures going forward. Thus, the Group's management supplements have increased significantly at the end of 2022.

The Group's management estimate as at 31 December 2022 is a total of DKK 540.6 mill., an increase of almost DKK 100 mill. compared with 2021. The management estimate at the end of 2022 is primarily DKK 434.5 mill. related to macro-economic estimates. Other management estimates relate to model uncertainties and portfolios and amount to DKK 106.1 mill., of which DKK 65 mill. has been provided for the risk of further spread of African swine fever.

When setting management estimates during 2022, the Group focussed on how a recession could affect the Group lending portfolio. Therefore, in 2022 a macro-economic estimate of DKK 364.5 mill. was included for increases in interest, falling housing prices, bankruptcies and general inflation etc. Furthermore, since the end of 2021 the Group has written back management estimates related to Covid-19 of DKK. 220.7 mill. The remaining effects related to Covid-19 have now been included in the estimate regarding bankruptcies.

The overall changes in the Group management estimates over the past year are in the table below.

	2022 DKK mill.	2021 DKK mill.
Management estimates		
Model uncertainties	23.2	31.7
Portefolios	82.9	89.7
Macro-economic estimates	434.5	322.1
Of which:		
Corona	0.0	220.7
Interest, inflation, housing price drops, bankruptcies, etc.	364.5	0.0
Other	70.0	101.4
Total	***540.6***	***443.5***

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 thus associated with uncertainty.

Valuation of investment and owner-occupied properties

Significant estimates are applied to determine required rates of return on investment and owner-occupied properties. Selecting a number of properties annually for external assessment by an assessor contributes to supporting these estimates, but it does not fully remove the uncertainty.

Note 20 describes the sensitivity of the valuation if the required rate of return is increased by 0.5%.

Measurement of other financial instruments at fair value

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

Measurement of deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, insofar as it is considered likely that tax profits will be realised within five years against which the losses can be offset. Determination of the recognisable amount is based on estimates of the probable timing and size of future taxable profits. Budgets of the Bank's development are associated with estimates of the probable timing and size of future taxable profits, including the timing and the size.

Note 3
Events after expiry of the financial year

No events have taken place after the end of the financial year with an impact on the assessment of the Group and the Parent Company's financial position and profit for the year.

Note		Group 2022 DKK mill.	2021 DKK mill.
4	**Segment information**		
	The Group only operates from locations in Denmark.		
	Revenue	4,186.0	3,495.7
	Revenue is defined as interest income, fee and commission income as well as other operating income.		

	Customer activities DKK mill.	Investment activities DKK mill.	Vestjysk Bank DKK mill.	Other activities DKK mill.	Total DKK mill.
Group 2022					
Income statement					
Net interest income	1,264.8	55.6	944.5	-46.9	*2,218.1*
Net fee and commission income	880.6	0.0	684.1	0.0	*1,564.8*
Value adjustments and dividends	228.2	-289.8	-129.2	63.3	*-127.4*
Other operating income	34.4	0.0	24.1	39.7	*98.2*
Profit from equity investments in associated companies	-0.5	0.0	4.3	0.0	*3.8*
Total income	*2,407.6*	*-234.2*	*1,527.9*	*56.1*	*3,757.5*
Costs and depreciation/amortisation	-1,735.8	-67.9	-953.8	-149.4	*-2,906.8*
Impairments on loans and receivables etc.	39.7	0.0	12.4	0.0	*52.1*
Total costs	*-1,696.2*	*-67.9*	*-941.4*	*-149.4*	*-2,854.8*
Profit before tax	*711.4*	*-302.1*	*586.6*	*-93.2*	*902.7*
Assets					
Loans and other receivables at amortised cost	27,628.8	0.0	16,481.7	0.0	*44,110.4*
Bonds at fair value	0.0	19,128.0	9,462.0	0.0	*28,590.0*
Equity investments in associated companies	16.1	0.0	130.1	0.0	*146.2*
Other assets	8,502.8	9,436.3	15,868.0	1,333.1	*35,140.3*
Total assets	*36,147.7*	*28,564.3*	*41,941.8*	*1,333.1*	*107,986.9*
Equity and liabilities					
Deposits and other debt	47,934.5	0.0	24,973.2	0.0	*72,907.7*
Allocated equity	4,325.0	1,256.6	5,899.3	867,3	*12,348.2*
Other equity and liabilities	7,467.5	782.7	11,069.3	3,411.6	*22,731.0*
Total equity and liabilities	*59,726.9*	*2,039.3*	*41,941.8*	*4,278.9*	*107,986.9*
Ratios and key figures					
Average allocated equity	4,285.8	1,266.2	5,644.7	903,8	*12,100.5*
Cost rate	78.3	101.9	56.9	-3,234.4	*73.5*

Note

4 Segment information (continued)

	Customer activities DKK mill.	Investment activities DKK mill.	Vestjysk Bank DKK mill.	Other activities DKK mill.	Total DKK mill.
Group 2021					
Income statement					
Net interest income	952.7	165.8	524.0	0.2	*1,642.7*
Net fee and commission income	828.9	0.0	367.8	0.0	*1,196.7*
Value adjustments and dividend	156.1	70.5	76.5	-9.7	*293.4*
Other operating income	48.4	0.0	5.4	358.3	*412.2*
Profit from equity investments in associated companies	0.0	0.0	18.6	76.7	*95.3*
Total income	*1,986.1*	*236.2*	*992.4*	*425.6*	*3,640.3*
Costs and depreciation/amortisation	-1,597.3	-58.5	-636.1	-132.4	*-2,424.4*
Impairments on loans and receivables etc.	236.9	0.0	-74.6	0.0	*162.3*
Total costs	*-1,360.4*	*-58.5*	*-710.7*	*-132.4*	*-2,262.1*
Profit before tax	*625.7*	*177.7*	*281.6*	*293.2*	*1,378.2*
Assets					
Loans and other receivables at amortised cost	25,322.2	0.0	16,636.1	0.0	*41,958.3*
Bonds at fair value	0.0	18,770.0	9,346.2	0.0	*28,116.2*
Equity investments in associated companies	13.8	0.0	127.8	0.0	*141.6*
Other assets	9,282.0	7,557.7	17,179.0	3,225.8	*37,244.5*
Total assets	*34,618.0*	*26,327.7*	*43,289.1*	*3,225.8*	*107,460.6*
Equity and liabilities					
Deposits and other debt	45,696.1	0.0	26,023.9	0.0	*71,720.0*
Allocated equity	3,887.9	1,282.8	5,396.4	1,285.8	*11,852.9*
Other equity and liabilities	8,420.4	579.7	11,596.9	3,290.8	*23,887.8*
Total equity and liabilities	*58,004.4*	*1,862.5*	*43,017.2*	*4,576.6*	*107,460.6*

On 31.05.2021, Vestjysk Bank A/S changed status from being an associated company to being a subsidiary. Consequently, earnings for Vestjysk Bank A/S for the period 30.09.2020-30.05.2021 are included in Other activities under Profit from equity investments in associated companies, while earnings for Vestjysk Bank A/S for the period 31.05.2021-31.12.2021 are shown as a new independent segment. Badwill of DKK 328.6 mill. has been included in Other activities under Other operating income.

	Customer activities DKK mill.	Investment activities DKK mill.	Vestjysk Bank DKK mill.	Other activities DKK mill.	Total DKK mill.
Ratios and key figures					
Average allocated equity	3,819.8	1,193.9	2,698.2	1,777.1	*9,489.0*
Cost rate	86.1	34.9	70.4	35.4	*73.5*

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
5	**Interest income**				
	Receivables from credit institutions and central banks	35.9	0.2	43.3	1.1
	Loans and other receivables	2,005.7	1,500.3	949.7	868.3
	Other interest income	0.4	0.1	0.1	0.2
	Total interest income calculated using the effective interest-rate method	*2,042.0*	*1,500.7*	*993.1*	*869.7*
	Bonds	233.2	154.4	181.6	143.3
	Derivative financial instruments				
	Currency contracts	-9.6	-0.8	-11.7	-1.3
	Interest-rate contracts	-41.9	-55.1	-42.7	-58.0
	Total derivative financial instruments	*-51.5*	*-56.0*	*-54.4*	*-59.3*
	Total other interest income	*181.8*	*98.4*	*127.2*	*84.0*
	Debt to credit institutions and central banks	1.1	1.5	1.1	1.5
	Deposits and other debt	191.2	192.8	116.6	130.9
	Total positive interest expenses on financial liabilities	*192.4*	*194.3*	*117.8*	*132.4*
6	**Interest expenses**				
	Debt to credit institutions and central banks	-4.8	-0.2	-4.7	-0.2
	Deposits and other debt	-55.5	-33.3	-29.3	-20.3
	Issued bonds	-24.9	-4.2	-16.6	0.0
	Subordinated debt	-64.6	-51.1	-34.8	-30.8
	Other interest expenses	-6.3	-4.3	-3.6	-2.4
	Total interest expenses	*-156.2*	*-93.1*	*-89.1*	*-53.7*
	Receivables from credit institutions and central banks	-30.8	-45.5	-19.7	-34.9
	Bonds	-11.1	-12.2	-5.6	-7.1
	Total negative interest income on financial assets	*-41.8*	*-57.6*	*-25.3*	*-42.0*
	Of which, reverse transactions recognised under:				
	Receivables from credit institutions and central banks	-0.2	-0.9	-0.2	-0.9

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
7	Net fee and commission income				
	Securities trading and custody accounts *)	334.3	264.1	166.6	170.9
	Money transmission services	278.1	224.0	164.0	162.2
	Loan fees **)	528.4	450.0	372.1	353.4
	Guarantee commission	179.2	143.5	78.5	83.5
	Other fees and commissions	351.7	208.5	101.5	75.4
	Total fee and commission income	***1,671.7***	***1,290.1***	***882.8***	***845.4***
	AL-BoligBonus	-25.6	-25.5	-25.6	-25.5
	Other fees and commissions paid	-81.3	-67.9	-21.1	-26.3
	Total fees and commissions paid	***-106.9***	***-93.4***	***-46.7***	***-51.7***
	Net fee and commission income	***1,564.8***	***1,196.7***	***836.1***	***793.7***

*) The Group's income from trust and other fiduciary activities represents DKK 215.1 mill. (2021: DKK 152.9 mill.).

**) The Group's provisions for mortgage credit institutions represent DKK 425.4 mill. (2021: DKK 347.3 mill.).
The Group's received loan fees arising from financial instruments measured at amortised cost represent DKK 50.3 mill. (2021: DKK 51.6 mill.).

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
8	Value adjustments				
	Bonds	-1,204.1	-145.3	-959.4	-142.1
	Shares etc.	63.9	121.3	3.7	73.6
	Investment properties	0.3	3.7	1.2	2.5
	Currency	94.1	66.0	60.3	47.4
	Derivative financial instruments				
	Currency contracts	-1.2	0.6	-0.5	-0.2
	Interest-rate contracts	856.6	197.6	846.3	193.6
	Share contracts	-0.3	0.3	0.0	-0.4
	Total derivative financial instruments	***855.1***	***198.6***	***845.7***	***193.0***
	Assets linked to pooled schemes	-2,060.9	1,338.5	-992.5	858.2
	Deposits in pooled schemes	2,060.9	-1,338.5	992.5	-858.2
	Other assets	-10.2	-6.3	0.0	0.0
	Other liabilities	0.0	7.5	0.0	0.0
	Total value adjustments	***-201.0***	***245.4***	***-48.4***	***174.5***

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
9	Staff and administrative expenses				
	Management emoluments				
	Board of Directors	-4.9	-3.3	-4.7	-3.2
	Executive Management	-19.5	-15.0	-19.1	-15.0
	Total management emoluments	***-24.4***	***-18.3***	***-23.8***	***-18.2***
	Staff expenses				
	Remuneration	-1,173.9	-943.7	-730.2	-653.7
	Pensions (contribution-based)	-140.3	-99.4	-85.5	-63.9
	Social security expenses	-13.0	-8.5	-7.4	-6.1
	Payroll tax	-170.1	-138.6	-99.2	-93.5
	Total staff expenses	***-1,497.3***	***-1,190.2***	***-922.3***	***-817.3***
	Administration expenses				
	IT expenses	-720.4	-695.4	-443.3	-485.4
	Other administration expenses	-440.2	-309.7	-277.4	-191.0
	Total administration expenses	***-1,160.7***	***-1,005.1***	***-720.7***	***-676.4***
	Total staff and administrative expenses	***-2,682.4***	***-2,213.6***	***-1,666.8***	***-1,511.9***
	Number of full-time employees				
	Average number of employees during the financial year converted to full-time equivalents	1,827	1,804	1,105	1,060
	Emoluments paid to the Board of Directors				
	Fixed remuneration	-4.9	-3.3	-4.7	-3.2
	Total emoluments paid to the Board of Directors	***-4.9***	***-3.3***	***-4.7***	***-3.2***
	Number of members of the Board of Directors during the financial year	15	13	15	13

Information on emoluments paid to the individual members of the Board of Directors can be found in the report on management remuneration for 2022.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
9	**Staff and administrative expenses (continued)**				
	Emoluments paid to Executive Management				
	Fixed remuneration	-17.6	-13.4	-17.3	-13.4
	Pension scheme (contribution-based)	-1.8	-1.6	-1.8	-1.6
	Total emoluments paid to Executive Management	***-19.5***	***-15.0***	***-19.1***	***-15.0***
	Number of members of Executive Management during the financial year	6	5	6	5

Information on emoluments paid to the individual members of the Executive Management can be found in the report on management remuneration for 2022.

The remuneration of the Executive Management is determined by the Board of Directors and solely comprises a fixed remuneration, a contribution-based pension scheme through which a fixed percentage of the remuneration is paid to an independent pension company, and a company car plus other company-paid salary benefits.

The Executive Management is not covered by any bonus schemes or other incentive programmes.

For participation in Board work in the subsidiary AL Finans A/S, each person receives an annual remuneration of DKK 10,000 per person. A board position in the subsidiary Vestjysk Bank A/S, yielded a remuneration for the year of DKK 294,000.

The Bank's CEO and Deputy CEO have a notice period of 12 months, and the Bank has a notice period of 24 months. The rest of the Executive Management has a notice period of 3 months, and the Bank has a notice period of 8 months. If a position is terminated in connection with a takeover bid concerning the Bank, special terms for resignation apply.

	Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
Remuneration of employees with significant influence on the risk profile of the company in addition to Management				
Fixed remuneration	-74.4	-58.5	-39.9	-34.5
Variable remuneration	-1.4	-1.9	-1.1	-1.5
Pension scheme (contribution-based)	-7.4	-6.1	-4.0	-3.8
Severance pay	-3.6	0.0	-3.1	0.0
Total emoluments to significant risk takers	***-86.8***	***-66.5***	***-48.1***	***-39.8***
Number of significant risk takers during the financial year	65	61	31	31
Number of significant risk takers with severance pay	5	0	3	0

Variable remuneration only comprises a bonus scheme based on a collective agreement.

Remuneration policy

The Bank's website contains further information on the Group's remuneration policy, including identification of significant risk takers.

	Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
Remuneration for the audit firm elected by the General Meeting				
Statutory audit of the financial statements	-3.2	-2.6	-1.2	-2.3
Other assurance engagements	-0.3	-0.1	-0.2	-0.1
Tax counselling	-0.1	0.0	0.0	0.0
Other services	-0.8	-2.5	-0.1	-2.5
Total	***-4.4***	***-5.2***	***-1.5***	***-5.0***

Remuneration for services other than statutory audit supplied by EY Godkendt Revisionspartnerselskab to the Group at DKK 1.3 mill. (2021: DKK 2.7 mill.) includes extra engagements in connection with acquisition and raising capital in that connection as well as various assurance engagements and other assistance concerning statutory matters within the financial area.

Note		Group 2022 DKK mill.	Group 2021 DKK mill.	Bank 2022 DKK mill.	Bank 2021 DKK mill.
10	Impairments on loans and receivables etc.				
	Net impact recognised in the income statement				
	Net movements on impairment and provision accounts				
	Receivables from credit institutions and central banks	-2.2	2.3	-2.2	2.3
	Loans and other receivables at amortised cost	-319.8	-188.6	22.2	285.7
	Guarantees	3.2	16.6	6.0	7.6
	Unutilised credit lines and commitments	61.4	-102.8	19.9	3.6
	Total net movements on impairment and provision accounts	***-257.4***	***-272.4***	***45.9***	***299.2***
	Interest adjustment	22.9	9.1	8.5	9.1
	Ascertained losses covered by previous impairments and provisions *)	-72.4	-91.8	-16.5	-88.8
	Ascertained losses not covered by previous impairments and provisions *)	-37.3	-65.8	-8.6	-16.5
	Recognised in claims previously subject to impairments	54.2	43.9	19.1	32.6
	Reversed reserve for losses on lending which was credit-impaired at initial recognition	342.1	539.3	0.0	9.4
	Net impact recognised in the income statement	***52.1***	***162.3***	***48.5***	***245.0***

The positive operating profit on impairments on loans, etc. in the Group and the Bank at the end of 2022 is attributable to healthy developments in the lending and guarantee portfolios which are reflected in increasing collateral values, improved ratings and positive shifts in the gross carrying amounts to stage 1, see pages 77-78 and note 51. In addition, changes in the impairment model for individual segments have had a positive effect. Conversely, the management estimates for the Group and the Bank increased by DKK 97.1 mill. and DKK 39.0 million, respectively, in 2022. Of these, the most significant movements are related to new management estimates related to increasing interest rates, consumer and energy prices as well as a drop in housing prices of DKK 363.1 mill. and DKK 141.9 mill., respectively, for the Group and the Bank which, however, are partially set off by a reversal of Covid-19-related management estimates.

*) Out of the Group's ascertained losses in 2022, steps are still being taken to recover DKK 63.7 mill.

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Total** DKK mill.
Accumulated impairments and provisions, broken down by stages as at 31 December 2022					
Receivables from credit institutions and central banks	2.2	0.2	8.0	0.0	***10.4***
Loans and other receivables at amortised cost	189.0	281.3	541.1	335.4	***1,346.7***
Guarantees	12.6	2.4	8.9	9.1	***33.0***
Unutilised credit lines and commitments	23.0	15.7	29.0	89.9	***157.7***
Total impairments and provisions	***226.8***	***299.6***	***587.0***	***434.5***	***1,547.9***
Accumulated impairments and provisions, broken down by stages as at 31 December 2021					
Receivables from credit institutions and central banks	0.2	0.0	8.0	0.0	***8.2***
Loans and other receivables at amortised cost	176.2	171.8	443.0	235.8	***1,026.9***
Guarantees	8.6	1.3	13.7	12.6	***36.2***
Unutilised credit lines and commitments	31.8	19.6	27.7	140.0	***219.1***
Total impairments and provisions	***216.8***	***192.7***	***492.4***	***388.5***	***1,290.4***

The increase in stage 2 and stage 3 and in facilities credit-impaired at initial recognition is attributable to new impairments in Vestjysk Bank A/S. The Group acquired impairment charges related to Vestjysk Bank A/S totalling DKK 906.4 mill. as at the end of 2022.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank				
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Total** DKK mill.
Accumulated impairments and provisions, broken down by stages as at 31 December 2022					
Receivables from credit institutions and central banks	2.2	0.2	8.0	0.0	***10.4***
Loans and other receivables at amortised cost	123.3	55.6	327.6	0.0	***506.5***
Guarantees	3.2	1.3	4.4	0.0	***8.9***
Unutilised credit lines and commitments	13.9	11.7	16.2	0.0	***41.9***
Total impairments and provisions	***142.7***	***68.8***	***356.2***	***0.0***	***567.7***

Accumulated impairments and provisions, broken down by stages as at 31 December 2021					
Receivables from credit institutions and central banks	0.2	0.0	8.0	0.0	***8.2***
Loans and other receivables at amortised cost	101.9	60.5	366.3	0.0	***528.7***
Guarantees	7.3	0.8	6.8	0.0	***14.9***
Unutilised credit lines and commitments	24.4	13.2	24.3	0.0	***61.8***
Total impairments and provisions	***133.8***	***74.6***	***405.3***	***0.0***	***613.6***

The increase in impairments in stage 1 is attributable to new customers and a positive development in the loan portfolio. The drop in stage 2 and 3 is also attributable to a positive development in the loan portfolio and changes to the impairment model. A total of DKK 25.1 mill. was written off at the end of 2022, of which DKK 16.5 mill. had previously been recognised as impairments.

Note

10 Impairments on loans and receivables etc. (continued)

	Group						
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired at initial recognition** DKK mill.	**Total gross value** DKK mill.	**Impairments etc. of total covered assets** DKK mill.	**Carrying amount** DKK mill.
Gross carrying amounts broken down by stages as at 31 December 2022							
Receivables from credit institutions and central banks	499.0	31.2	8.0	0.0	*538.2*	-10.4	*527.8*
Loans and other receivables at amortised cost	36,887.1	5,653.8	1,630.4	1,285.8	*45,457.2*	-1,346.7	*44,110.4*
Guarantees	11,673.4	1,080.0	154.4	249.8	*13,157.7*	-33.0	*13,124.7*
Unutilised credit lines and commitments	21,448.6	2,462.5	201.9	342.4	*24,455.4*	-157.7	*24,297.7*
Total exposures	*70,508.1*	*9,227.6*	*1,994.8*	*1,878.1*	*83,608.5*	*-1,547.9*	*82,060.6*
Gross carrying amounts broken down by stages as at 31 December 2021							
Receivables from credit institutions and central banks	662.4	15.8	8.0	0.0	*686.2*	-8.2	*678.0*
Loans and other receivables at amortised cost	34,405.4	5,735.3	1,369.0	1,475.5	*42,985.2*	-1,026.9	*41,958.3*
Guarantees	16,595.9	1,173.7	169.3	256.0	*18,194.9*	-36.2	*18,158.7*
Unutilised credit lines and commitments	19,950.7	2,464.7	307.4	197.0	*22,919.8*	-219.1	*22,700.7*
Total exposures	*71,614.3*	*9,389.4*	*1,853.8*	*1,928.5*	*84,786.1*	*-1,290.4*	*83,495.6*

There is an increase in 2022, primarily in stage 1, in the exposure on loans and unutilised credit lines and commitments.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank						
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired at initial recognition** DKK mill.	**Total gross value** DKK mill.	**Impairments etc. of total covered assets** DKK mill.	**Carrying amount** DKK mill.
Gross carrying amounts broken down by stages as at 31 December 2022							
Receivables from credit institutions and central banks	1,603.8	31.2	8.0	0.0	*1,643.0*	-10.4	*1,632.6*
Loans and other receivables at amortised cost	25,006.9	1,968.9	976.0	0.0	*27,951.7*	-506.5	*27,445.2*
Guarantees	5,028.8	658.6	86.1	0.0	*5,773.5*	-8.9	*5,764.5*
Unutilised credit lines and commitments	7,041.8	921.4	59.4	0.0	*8,022.7*	-41.9	*7,980.7*
Total exposures	*38,681.3*	*3,580.1*	*1,129.5*	*0.0*	*43,390.8*	*-567.7*	*42,823.1*
Gross carrying amounts broken down by stages as at 31 December 2021							
Receivables from credit institutions and central banks	772.9	15.8	8.0	0.0	*796.7*	-8.2	*788.5*
Loans and other receivables at amortised cost	22,704.4	1,887.4	1,010.2	0.0	*25,602.0*	-528.7	*25,073.3*
Guarantees	7,444.2	636.9	89.2	0.0	*8,170.2*	-14.9	*8,155.3*
Unutilised credit lines and commitments	5,533.0	711.1	81.7	0.0	*6,325.9*	-61.8	*6,264.1*
Total exposures	*36,454.5*	*3,251.1*	*1,189.1*	*0.0*	*40,894.8*	*-613.6*	*40,281.1*

A factor contributing to the stage 1 increase is the Bank's takeover of Swedbank's cooperative housing portfolio as at 8 June 2022 with a total exposure of approx. DKK 1 bn. Furthermore, the Bank has seen a continued influx of new customers.

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Total impairments** DKK mill.
Impairment account for receivables from credit institutions and central banks in 2022					
Total impairments brought forward	0.2	0.0	8.0	0.0	*8.2*
Impairments during the financial year as a consequence of changes in credit risk	0.7	0.2	0.0	0.0	*0.9*
Impairments on new exposures	1.4	0.0	0.0	0.0	*1.4*
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	0.0	*-0.1*
Total impairments carried forward	*2.2*	*0.2*	*8.0*	*0.0*	*10.4*
Impairment account for receivables from credit institutions and central banks in 2021					
Total impairments brought forward	2.5	0.0	8.0	0.0	*10.5*
Transfers to stage 2	-0.1	0.1	0.0	0.0	*0.0*
Impairments during the financial year as a consequence of changes in credit risk	-2.2	0.0	0.0	0.0	*-2.3*
Impairments on new exposures	0.1	0.0	0.0	0.0	*0.1*
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	0.0	*-0.1*
Total impairments carried forward	*0.2*	*0.0*	*8.0*	*0.0*	*8.2*

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Total impairments DKK mill.
Impairment account for loans and other receivables at amortised cost in 2022					
Total impairments brought forward	176.2	171.8	443.0	235.8	*1,026.9*
Transfers to stage 1	39.7	-32.8	-6.9	0.0	***0.0***
Transfers to stage 2	-11.7	22.5	-10.8	0.0	***0.0***
Transfers to stage 3	-2.6	-10.2	12.7	0.0	***0.0***
Impairments during the financial year as a consequence of changes in credit risk	-31.4	141.3	99.5	132.9	***342.4***
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	-4.2	-4.2	-0.2	0.0	***-8.6***
Impairments on new exposures	50.8	19.0	42.3	0.0	***112.1***
Reversed impairments on redeemed exposures	-27.9	-26.3	11.0	-33.3	***-76.5***
Interest adjustment	0.0	0.0	22.9	0.0	***22.9***
Ascertained losses covered by previous impairments	0.0	0.0	-72.4	0.0	***-72.4***
Total impairments carried forward	***189.0***	***281.3***	***541.1***	***335.4***	***1,346.7***
Impairment account for loans and other receivables at amortised cost in 2021					
Total impairments brought forward	153.3	169.4	499.9	15.7	***838.3***
Transfers to stage 1	62.9	-49.3	-13.6	0.0	***0.0***
Transfers to stage 2	-6.2	11.8	-5.6	0.0	***0.0***
Transfers to stage 3	-0.6	-18.0	18.6	0.0	***0.0***
Impairments during the financial year as a consequence of changes in credit risk	-13.6	99.1	38.0	220.1	***343.6***
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	-14.3	-10.4	2.0	0.0	***-22.7***
Impairments on new exposures	31.5	9.9	26.6	0.0	***68.0***
Reversed impairments on redeemed exposures	-36.8	-40.6	-40.2	0.0	***-117.6***
Interest adjustment	0.0	0.0	9.1	0.0	***9.1***
Ascertained losses covered by previous impairments	0.0	0.0	-91.8	0.0	***-91.8***
Total impairments carried forward	***176.2***	***171.8***	***443.0***	***235.8***	***1,026.9***

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Total provisions** DKK mill.
Provision account for guarantees in 2022					
Total provisions brought forward	8.6	1.3	13.7	12.6	***36.2***
Transfers to stage 1	0.7	-0.2	-0.5	0.0	***0.0***
Transfers to stage 2	-0.3	0.4	-0.1	0.0	***0.0***
Transfers to stage 3	0.0	-0.1	0.1	0.0	***0.0***
Provisions during the financial year as a consequence of changes in credit risk	0.6	1.0	-2.8	1.8	***0.7***
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-0.1	-0.1	0.0	0.0	***-0.2***
Provisions for new exposures	4.6	0.5	0.8	0.0	***6.0***
Reversed provisions for redeemed exposures	-1.5	-0.4	-2.3	-5.3	***-9.6***
Total provisions carried forward	***12.6***	***2.4***	***8.9***	***9.1***	***33.0***
Provision account for guarantees in 2021					
Total provisions brought forward	7.2	1.0	14.3	0.0	***22.5***
Provisions in connection with acquisition of subsidiary, see note 47	12.6	0.0	0.0	17.7	***30.3***
Transfers to stage 1	1.9	-0.3	-1.6	0.0	***0.0***
Transfers to stage 2	-0.6	1.1	-0.5	0.0	***0.0***
Transfers to stage 3	-5.0	-0.1	5.0	0.0	***0.0***
Provisions during the financial year as a consequence of changes in credit risk	-5.5	-0.6	-0.6	-5.1	***-11.8***
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-2.2	0.3	0.0	0.0	***-1.9***
Provisions for new exposures	5.5	0.2	1.7	0.0	***7.5***
Reversed provisions for redeemed exposures	-5.4	-0.4	-4.7	0.0	***-10.4***
Total provisions carried forward	***8.6***	***1.3***	***13.7***	***12.6***	***36.2***

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Total provisions** DKK mill.
Provision account for unutilised credit lines and commitments in 2022					
Total provisions brought forward	31.8	19.6	27.7	140.0	***219.1***
Transfers to stage 1	8.1	-6.2	-1.9	0.0	***0.0***
Transfers to stage 2	-1.6	4.3	-2.7	0.0	***0.0***
Transfers to stage 3	-0.3	-0.5	0.8	0.0	***0.0***
Provisions during the financial year as a consequence of changes in credit risk	-7.4	3.1	6.9	-4.4	***-1.8***
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-9.0	-3.6	0.0	0.0	***-12.5***
Provisions for new exposures	4.9	1.4	1.4	0.0	***7.7***
Reversed provisions for redeemed exposures	-3.5	-2.5	-3.0	-45.7	***-54.8***
Total provisions carried forward	***23.0***	***15.7***	***29.0***	***89.9***	***157.7***

Provision account for unutilised credit lines and commitments in 2021					
Total provisions brought forward	34.9	8.5	25.7	0.0	***69.1***
Provisions in connection with acquisition of subsidiary, see note 47	12.5	0.0	0.0	34.8	***47.3***
Transfers to stage 1	4.3	-3.5	-0.8	0.0	***0.0***
Transfers to stage 2	-5.8	9.3	-3.5	0.0	***0.0***
Transfers to stage 3	-0.2	-0.8	1.0	0.0	***0.0***
Provisions during the financial year as a consequence of changes in credit risk	-14.0	-1.3	10.0	105.2	***99.9***
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	1.1	4.9	0.0	0.0	***6.0***
Provisions for new exposures	5.4	3.2	0.2	0.0	***8.8***
Reversed provisions for redeemed exposures	-6.4	-0.7	-4.9	0.0	***-12.0***
Total provisions carried forward	***31.8***	***19.6***	***27.7***	***140.0***	***219.1***

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

The Group's allowance account increased by DKK 257.4 mill. in 2022. This development is largely driven by new impairments on exposures in Vestjysk Bank A/S and impairment charges on new exposures, including the portfolio acquired from Swedbank.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank				
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Total impairments** DKK mill.
Impairment account for receivables from credit institutions and central banks in 2022					
Total impairments brought forward	0.2	0.0	8.0	0.0	***8.2***
Impairments during the financial year as a consequence of changes in credit risk	0.7	0.2	0.0	0.0	***0.9***
Impairments on new exposures	1.4	0.0	0.0	0.0	***1.4***
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	0.0	***-0.1***
Total impairments carried forward	***2.2***	***0.2***	***8.0***	***0.0***	***10.4***
Impairment account for receivables from credit institutions and central banks in 2021					
Total impairments brought forward	2.5	0.0	8.0	0.0	***10.5***
Transfers to stage 2	-0.1	0.1	0.0	0.0	***0.0***
Impairments during the financial year as a consequence of changes in credit risk	-2.2	0.0	0.0	0.0	***-2.3***
Impairments on new exposures	0.1	0.0	0.0	0.0	***0.1***
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	0.0	***-0.1***
Total impairments carried forward	***0.2***	***0.0***	***8.0***	***0.0***	***8.2***

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Total impairments DKK mill.
Impairment account for loans and other receivables at amortised cost in 2022					
Total impairments brought forward	101.9	60.5	366.3	0.0	*528.7*
Transfers to stage 1	22.6	-16.9	-5.7	0.0	*0.0*
Transfers to stage 2	-6.5	15.6	-9.1	0.0	*0.0*
Transfers to stage 3	-1.5	-4.6	6.0	0.0	*0.0*
Impairments during the financial year as a consequence of changes in credit risk	-5.6	5.5	-0.2	0.0	*-0.2*
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	-4.2	-4.2	-0.2	0.0	*-8.6*
Impairments on new exposures	31.3	7.1	14.9	0.0	*53.3*
Reversed impairments on redeemed exposures	-14.8	-7.5	-36.5	0.0	*-58.7*
Interest adjustment	0.0	0.0	8.5	0.0	*8.5*
Ascertained losses covered by previous impairments	0.0	0.0	-16.5	0.0	*-16.5*
Total impairments carried forward	*123.3*	*55.6*	*327.6*	*0.0*	*506.5*
Impairment account for loans and other receivables at amortised cost in 2021					
Total impairments brought forward	144.4	165.2	489.0	15.7	*814.4*
Transfers to stage 1	61.3	-48.2	-13.0	0.0	*0.0*
Transfers to stage 2	-5.8	11.0	-5.2	0.0	*0.0*
Transfers to stage 3	-0.5	-17.9	18.4	0.0	*0.0*
Impairments during the financial year as a consequence of changes in credit risk	-73.0	-6.4	-28.5	-15.7	*-123.6*
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	-14.3	-10.4	2.0	0.0	*-22.7*
Impairments on new exposures	26.6	7.8	23.6	0.0	*58.0*
Reversed impairments on redeemed exposures	-36.8	-40.6	-40.2	0.0	*-117.6*
Interest adjustment	0.0	0.0	9.1	0.0	*9.1*
Ascertained losses covered by previous impairments	0.0	0.0	-88.8	0.0	*-88.8*
Total impairments carried forward	*101.9*	*60.5*	*366.3*	*0.0*	*528.7*

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank			
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Total provisions** DKK mill.
Provision account for guarantees in 2022				
Total provisions brought forward	7.3	0.8	6.8	*14.9*
Transfers to stage 1	0.6	-0.1	-0.5	*0.0*
Transfers to stage 2	-0.2	0.3	-0.1	*0.0*
Provisions during the financial year as a consequence of changes in credit risk	-3.8	0.3	-1.1	*-4.7*
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-0.1	-0.1	0.0	*-0.2*
Provisions for new exposures	0.4	0.4	0.8	*1.6*
Reversed provisions for redeemed exposures	-1.0	-0.2	-1.4	*-2.6*
Total provisions carried forward	***3.2***	***1.3***	***4.4***	***8.9***
Provision account for guarantees in 2021				
Total provisions brought forward	7.2	1.0	14.3	*22.5*
Transfers to stage 1	1.9	-0.3	-1.6	*0.0*
Transfers to stage 2	0.0	0.6	-0.5	*0.0*
Transfers to stage 3	0.0	-0.1	0.1	*0.0*
Provisions during the financial year as a consequence of changes in credit risk	0.3	-0.6	-2.5	*-2.8*
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-2.2	0.3	0.0	*-1.9*
Provisions for new exposures	5.5	0.2	1.7	*7.5*
Reversed provisions for redeemed exposures	-5.4	-0.4	-4.7	*-10.4*
Total provisions carried forward	***7.3***	***0.8***	***6.8***	***14.9***

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank			
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Total provisions** DKK mill.
Provision account for unutilised credit lines and commitments in 2022				
Total provisions brought forward	24.4	13.2	24.3	***61.8***
Transfers to stage 1	6.5	-4.6	-1.9	***0.0***
Transfers to stage 2	-1.1	3.7	-2.6	***0.0***
Transfers to stage 3	-0.2	-0.2	0.4	***0.0***
Provisions during the financial year as a consequence of changes in credit risk	-6.6	4.3	-2.5	***-4.7***
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-9.0	-3.6	0.0	***-12.5***
Provisions for new exposures	2.4	0.4	0.3	***3.1***
Reversed provisions for redeemed exposures	-2.5	-1.5	-1.7	***-5.8***
Total provisions carried forward	***13.9***	***11.7***	***16.2***	***41.9***
Provision account for unutilised credit lines and commitments in 2021				
Total provisions brought forward	33.0	6.7	25.7	***65.4***
Transfers to stage 1	3.8	-3.0	-0.8	***0.0***
Transfers to stage 2	-2.5	6.0	-3.5	***0.0***
Transfers to stage 3	-0.1	-0.7	0.8	***0.0***
Provisions during the financial year as a consequence of changes in credit risk	-9.8	-3.0	6.8	***-6.0***
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	1.1	4.9	0.0	***6.0***
Provisions for new exposures	5.2	2.9	0.2	***8.4***
Reversed provisions for redeemed exposures	-6.4	-0.7	-4.9	***-12.0***
Total provisions carried forward	***24.4***	***13.2***	***24.3***	***61.8***

The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.

The reduction in the Bank's allowance account is primarily attributable to healthy developments in the lending and guarantee portfolios and changes in the impairment model for individual segments which alone accounts for DKK 21.4 mill.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
11	Tax				
	Tax for the year may be broken down as follows:				
	Tax on profit for the year	-113.5	-49.4	-46.0	-143.5
	Tax on other comprehensive income	-36.9	-14.4	-36.9	-14.4
	Total tax	***-150.5***	***-63.8***	***-82.9***	***-157.9***
	Tax on profit for the year is calculated thus:				
	Current tax for the year	-73.5	-172.7	-58.5	-133.2
	Adjustment of deferred tax for the year	-61.9	134.7	4.6	-7.0
	Effect of change in tax rate	-3.2	0.0	9.1	0.0
	Adjustment of current tax concerning previous years	25.1	-4.0	-1.1	-3.3
	Adjustment of deferred tax concerning previous years	0.0	-7.4	0.0	0.0
	Total tax on profit for the year	***-113.5***	***-49.4***	***-46.0***	***-143.5***
	Tax on profit for the year can be explained thus:				
	Calculated tax on profit before tax for the year at 22%	-198.6	-303.2	-149.4	-297.9
	Tax base of income not subject to tax	10.6	154.0	101.0	150.1
	Tax base of non-deductible expenses	-46.4	-15.2	-5.4	-9.3
	Tax base of profit/loss in associated companies	-0.1	16.9	-0.1	16.9
	Tax base of losses brought forward in Vestjysk Bank A/S	99.2	109.5	0.0	0.0
	Effect of change in tax rate	-3.2	0.0	9.1	0.0
	Adjustment of current tax concerning previous years	25.1	-4.0	-1.1	-3.3
	Adjustment of deferred tax concerning previous years	0.0	-7.4	0.0	0.0
	Total tax on profit for the year	***-113.5***	***-49.4***	***-46.0***	***-143.5***
	Effective tax rate	12.6	3.6	6.8	10.6

The effective tax rates are particularly affected by losses brought forward in Vestjysk Bank A/S and tax-free capital gains. The effect of the change in tax rate is related to deferred tax and is caused by phasing-in the new financial transactions tax. In practice, tax on banks will increase from 22% in 2022 to 25.2% in 2023 and 26% in 2024 and onwards.

	Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
Tax on other comprehensive income is calculated as follows:				
Adjustment of deferred tax for the year	-36.9	-14.4	-36.9	-14.4
Total tax on other comprehensive income	***-36.9***	***-14.4***	***-36.9***	***-14.4***

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
12	Earnings per share				
	Arbejdernes Landsbank's shareholders' share of the profit for the year	*597.7*	*1,179.0*	*597.7*	*1,179.0*
	Average number of shares issued, see note 32	2,100,000,000	1,260,120,000	2,100,000,000	1,260,120,000
	Average number of own shares, see note 33	-6,337,458	-3,898,028	-6,337,458	-3,898,028
	Average number of shares in issue	*2,093,662,542*	*1,256,221,972*	*2,093,662,542*	*1,256,221,972*
	Earnings per share (DKK)	0.29	0.94	0.29	0.94
	Diluted earnings per share (DKK) *)	0.29	0.94	0.29	0.94

The issued share capital is divided into shares of nominally DKK 1. The Bank only has one class of shares.

The earnings per share for the year is calculated as though the Additional Tier 1 capital is treated as a liability whereby the financial ratio is calculated on the basis of the shareholders' share of the profit/loss and equity.

*) There are no outstanding share options which may potentially dilute the earnings per share in the future.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
13	Receivables from credit institutions and central banks				
	Receivables from credit institutions	527.8	678.0	1,632.6	788.5
	Total receivables from credit institutions and central banks	*527.8*	*678.0*	*1,632.6*	*788.5*
	Broken down by remaining term:				
	On demand	295.9	678.0	130.7	498.5
	Up to nd including 5 years	231.9	0.0	231.9	0.0
	More than 1 year and up to and including 5 years	0.0	0.0	890.0	290.0
	Over 5 years	0.0	0.0	380.0	0.0
	Total receivables from credit institutions and central banks	*527.8*	*678.0*	*1,632.6*	*788.5*
	Of which, reverse transactions represent	50.4	0.0	50.4	0.0
14	Loans and other receivables at amortised cost				
	Lending contracts with access to variable utilisation	11,586.0	10,229.4	9,811.7	7,790.9
	Receivables from finance leases	2,288.7	1,967.0	10.4	10.2
	Mortgage deeds	1,306.8	1,118.9	1,304.9	1,107.6
	Other loans and receivables	28,928.9	28,643.0	16,318.3	16,164.7
	Total loans and other receivables at amortised cost	*44,110.4*	*41,958.3*	*27,445.2*	*25,073.3*
	Broken down by remaining term:				
	On demand	5,544.5	2,923.7	120.7	195.5
	Up to and including 3 months	3,367.4	5,614.5	705.3	591.7
	More than 3 months and up to and including 1 year	5,047.4	5,527.6	8,269.6	7,809.7
	More than 1 year and up to and including 5 years	11,937.2	11,897.1	5,427.8	4,760.1
	Over 5 years	18,213.9	15,995.4	12,921.8	11,716.3
	Total loans and other receivables at amortised cost	*44,110.4*	*41,958.3*	*27,445.2*	*25,073.3*

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
14	Loans and other receivables at amortised cost (continued)				
	Loans and guarantees broken down by sectors and industries				
	Public authorities	69.6	4.2	69.1	4.2
	Business				
	Agriculture, hunting, forestry and fisheries	3,460.1	3,843.4	1.1	1.2
	Industry and extraction of raw materials	1,376.7	1,250.3	168.1	196.4
	Energy supply	608.2	835.4	39.2	7.5
	Building and construction	1,441.0	1,418.6	562.3	178.1
	Trade	3,909.7	3,183.4	719.8	565.1
	Transport, hotels and restaurants	816.5	838.1	100.4	122.6
	Information and communication	131.9	112.5	41.2	20.0
	Financing and insurance	2,275.0	2,230.8	8,392.9	7,327.3
	Real property	4,108.5	3,300.6	1,224.5	883.2
	Other business	3,867.2	3,216.3	1,965.0	1,691.1
	Total business	***21,994.7***	***20,229.2***	***13,214.5***	***10,992.5***
	Private	35,170.8	39,883.5	19,926.1	22,231.9
	Total loans and guarantees	***57,235.1***	***60,117.0***	***33,209.7***	***33,228.6***
15	Bonds at fair value				
	Government bonds	2,552.3	2,083.8	2,117.1	1,672.2
	Mortgage-credit bonds	23,468.8	22,845.4	14,442.0	13,910.7
	Other bonds	2,568.9	3,187.1	2,598.9	3,217.0
	Total bonds at fair value	***28,590.0***	***28,116.2***	***19,158.0***	***18,800.0***
16	Equity investments in associated companies				
	Cost brought forward	123.0	878.8	13.8	878.8
	Additions	2.8	316.9	2.8	316.9
	Reclassification to group companies	0.0	-1,182.0	0.0	-1,182.0
	Additions on acquisition of subsidiary, see note 47	0.0	109.2	0.0	0.0
	Disposals	-2.0	0.0	0.0	0.0
	Cost carried forward	***123.8***	***123.0***	***16.5***	***13.8***
	Revaluations and impairments brought forward	18.6	121.6	0.0	121.6
	Results	3.8	244.9	-0.5	226.2
	Adjustment as a result of transition to group companies	0.0	-149.5	0.0	-149.5
	Other changes in equity	0.0	0.4	0.0	0.4
	Reclassification to group companies	0.0	-198.7	0.0	-198.7
	Revaluations and impairments carried forward	***22.4***	***18.6***	***-0.5***	***0.0***
	Carrying amount carried forward	***146.2***	***141.6***	***16.1***	***13.8***

See note 48 for specified information regarding associated companies.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
17	Equity investments in group companies				
	Cost brought forward			3,099.5	5.6
	Reclassification from associated companies			0.0	1,380.7
	Additions			0.0	1,713.2
	Cost carried forward			*3,099.5*	*3,099.5*
	Revaluations and impairments brought forward			948.7	315.0
	Results			423.7	302.6
	Other changes in equity			0.2	331.0
	Revaluations and impairments carried forward			*1,372.5*	*948.7*
	Carrying amount carried forward			*4,472.1*	*4,048.2*
	See note 48 for specified information regarding consolidated subsidiaries.				
18	Assets linked to pooled schemes				
	Cash	0.0	706.7	0.0	706.7
	Bonds	0.0	1,824.8	0.0	1,824.8
	Investment units	15,187.8	14,116.6	7,279.2	4,893.3
	Other equity investments	0.0	868.5	0.0	868.5
	Total assets linked to pooled schemes	*15,187.8*	*17,516.6*	*7,279.2*	*8,293.3*
19	Intangible assets				
	Customer relations	201.3	238.2	0.0	0.0
	Other intangible assets	14.8	11.7	0.0	0.0
	Total intangible assets	*216.1*	*249.9*	*0.0*	*0.0*
	Customer relations				
	Cost brought forward	260.0	0.0	0.0	0.0
	Additions on acquisition of subsidiary, see note 47	0.0	260.0	0.0	0.0
	Cost carried forward	*260.0*	*260.0*	*0.0*	*0.0*
	Amortisation and impairments brought forward	21.8	0.0	0.0	0.0
	Depreciation	36.9	21.8	0.0	0.0
	Amortisation and impairments carried forward	*58.7*	*21.8*	*0.0*	*0.0*
	Carrying amount carried forward	*201.3*	*238.2*	*0.0*	*0.0*
	Other intangible assets				
	Cost brought forward	91.0	85.1	0.0	0.0
	Additions	9.5	6.0	0.0	0.0
	Cost carried forward	*100.5*	*91.0*	*0.0*	*0.0*
	Amortisation and impairments brought forward	79.3	69.6	0.0	0.0
	Depreciation	6.4	9.7	0.0	0.0
	Amortisation and impairments carried forward	*85.7*	*79.3*	*0.0*	*0.0*
	Carrying amount carried forward	*14.8*	*11.7*	*0.0*	*0.0*

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
20	**Land and buildings**				
	Investment properties	159.7	242.7	146.3	39.2
	Owner-occupied properties	1,699.9	1,463.8	1,140.5	1,189.0
	Right-of-use assets	233.2	255.6	152.0	180.3
	Total land and buildings	***2,092.7***	***1,962.1***	***1,438.8***	***1,408.4***

In addition to owner-occupied properties, the Group and Bank have also recognised rented owner-occupied properties (right-of-use assets). See notes 1 and 45 for further information regarding capitalised leases.

	Group 2022	Group 2021	Bank 2022	Bank 2021
Investment properties				
Fair value brought forward	242.7	63.3	39.2	36.6
Additions on acquisition of subsidiary, see note 47	0.0	80.8	0.0	0.0
Additions	0.0	144.4	0.0	0.0
Transfer from owner-occupied properties	105.9	0.0	105.9	0.0
Disposals	-17.8	-49.6	0.0	0.0
Transfer to owner-occupied properties	-171.4	0.0	0.0	0.0
Value adjustments	0.3	3.7	1.2	2.5
Fair value carried forward	***159.7***	***242.7***	***146.3***	***39.2***
Rental income	5.7	5.3	4.0	2.2
Operating expenses for rented-out areas	-0.4	-1.4	-0.2	-1.1

Investment properties are measured at fair value based on non-observable input (level 3 in the fair value hierarchy). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 3.5–10.0% (2021: 4.0-10.0%) determined on the basis of the interest-rate level and the location of the property. All else being equal, an increase in the Group's required rate of return of 0.5 percentage points would reduce the fair value by approximately DKK 33.1 mill. (2021: DKK 6.1 mill.). The valuation of selected investment properties was carried out by an independent assessor in 2022.

	Group 2022	Group 2021	Bank 2022	Bank 2021
Owner-occupied properties				
Revalued amount brought forward	1,463.8	1,115.8	1,189.0	1,115.8
Additions on acquisition of subsidiary, see note 47	0.0	337.9	0.0	0.0
Additions	152.2	0.3	0.0	0.0
Transfer from investment properties	171.4	0.0	0.0	0.0
Improvements	6.6	0.0	6.6	0.0
Disposals	-52.1	-49.0	-18.8	0.0
Transfers to investment properties	-105.9	0.0	-105.9	0.0
Depreciation	-11.4	-11.1	-7.8	-7.6
Value adjustments recognised in the income statement	-12.0	-18.2	-6.5	-8.5
Value adjustments recognised in other comprehensive income	87.3	88.0	83.8	89.3
Revalued amount carried forward	***1,699.9***	***1,463.8***	***1,140.5***	***1,189.0***

Owner-occupied properties are measured at their revalued amount based on non-observable input (level 3 in the fair value hierarchy). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 3.2-9.0% (2021: 3.2-10.0%) determined on the basis of the interest-rate level and the location of the property. All else being equal, an increase in the Group's required rate of return of 0.5 percentage points would reduce the fair value by approximately DKK 131.4 mill. (2021: DKK 151.0 mill.). The valuation of selected owner-occupied properties was carried out by an independent assessor in 2022.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
21	Other property, plant and equipment				
	Rental cars	53.1	64.8	0.0	0.0
	Other property, plant and equipment	100.1	122.1	88.4	108.1
	Other property, plant and equipment, total	*153.2*	*186.9*	*88.4*	*108.1*
	Rental cars				
	Cost brought forward	99.2	124.1	0.0	0.0
	Additions and improvements	25.1	31.5	0.0	0.0
	Disposals	-41.1	-56.4	0.0	0.0
	Cost carried forward	*83.2*	*99.2*	*0.0*	*0.0*
	Amortisation and impairments brought forward	34.4	43.7	0.0	0.0
	Disposals	-23.5	-31.6	0.0	0.0
	Depreciation	19.1	22.4	0.0	0.0
	Impairments	0.1	-0.1	0.0	0.0
	Amortisation and impairments carried forward	*30.1*	*34.4*	*0.0*	*0.0*
	Carrying amount carried forward	*53.1*	*64.8*	*0.0*	*0.0*
	Other property, plant and equipment				
	Cost brought forward	250.5	226.4	231.4	217.7
	Additions on acquisition of subsidiary, see note 47	0.0	5.5	0.0	0.0
	Additions and improvements	29.0	27.7	24.1	18.7
	Disposals	-13.8	-9.2	-8.0	-5.0
	Cost carried forward	*265.6*	*250.5*	*247.5*	*231.4*
	Amortisation and impairments brought forward	128.3	92.2	123.3	87.2
	Disposals	-8.9	-7.5	-4.9	-3.9
	Depreciation	46.1	43.6	40.8	39.9
	Amortisation and impairments carried forward	*165.5*	*128.3*	*159.2*	*123.3*
	Carrying amount carried forward	*100.1*	*122.1*	*88.4*	*108.1*
22	Deferred tax assets and tax liabilities				
	Deferred tax brought forward	272.8	-15.3	-63.2	-41.7
	Adjustment of deferred tax brought forward	0.0	7.4	0.0	0.0
	Additions on acquisition of subsidiary, see note 47	0.0	167.9	0.0	0.0
	Deferred tax included in the profit or loss for the year	-65.1	127.3	13.7	-7.0
	Deferred tax included in other comprehensive income	-36.9	-14.4	-36.9	-14.4
	Deferred tax carried forward	*170.8*	*272.8*	*-86.5*	*-63.2*
	Deferred tax concerns:				
	Loans	70.0	66.1	21.6	18.7
	Intangible assets and property, plant and equipment	-127.9	-94.8	-119.4	-88.0
	Employee obligations	11.2	7.0	7.6	2.7
	Other balance sheet items	-113.1	4.9	3.7	3.4
	Tax losses	330.5	289.6	0.0	0.0
	Deferred tax carried forward	*170.7*	*272.8*	*-86.5*	*-63.2*

The Group's deferred tax asset is primarily related to tax losses allowed for carryforward in Vestjysk Bank A/S which have been fully included by DKK 330.5 mill. (2021: DKK 289.6 mill.). The loss has been recognised at the current corporation tax rate of 22%.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
23	Assets held temporarily				
	Unlisted shares	0.0	195.6	0.0	195.6
	Properties	50.4	51.0	1.1	2.4
	Total assets held temporarily	*50.4*	*246.6*	*1.1*	*198.0*

Assets held temporarily primarily consist of former owner-occupied properties for sale which are included when the Group expects them to be sold within 12 months. Last year, investment association certificates were included under assets held temporarily as a consequence of a change of asset managers for the pooled schemes.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
24	Other assets				
	Positive fair value of derivative financial instruments and spot transactions	391.3	151.8	338.4	73.8
	Interest and commissions receivable	168.4	122.0	145.7	108.4
	Capital contribution in BEC Financial Technologies a.m.b.a.	911.0	691.3	481.6	399.1
	Other assets	583.3	711.4	311.3	349.8
	Total other assets	*2,054.1*	*1,676.5*	*1,277.0*	*931.1*
25	Debt to credit institutions and central banks				
	Central bank debt	0.1	0.0	0.1	0.0
	Debt to credit institutions	715.8	380.8	719.1	375.7
	Total debt to credit institutions and central banks	*715.9*	*380.8*	*719.2*	*375.7*
	Broken down by remaining term:				
	On demand	440.0	347.1	443.3	342.3
	Up to and including 3 months	275.9	33.4	275.9	33.4
	Over 5 years	0.0	0.3	0.0	0.0
	Total debt to credit institutions and central banks	*715.9*	*380.8*	*719.2*	*375.7*
26	Deposits and other debt				
	On demand	68,852.9	67,813.8	45,487.2	43,384.9
	Amounts with notice period	857.8	845.8	770.9	843.7
	Time deposits	91.6	58.8	40.0	0.0
	Special types of deposit	3,105.4	3,001.6	1,572.6	1,409.5
	Total deposits and other debt	*72,907.7*	*71,720.0*	*47,870.7*	*45,638.0*
	Broken down by remaining term:				
	On demand	70,108.0	68,906.6	45,820.0	43,621.1
	Up to and including 3 months	696.4	816.0	682.7	755.5
	More than 3 months and up to and including 1 year	181.8	326.5	85.4	76.7
	More than 1 year and up to and including 5 years	674.0	449.6	442.1	402.3
	Over 5 years	1,247.6	1,221.3	840.4	782.4
	Total deposits and other debt	*72,907.7*	*71,720.0*	*47,870.7*	*45,638.0*

Note					Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
27	Issued bonds at amortised cost							
	Currency	Nom. in mill.	Interest rate	Maturity				
	DKK	30.0	3.000%	27.09.2024 *)	30.0	29.9	0.0	0.0
	DKK	140.0	CIBOR-6M + 1.75%	11.03.2025 **)	139.8	139.6	0.0	0.0
	SEK	700.0	STIBOR-3M + 3.00%	09.12.2025 ***)	466.7	0.0	466.7	0.0
	DKK	500.0	CIBOR-3M + 2.25%	09.05.2026 ****)	498.5	0.0	498.5	0.0
	DKK	180.0	2.0350%	18.06.2026 *****)	179.2	178.8	0.0	0.0
	DKK	1,000.0	CIBOR-3M + 2.00%	16.09.2027 ******)	996.9	0.0	996.9	0.0
	Total issued bonds at amortised cost				*2.311,0*	*348,4*	*1.962,1*	*0,0*
	Broken down by remaining term:							
	More than 1 year and up to and including 5 years				2,311.0	348.4	1,962.1	0.0
	Total issued bonds at amortised cost				*2,311.0*	*348.4*	*1,962.1*	*0.0*
	Of which recognised in the MREL basis				1,962.1	0.0	1,962.1	0.0

*) Can be redeemed before maturity from 27 September 2023.
**) Can be redeemed before maturity from 11 March 2024.
***) Can be redeemed before maturity from 9 December 2024.
****) Can be redeemed before maturity from 9 May 2025.
*****) Can be redeemed before maturity from 18 June 2025.
******) Can be redeemed before maturity from 16 September 2026.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
28	Other equity and liabilities				
	Negative fair value of derivative financial instruments and spot transactions	68.7	299.2	21.9	217.7
	Interest and commissions due	24.4	19.7	15.4	4.8
	Lease commitments	248.1	279.1	166.8	193.7
	Other equity and liabilities	2,551.4	3,087.1	1,437.4	2,051.9
	Total other liabilities	*2,892.7*	*3,685.1*	*1,641.5*	*2,468.1*

See notes 1 and 45 for further information regarding lease commitments.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
29	Guarantee loss provisions				
	Provisions brought forward	36.2	22.5	14.9	22.5
	Provided for in connection with acquisition of subsidiary, see note 47	0.0	30.3	0.0	0.0
	Provisions made during the year	17.2	15.3	3.5	11.2
	Reversal of unutilised provisions	-20.4	-32.0	-9.5	-18.8
	Provisions carried forward	*33.0*	*36.2*	*8.9*	*14.9*

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
30	Other provisions				
	Provisions brought forward	228.5	87.9	70.5	83.6
	Provided for in connection with acquisition of subsidiary, see note 47	0.0	47.6	0.0	0.0
	Provisions made during the year	109.1	198.3	32.9	43.4
	Applied during the year	-1.7	-4.0	-1.6	-3.9
	Reversal of unutilised provisions	-167.2	-101.3	-49.5	-52.5
	Provisions carried forward	*168.7*	*228.5*	*52.3*	*70.5*

Other provisions in the Group primarily concern provisions for losses on unutilised credit lines and commitments of DKK 157.7 mill. (2021: DKK 219.1 mill.), see note 10, and provisions for anniversary bonuses of DKK 5.2 mill. (2021: DKK 5.2 mill.).

Note	Currency	Nom. in mill.	Interest rate	Maturity	Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
31	Subordinated debt							
	DKK	225.0	6.5000%	16.08.2027 *)	0.0	224.6	0.0	0.0
	DKK	250.0	CIBOR-6M + 5.50%	26.06.2028 **)	249.6	248.8	0.0	0.0
	DKK	125.0	3.7500%	28.08.2029 ***)	124.6	124.3	0.0	0.0
	DKK	900.0	CIBOR-6M + 3.50%	21.05.2031 ****)	900.0	900.0	900.0	900.0
	Total Tier 2 capital				*1,274.2*	*1,497.7*	*900.0*	*900.0*
	Of these included in own funds, see note 35.				1,274.2	1,497.7	900.0	900.0

*) Was redeemed on 16 August 2022.
**) Can be redeemed before maturity from 26 June 2023.
***) Can be redeemed before maturity from 28 August 2024.
****) Can be redeemed before maturity from 21 May 2026.

Note		2022 shares	2021 shares	2022 DKK mill.	2021 DKK mill.
32	**Share capital**				
	Issued at the beginning of the year	2,100,000,000	300,000	2,100.0	300.0
	Change in nom. denomination from DKK 1,000 to DKK 1	0	299,700,000	0.0	0.0
	Share issue	0	1,800,000,000	0.0	1,800.0
	Issued at the end of the year	***2,100,000,000***	***2,100,000,000***	***2,100.0***	***2,100.0***

The share capital is composed of 2,100,000,000 shares of nominally DKK 1 each. The share capital is fully paid up. No shares carry special rights.

There are restrictions on the negotiability of the shares as the transfer of the right to a share may only be effected with the consent of the Board of Directors and at no more than par value.

Major shareholders

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

- Fagbevægelsens Hovedorganisation, Islands Brygge 32D, 2300 Copenhagen S, Denmark, 7.05%
- HK/Danmark, Weidekampsgade 8, 2300 Copenhagen S, Denmark, 10.01%
- Fødevareforbundet NNF, Molestien 7, 2450 Copenhagen SV, Denmark,11.57%
- Danish Metal Workers' Union, Molestien 7, 2450 Copenhagen SV, Denmark, 19.82%
- Fagligt Fælles Forbund – 3F, Kampmannsgade 4, 1604 Copenhagen V, Denmark, 32.98%

Note		2022 shares	2021 shares	2022 DKK mill.	2021 DKK mill.
33	**Own shares**				
	Holding at the beginning of the year	5,933,368	7,417	5.9	7.4
	Change in nom. denomination from DKK 1,000 to DKK 1	0	7,409,583	0.0	0.0
	Purchase	2,872,549	1,140,803	2.9	1.1
	Sale	-2,064,369	-2,624,435	-2.1	-2.6
	Holding at the end of the year	***6,741,548***	***5,933,368***	***6.7***	***5.9***

Pursuant to a resolution passed at the general meeting on 12 March 2018, the Bank may acquire own shares up to a maximum of nom. DKK 10.0 mill., corresponding to 0.5%of the share capital up to and including 12 March 2023. This authority is expected to be extended by a further five years at the general meeting on 13 March 2023.

As at 31 December 2022, the holding of own shares amounted to nominally DKK 6.7 mill. (2021: DKK 5.9 mill.), corresponding to 0.3% (2021: 0.3%) of the share capital.

The Bank primarily acquired the shares in 2018 as part of the agreement on divestment of the Bank's shares in ALKA Forsikring.

34 Dividend

A dividend of DKK 210.0 mill. (2021: DKK 525.0 mill.) is proposed, corresponding to DKK 0.10 per share. (2021: DKK 0.25).

On 15 March 2022, the Bank distributed ordinary dividends to shareholders of DKK 525.0 mill. (2021: DKK 0.0 mill.), corresponding to DKK 0.25 per share. (2021: DKK 0.00).

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
35	Own funds				
	Transformation from equity to own funds				
	Equity	12,348.2	11,852.9	10,671.1	10,155.2
	Minority interests not included	-492.0	-649.8	0.0	0.0
	Additional Tier 1 capital, including interest payable	-990.0	-754.5	-838.2	-442.8
	Proposed dividend	-247.1	-525.0	-210.0	-525.0
	Intangible assets	-216.1	-249.9	0.0	0.0
	Deferred tax assets	-149.7	-289.6	0.0	0.0
	Deduction for own shares in customers' safety deposit	-1.1	0.0	-0.1	0.0
	Deduction for prudent valuation	-31.8	-31.2	-20.5	-20.3
	Deduction of non-performing exposures	-263.3	-87.8	-34.7	-5.3
	Capital instruments in financial entities	-253.6	-18.9	0.0	0.0
	Common Equity Tier 1 capital	***9,703.4***	***9,246.1***	***9,567.6***	***9,161.8***
	Additional Tier 1 capital	954.7	729.7	809.0	429.0
	Minority interests not included	17.0	-50.3	0.0	0.0
	Tier 1 capital	***10,675.1***	***9,925.5***	***10,376.6***	***9,590.8***
	Tier 2 capital	1,274.2	1,497.7	900.0	900.0
	Minority interests not included	-48.0	-153.1	0.0	0.0
	Capital instruments in financial entities	-29.4	0.0	0.0	0.0
	Own funds	***11,871.9***	***11,270.2***	***11,276.6***	***10,490.8***

Note 36
Capital management

Capital management is based on the EU Capital Requirements Regulation (CRR), which entered into force on 1 January 2014 and has direct legal effect in Denmark.

As part of capital management, the Group has drawn up a capital plan to ensure that the Group has sufficient capital to comply with current legislation and meet its own solvency targets at all times. The legislation concerns:

- Calculation of capital, risk exposures and capital requirements
- Calculation of individual solvency need
- Disclosure requirements

The Group's capital plan has been supplemented by a recovery plan comprising a number of relevant risk and capital indicators for the Group with associated limit values, stress test scenarios and recovery measures to ensure that the Group is able to identify problems in time and implement measures to ensure the viability of the Group. The Group regularly monitors developments in risk indicators.

On 31 May 2021, A/S Arbejdernes Landsbank became the majority shareholder of Vestjysk Bank A/S with an ownership interest of 72.7% of the share capital and voting rights in Vestjysk Bank A/S. Therefore, there is a 27.3% ownership in Vestjysk Bank A/S which belongs to minority shareholders. Furthermore, minority interests in Vestjysk Bank A/S include owners of Additional Tier 1 instruments amounting to DKK 145.7 mill. and Tier 2 instruments amounting to DKK 365.1 mill. Minority shareholders' and other minority interests' share of the capital in Vestjysk Bank A/S may only be recognised in consolidated own funds at an amount corresponding to the minority interests' share of the total capital requirement in Vestjysk Bank A/S.

When determining the Group's capital targets, the Group recognises capital from minority interests corresponding to the minority interests' share of the capital target set for Vestjysk Bank A/S. Due to the restrictions on recognising minority interest capital in consolidated own funds, A/S Arbejdernes Landsbank will continue to be the issuer of all Additional Tier 1 capital and Tier 2 capital in the Group, and to regularly fund Vestjysk Bank A/S according to its capital need.

Senior Non-Preferred (SNP) instruments issued in Vestjysk Bank A/S cannot be recognised in the consolidated MREL basis, and A/S Arbejdernes Landsbank has therefore similarly issued SNP instruments in the Group, and will regularly fund Vestjysk Bank A/S according to its MREL capital need. Based on legal requirements and the limit values for capital indicators set in the recovery plan, the Group has set a capital target covering the solvency need plus the capital conservation buffer and the SIFI buffer, as well as an excess cover of 4.5 percentage points. The target corresponds to the yellow light indicator in the recovery plan and ensures that the Group can continue to absorb future capital requirements in the form of a fully phased-in countercyclical capital buffer.

The target for the Group's capital ratio has been calculated at 18.3%, and 17.8% after deduction for the minority interests' share in Vestjysk Bank A/S. With a capital ratio of 19.8% at the end of 2022, the Group thus has an excess cover of 2.0 percentage points. The Group's capital requirement comprises a the solvency need and the combined capital buffer requirement of 5.4%, which currently consists of the capital conservation buffer of 2.5%, the institution-specific countercyclical capital buffer of 1.9% and a SIFI buffer of 1%.

The Group has set an MREL target corresponding to an excess cover of 2% relative to the MREL requirement. The target corresponds to the yellow light indicator in the Recovery Plan and has been set so as to give the Group one year from breach of the yellow light until the MREL requirement is hit in a hard stress situation.

The long-term capital planning of the Group is based on economic projections taking account of the Group's vision, but under different macro-economic and idiosyncratic stress scenarios and recognising the anticipated effects of future legislation.

Note					Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
37	Additional Tier 1 capital							
	Currency	**Nom. in mill.**	**Interest rate**	**Maturity**				
	DKK	429.0	CIBOR-6M + 7.25%	Indefinite *)	0.0	442.8	0.0	442.8
	DKK	155.0	8.5000%	Indefinite **)	0.0	159.9	0.0	0.0
	DKK	50.0	7.5000%	Indefinite ***)	51.9	51.9	0.0	0.0
	DKK	45.7	5.2500%	Indefinite ****)	47.9	47.9	0.0	0.0
	DKK	50.0	4.7500%	Indefinite *****)	51.9	51.9	0.0	0.0
	DKK	380.0	5.4167% ********)	Indefinite ******)	387.9	0.0	387.9	0.0
	DKK	429.0	3,9735% *********)	Indefinite *******)	450.3	0.0	450.3	0.0
	Total Additional Tier 1 capital				***990.0***	***754.5***	***838.2***	***442.8***
	Of these, included in Tier 1 capital/own funds, see note 35				954.7	729.7	809.0	429.0
	Costs of the issue of Additional Tier 1 capital				0.2	0.0	0.2	0.0

*) Was redeemed on 24 January 2022.
**) Was redeemed on 16 August 2022.
***) Can be redeemed before maturity from 26 June 2023.
****) Can be redeemed before maturity from 25 January 2026.
*****) Can be redeemed before maturity from 12 March 2026.
******) Can be redeemed before maturity from 16 August 2027.
*******) Can be redeemed before maturity from 24 April 2029.
********) The interest rate is fixed until 16 August 2027. After this, the CIBOR-6M rate is + 4.35%
*********) The interest rate is fixed until 24 April 2029. After this, the CIBOR-6M rate is + 3.50%

The issues are covered by Additional Tier 1 capital under the CRR. They have indefinite maturity and payment of interest and repayment of principal is optional; consequently, they are treated as equity in the financial statements.

Note		Group 2022 DKK mill.	Group 2021 DKK mill.	Bank 2022 DKK mill.	Bank 2021 DKK mill.
38	**Contingent liabilities and other binding commitments**				
	Contingent liabilities				
	Financial guarantees	3,191.9	5,494.1	1,592.5	2,650.8
	Guarantees for losses on mortgage-credit loans	5,997.7	7,850.5	2,785.7	3,895.4
	Land registration and conversion guarantees	1,461.8	1,795.8	602.1	734.0
	Collateral for group companies	0.0	0.0	51.1	48.5
	Other contingent liabilities	2,473.3	3,018.4	733.2	826.6
	Total contingent liabilities	*13,124.7*	*18,158.7*	*5,764.5*	*8,155.3*
	Other binding commitments				
	Irrevocable credit commitments less than 1 year	902.5	968.4	0.0	0.0
	Irrevocable credit commitments more than 1 year	118.2	34.6	0.0	0.0
	Other credit commitments less than 1 year	23,277.0	21,697.7	7,980.7	6,264.1
	Unutilised commitments regarding payment of pension contributions	1.0	2.1	1.0	2.1
	Additional binding commitments	1,122.6	234.0	258.5	232.4
	Total other binding commitments	*25,421.2*	*22,936.8*	*8,240.3*	*6,498.6*

Due to its size and scope of business activities, the Group is a party in various legal proceedings and disputes. The cases are regularly assessed and the necessary provisions are made on the basis of an assessment of the risk of losses. Pending legal proceedings are not expected to significantly influence the Group's financial position.

Loans to Totalkredit provided by the Group are 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 Management does not expect this right of set-off to significantly influence the Group's financial position.

The Bank has made an agreement with certain employees giving them the right to retire from the labour market after they turn 60/62 years old. The scheme is a closed one, and the liability is fully hedged by securities which are used to honour liabilities that have fallen due for payment. The scheme is managed by PFA Pension. The sensitivity to a drop of 10% in the value of the securities can be calculated at DKK 3.3 mill. (2021: DKK 4.1 mill.).

Participation in the statutory Guarantee Fund for Depositors and Investors (indskydergarantiordningen) entails that the Group and the Bank may be liable to pay contributions if the Guarantee Fund amounts to less than 0.8% of covered deposits in the Danish banking sector. Currently, the Guarantee Fund amounts to 1.1% (2021: 1.1%).

Participation in the statutory resolution financing scheme means that the sector pays an annual risk-adjusted contribution pursuant to Articles 4-9 of the European Commission Delegated Regulation 63/2015 with a view to establishing a resolution fund of at least 1% of the covered deposits before 31 December 2024. The Group's and the Bank's 2022 contributions totalled DKK 10.4 mill. (2021: DKK 9.8 mill.) and DKK 6.2 mill. (2021: DKK 6.2 mill.), respectively, corresponding to 0.9% (2021: 0.9%) and 0.6% (2021: 0.6%) of the sector's total contribution of DKK 1,123.6 mill. (2021: DKK 1,061.3 mill.).

The Bank is taxed jointly with other Danish subsidiaries in the Group. As a management company, the Bank is jointly and severally liable with the other Group companies for Danish corporation tax and withholding tax on interest, dividends, and royalties within the joint taxation group. Corporation tax receivable at group level amounted to DKK 83.1 mill. as at 31 December 2022 (2021: DKK -73.9 mill.). Any subsequent corrections of jointly taxable income and withholding taxes etc. may result in the Bank being liable for a larger amount.

The Bank is jointly registered for payroll taxes and VAT with the subsidiary AL Finans A/S and is jointly and severally liable for settlement hereof.

The Group and the Bank are members of BEC (Bankernes EDB Central), and withdrawal as a going concern would entail a liability to pay compensation amounting to DKK 3,371.9 mill. (2021: DKK 2,628.1 mill.) and DKK 1,776.5 mill. (2021: DKK 1,505.1 mill.). The Danish FSA has generally entered into agreements with the data centres on special conditions for banks in distress, or banks likely to experience distress, such that claims from the data centres will rank after claims from other simple creditors.

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
39	Collateral received which can be sold or repledged				
	In connection with reverse transactions, collateral is received which may be sold or repledged under the contract terms.				
	Bonds at fair value	50.4	0.0	50.4	0.0
	Of which sold or repledged	41.7	0.0	41.7	0.0
40	Collateral provided				
	Cash in hand and demand deposits with central banks				
	Pledged in connection with clearing	168.8	1,926.8	168.8	1,926.8
	Total cash in hand and demand deposits with central banks	***168.8***	***1,926.8***	***168.8***	***1,926.8***
	Receivables from credit institutions				
	Margin receivables in connection with transactions in derivatives	28.3	307.0	11.1	208.7
	Deposited to the Danish Growth Fund (Vækstfonden)	0.0	12.3	0.0	0.0
	Total receivables from credit institutions	***28.3***	***319.3***	***11.1***	***208.7***
	Loans and other receivables at amortised cost				
	Margin receivables in connection with settlement of securities	10.5	11.0	10.5	11.0
	Total loans and other receivables at amortised cost	***10.5***	***11.0***	***10.5***	***11.0***
	Bonds at fair value				
	Pledged in connection with clearing	622.7	646.7	0.0	0.0
	Total bonds at fair value	***622.7***	***646.7***	***0.0***	***0.0***
	Total collateral provided	***830.4***	***2,903.8***	***190.4***	***2,146.6***

Note		Group 2022 DKK mill.	Group 2021 DKK mill.	Bank 2022 DKK mill.	Bank 2021 DKK mill.
41	Hedge accounting				
	The hedged items				
	Lending at amortised cost (fixed interest payments)				
	Amortised cost	38.7	51.3	0.0	0.0
	Carrying amount	39.6	41.9	0.0	0.0
	Accumulated fair value adjustment	0.9	-9.3	0.0	0.0
	Hedging instruments				
	Interest-rate swaps (variable interest payments)				
	Nominal value (notional principal amount)	39.6	41.9	0.0	0.0
	Fair value	-0.9	9.3	0.0	0.0
	Accumulated fair value adjustment	-0.9	9.3	0.0	0.0
	Broken down by remaining term:				
	More than 1 year and up to and including 5 years	2.6	2.7	0.0	0.0
	Over 5 years	37.0	39.2	0.0	0.0
	Total nominal value	***39.6***	***41.9***	***0.0***	***0.0***
	Capital gain/loss for the year on hedged items	10.2	6.2	0.0	0.0
	Capital gain/loss for the year on hedging instruments	-10.2	-6.2	0.0	0.0
	Hedge ineffectiveness recognised in the income statement	***0.0***	***0.0***	***0.0***	***0.0***

The subsidiary Vestjysk Bank A/S uses the regulations for hedge accounting of fair values to hedge the interest-rate risk on selected fixed-interest lending. Vestjysk Bank A/S regularly evaluates and measures the efficiency of the hedged items that meet the criteria for hedge accounting.

Vestjysk Bank A/S uses the hedge accounting to fully hedge the interest-rate risk on selected customers. The number of customers with a fixed interest rate is very small, and thus also the Bank's risk associated with this.

The assessment of the need for the hedging made is included in the Bank's overall management of market and credit risks.

Note

42 Derivative financial instruments and spot transactions

	Group			
	Nominal value DKK mill.	Net fair value DKK mill.	Positive fair value DKK mill.	Negative fair value DKK mill.
Contracts broken down by type as at 31 December 2022				
Currency contracts				
Spot transactions, purchase	77.1	*-0.1*	0.0	0.1
Spot transactions, sale	53.3	*0.0*	0.0	0.0
Forward transactions/futures/options, purchase	815.9	*-5.6*	5.2	10.8
Forward transactions/futures/options, sale	4,825.1	*17.3*	21.3	4.0
Currency swaps	476.4	*-9.2*	0.0	9.2
Interest-rate contracts				
Spot transactions, purchase	150.7	*0.3*	0.2	0.0
Spot transactions, sale	110.7	*0.1*	0.1	0.1
Forward transactions/futures, purchase	995.5	*1.8*	5.1	3.3
Forward transactions/futures, sale	2,107.1	*46.4*	48.9	2.5
Interest rate swaps	7,493.2	*271.6*	309.4	37.8
Share contracts				
Spot transactions, purchase	2.4	*0.0*	0.5	0.5
Spot transactions, sale	2.6	*0.1*	0.5	0.5
Total derivative financial instruments and spot transactions		*322.6*	*391.3*	*68.7*
Contracts broken down by type as at 31 December 2021				
Currency contracts				
Spot transactions, purchase	115.1	*-0.1*	0.0	0.2
Spot transactions, sale	190.4	*0.2*	0.2	0.1
Forward transactions/futures/options, purchase	897.7	*16.1*	22.0	5.9
Forward transactions/futures/options, sale	5,745.5	*-6.7*	15.1	21.8
Interest-rate contracts				
Spot transactions, purchase	620.5	*0.1*	0.1	0.0
Spot transactions, sale	643.9	*0.2*	0.2	0.0
Forward transactions/futures, purchase	2,879.8	*10.7*	12.8	2.1
Forward transactions/futures, sale	1,862.5	*15.8*	21.5	5.7
Interest rate swaps	8,148.0	*-183.7*	79.1	262.8
Share contracts				
Spot transactions, purchase	3.1	*0.4*	0.6	0.2
Spot transactions, sale	3.0	*-0.4*	0.2	0.6
Total derivative financial instruments and spot transactions		*-147.4*	*151.8*	*299.2*

Note

42 Derivative financial instruments and spot transactions (continued)

	Group				
	Up to and including 3 months DKK mill.	More than 3 months up to and including 1 year DKK mill.	More than 1 year and up to and including 5 years DKK mill.	Over 5 years DKK mill.	Net fair value total DKK mill.
Contracts broken down by term to maturity as at 31 December 2022					
Currency contracts					
Spot transactions, purchase	-0.1	0.0	0.0	0.0	*-0.1*
Forward transactions/futures/options, purchase	-2.9	-2.6	0.0	0.0	*-5.6*
Forward transactions/futures/options, sale	13.5	3.4	0.4	0.0	*17.3*
Currency swaps	0.0	0.0	-9.2	0.0	*-9.2*
Interest-rate contracts					
Spot transactions, purchase	0.3	0.0	0.0	0.0	*0.3*
Spot transactions, sale	0.1	0.0	0.0	0.0	*0.1*
Forward transactions/futures, purchase	1.6	0.2	0.0	0.0	*1.8*
Forward transactions/futures, sale	45.9	0.5	0.0	0.0	*46.4*
Interest rate swaps	0.0	17.3	194.3	60.0	*271.6*
Share contracts					
Spot transactions, sale	0.1	0.0	0.0	0.0	*0.1*
Total derivative financial instruments and spot transactions	*58.3*	*18.8*	*185.4*	*60.0*	*322.6*
Contracts broken down by term to maturity as at 31 December 2021					
Currency contracts					
Spot transactions, purchase	-0.1	0.0	0.0	0.0	*-0.1*
Spot transactions, sale	0.2	0.0	0.0	0.0	*0.2*
Forward transactions/futures/options, purchase	13.6	2.4	0.1	0.0	*16.1*
Forward transactions/futures/options, sale	-5.7	-0.7	-0.3	0.0	*-6.7*
Interest-rate contracts					
Spot transactions, purchase	0.0	0.0	0.0	0.1	*0.1*
Spot transactions, sale	0.2	0.0	0.0	0.0	*0.2*
Forward transactions/futures, purchase	9.9	0.8	0.0	0.0	*10.7*
Forward transactions/futures, sale	15.8	0.0	0.0	0.0	*15.8*
Interest-rate swaps	-0.4	-1.9	-176.0	-5.3	*-183.7*
Share contracts					
Spot transactions, purchase	0.4	0.0	0.0	0.0	*0.4*
Spot transactions, sale	-0.4	0.0	0.0	0.0	*-0.4*
Total derivative financial instruments and spot transactions	*33.4*	*0.7*	*-176.2*	*-5.3*	*-147.4*

Note

42 Derivative financial instruments and spot transactions (continued)

	Bank			
	Nominal value DKK mill.	Net fair value DKK mill.	Positive fair value DKK mill.	Negative fair value DKK mill.
Contracts broken down by type as at 31 December 2022				
Currency contracts				
Spot transactions, purchase	65.1	*-0.1*	0.0	0.1
Spot transactions, sale	38.5	*0.0*	0.0	0.0
Forward transactions/futures, purchase	212.5	*-1.5*	0.0	1.5
Forward transactions/futures, sale	4,293.8	*9.6*	10.0	0.4
Currency swaps	476.4	*-9.2*	0.0	9.2
Interest-rate contracts				
Spot transactions, purchase	105.6	*0.2*	0.2	0.0
Spot transactions, sale	75.8	*0.1*	0.1	0.0
Forward transactions/futures, purchase	662.5	*3.3*	5.5	2.2
Forward transactions/futures, sale	1,681.1	*43.7*	46.6	2.9
Interest rate swaps	6,849.1	*270.5*	275.3	4.8
Share contracts				
Spot transactions, purchase	1.8	*0.0*	0.3	0.4
Spot transactions, sale	2.0	*0.0*	0.4	0.3
Total derivative financial instruments and spot transactions		*316.5*	*338.4*	*21.9*
Contracts broken down by type as at 31 December 2021				
Currency contracts				
Spot transactions, purchase	108.2	*-0.1*	0.0	0.1
Spot transactions, sale	176.4	*0.2*	0.2	0.0
Forward transactions/futures, purchase	616.3	*6.4*	9.3	2.9
Forward transactions/futures, sale	5,332.5	*-0.7*	9.5	10.3
Interest-rate contracts				
Spot transactions, purchase	578.8	*0.0*	0.1	0.0
Spot transactions, sale	604.1	*0.2*	0.2	0.0
Forward transactions/futures, purchase	2,876.6	*9.1*	11.2	2.1
Forward transactions/futures, sale	1,862.1	*16.0*	20.8	4.8
Interest-rate swaps	7,300.3	*-175.0*	21.7	196.7
Share contracts				
Spot transactions, purchase	2.4	*0.2*	0.5	0.3
Spot transactions, sale	2.4	*-0.2*	0.3	0.5
Total derivative financial instruments and spot transactions		*-143.9*	*73.8*	*217.7*

Note

42 Derivative financial instruments and spot transactions (continued)

	Bank				
	Up to and including 3 months DKK mill.	More than 3 months up to and including 1 year DKK mill.	More than 1 year and up to and including 5 years DKK mill.	Over 5 years DKK mill.	Net fair value total DKK mill.
Contracts broken down by term to maturity as at 31 December 2022					
Currency contracts					
Spot transactions, purchase	-0.1	0.0	0.0	0.0	***-0.1***
Forward transactions/futures, purchase	-0.7	-0.8	0.0	0.0	***-1.5***
Forward transactions/futures, sale	8.8	0.8	0.0	0.0	***9.6***
Currency swaps	0.0	0.0	-9.2	0.0	***-9.2***
Interest-rate contracts					
Spot transactions, purchase	0.2	0.0	0.0	0.0	***0.2***
Spot transactions, sale	0.1	0.0	0.0	0.0	***0.1***
Forward transactions/futures, purchase	3.2	0.1	0.0	0.0	***3.3***
Forward transactions/futures, sale	43.3	0.4	0.0	0.0	***43.7***
Interest rate swaps	0.0	17.3	194.2	59.1	***270.5***
Total derivative financial instruments and spot transactions	***54.7***	***17.8***	***184.9***	***59.1***	***316.5***
Contracts broken down by term to maturity as at 31 December 2021					
Currency contracts					
Spot transactions, purchase	-0.1	0.0	0.0	0.0	***-0.1***
Spot transactions, sale	0.2	0.0	0.0	0.0	***0.2***
Forward transactions/futures, purchase	5.7	0.8	0.0	0.0	***6.4***
Forward transactions/futures, sale	-0.1	-0.6	0.0	0.0	***-0.7***
Interest-rate contracts					
Spot transactions, purchase	0.2	0.0	0.0	0.0	***0.2***
Forward transactions/futures, purchase	8.4	0.7	0.0	0.0	***9.1***
Forward transactions/futures, sale	16.0	0.0	0.0	0.0	***16.0***
Interest-rate swaps	-0.4	-1.9	-176.0	3.3	***-175.0***
Share contracts					
Spot transactions, purchase	0.2	0.0	0.0	0.0	***0.2***
Spot transactions, sale	-0.2	0.0	0.0	0.0	***-0.2***
Total derivative financial instruments and spot transactions	***29.8***	***-1.0***	***-176.0***	***3.3***	***-143.9***

Note

43 Offsetting possibilities

	Group					
	Carrying amount before offsetting DKK mill.	Offsetting of financial instruments DKK mill.	Carrying amount after offsetting DKK mill.	Offsetting possibility, see master netting agreement DKK mill.	Collateral DKK mill.	Net value DKK mill.
Offsetting possibilities as at 31 December 2022						
Financial assets						
Derivative financial instruments and spot transactions with positive fair values	391.3	0.0	*391.3*	17.1	305.6	*68.6*
Total financial assets	*391.3*	*0.0*	*391.3*	*17.1*	*305.6*	*68.6*
Financial liabilities						
Derivative financial instruments and spot transactions with negative fair values	68.7	0.0	*68.7*	17.1	7.8	*43.8*
Total financial liabilities	*68.7*	*0.0*	*68.7*	*17.1*	*7.8*	*43.8*
Offsetting possibilities as at 31 December 2021						
Financial assets						
Derivative financial instruments and spot transactions with positive fair values	151.8	0.0	*151.8*	23.3	11.1	*117.4*
Total financial assets	*151.8*	*0.0*	*151.8*	*23.3*	*11.1*	*117.4*
Financial liabilities						
Derivative financial instruments and spot transactions with negative fair values	299.2	0.0	*299.2*	23.3	224.3	*51.6*
Total financial liabilities	*299.2*	*0.0*	*299.2*	*23.3*	*224.3*	*51.6*

The Group has master netting agreements with a number of financial counterparties, and this entitles it to further offsetting in relation to a counterparty in default, but does not meet the conditions for offsetting in the balance sheet.

Assets provided as collateral for own debt obligations with Danmarks Nationalbank, central clearing houses and credit institutions with which the Group has entered into CSA agreements are all based on standard agreements conventionally used between financial market participants. These agreements define the terms on which collateral is transferred between the counterparties in order to reduce risk. With regard to collateral concerning fair value of derivative financial instruments, the CSA agreements stipulate daily exchange of collateral (cash).

Note

44 Fair value disclosures and classification of financial instruments

Financial instruments are recognised in the balance sheet at amortised cost or fair value in accordance with the Group's accounting policies and the table below.

	Group			
	Amortised cost 2022 DKK mill.	Fair value 2022 DKK mill.	Amortised cost 2021 DKK mill.	Fair value 2021 DKK mill.
Classification and measurement of financial instruments.				
Financial assets				
Cash in hand and demand deposits with central banks	12,368.6		12,345.1	
Receivables from credit institutions and central banks	527.8		678.0	
Loans and other receivables at amortised cost	44,110.4		41,958.3	
Bonds at fair value		28,590.0		28,116.2
Shares etc.		2,154.9		1,981.2
Assets linked to pooled schemes		15,187.8		17,516.6
Derivative financial instruments and spot transactions		391.3		151.8
Interest and commissions receivable	22.3	146.1	21.6	100.3
Total financial assets	***57,029.2***	***46,470.1***	***55,003.0***	***47,866.2***
Financial liabilities				
Debt to credit institutions and central banks	715.9		380.8	
Deposits and other debt	72,907.7		71,720.0	
Deposits in pooled schemes		15,187.8		17,516.6
Issued bonds at amortised cost	2,311.0		348.4	
Other non-derivative financial liabilities at fair value		41.7		0.0
Derivative financial instruments and spot transactions		68.7		299.2
Interest and commissions due	23.8	0.6	18.2	1.5
Subordinated debt	1,274.2		1,497.7	
Total financial liabilities	***77,232.6***	***15,298.8***	***73,965.1***	***17,817.4***

Note

44 Fair value disclosures and classification of financial instruments (continued)

Methods and assumptions for calculating fair values

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

Fair values are market-based, and not company-specific, valuations. The Group uses the assumptions that market participants would use to set the price of the asset or liability based on existing market conditions, including assumptions pertaining to risks. Thus, the Group's purpose of owning the asset or disposing of the liability is not taken into consideration when calculating the fair value.

Financial assets and liabilities recognised in the balance sheet at fair value are categorised according to the fair value hierarchy as described below.

Listed prices (level 1)
All active markets use officially listed closing prices as fair value.

Observable input (level 2)
For financial assets and liabilities, where the closing price is not available or is not assessed to reflect the fair value, observable market information, including interest rates, foreign exchange rates, volatilities and credit spreads, as well as currency indicators from leading market participants, are used to establish the fair value.

Non-observable input (level 3)
In cases where observable prices based on market information are not available or not deemed to be useful in establishing fair value, own assumptions are used. For example, the assumptions may be for recent transactions in corresponding assets, expected future cash flows or the net asset value of the companies.

Equity investments under non-observable input includes unlisted shares, primarily in companies related to the financial sector, where fair value is set on the basis of provisions in ownership agreements etc. or input from transactions carried out. The Association of Local Banks in Denmark, Savings Banks and Cooperative Banks in Denmark (LOPI) every quarter recommends fair values of certain of the so-called sector shares; i.e. shares owned by banks in order to participate actively in the infrastructure and the product supply that supports the business strategy of the industry. The prices recommended by LOPI are based on ownership agreements and transactions carried out in the sector. In some cases, the fair value is based on the accounting equity (net asset value) in the underlying undertaking, as this forms the basis for the transaction price if owners sell between themselves. When calculating the fair value of sector shares according to LOPI's recommended rates, these are also included in the valuation as a non-observable input. The Group carries out an independent assessment of the prices recommended and verifies their relationship with transactions carried out and published financial statements. The value of the shares changes by DKK 187.0 mill. (2021: DKK 156.2 mill.) on a change in the prices of 10%. The Management assesses that alternative methods for measuring the fair value of these shares will not entail significantly different fair values.

Bonds under non-observable input include a holding of unlisted credit bonds. The value of the bonds changes by DKK 20.6 mill. (2021: DKK 2.5 mill.) on a change in the prices of 10%. The Management assesses that alternative methods for measuring the fair value of these bonds will not entail significantly different fair values.

With regard to derivative financial instruments, the Group performs a Credit Value Adjustment (CVA) of the fair value. CVA reflects the credit risk of the counterparty in derivatives transactions and is performed on the basis of Loss Given Default (LGD), Expected Positive Exposure (EPE), and the Probability of Default (PD) of the counterparty. The Group uses both a parametric and a semi-analytic model approach to quantifying future expected positive exposure. The probability of default is derived from observable credit information in the market, if possible. In the event that this is not possible, adjustment is based on proxy Credit Default Swap (CDS) curves. Total CVA adjustments amounted to DKK 0.1 mill. at the end of 2022 (2021: DKK 0.1 mill.).

Transfers between levels in the fair value hierarchy
If an update of prices does not occur over a five-day period, the standard procedure of the Group is that this will result in a transfer between the categories 'Listed prices' and 'Observable input'. In 2022, the Bank transferred DKK 5,018.2 mill. (2021: DKK 56.2 mill.) of bonds at fair value from level 1 to level 2 as a result of infrequent price updates. Conversely, DKK 496.1 mill. (2021: DKK 1,144.3 mill.) was transferred from level 2 to level 1. Furthermore, a holding of DKK 182,9 mill. was transferred from level 2 to level 3 as it is no longer possible to estimate the fair value of the bond based on observable input.

Apart from the above, there have been no significant transfers between the three fair value levels in 2022 and 2021.

Note

44 Fair value disclosures and classification of financial instruments (continued)

	Group			
	Listed prices (level 1) DKK mill.	Observable input (level 2) DKK mill.	Non-observable input (level 3) DKK mill.	Total DKK mill.
Fair value hierarchy as at 31 December 2022				
Financial assets				
Bonds at fair value	13,740.6	14,643.6	205.8	*28,590.0*
Shares etc.	285.0	0.0	1,869.9	*2,154.9*
Assets linked to pooled schemes	15,187.8	0.0	0.0	*15,187.8*
Derivative financial instruments and spot transactions	36.4	354.8	0.0	*391.3*
Interest and commissions receivable	65.0	80.9	0.2	*146.1*
Total financial assets	*29,314.8*	*15,079.4*	*2,075.9*	*46,470.1*
Financial liabilities				
Deposits in pooled schemes	0.0	15,187.8	0.0	*15,187.8*
Other non-derivative financial liabilities at fair value	41.7	0.0	0.0	*41.7*
Derivative financial instruments and spot transactions	0.6	68.1	0.0	*68.7*
Interest and commissions due	0.6	0.0	0.0	*0.6*
Total financial liabilities	*42.9*	*15,255.9*	*0.0*	*15,298.8*
Fair value hierarchy as at 31 December 2021				
Financial assets				
Bonds at fair value	18,552.3	9,539.2	24.7	*28,116.2*
Shares etc.	419.5	0.0	1,561.8	*1,981.2*
Assets linked to pooled schemes	15,984.9	1,531.7	0.0	*17,516.6*
Derivative financial instruments and spot transactions	15.9	135.9	0.0	*151.8*
Interest and commissions receivable	73.8	26.5	0.0	*100.3*
Total financial assets	*35,046.4*	*11,233.3*	*1,586.5*	*47,866.2*
Financial liabilities				
Deposits in pooled schemes	0.0	17,516.6	0.0	*17,516,6*
Derivative financial instruments and spot transactions	0.0	299.2	0.0	*299.2*
Interest and commissions due	0.4	1.1	0.0	*1.5*
Total financial liabilities	*0.4*	*17,817.0*	*0.0*	*17,817.4*

Note		Group 2022 DKK mill.	2021 DKK mill.
44	Fair value disclosures and classification of financial instruments (continued)		
	Non-observable input (level 3)		
	Fair value brought forward	1,586.5	761.4
	Value adjustments recognised in the income statement *	128.4	103.5
	Net change in interest and commissions receivable	0.2	-0.5
	Purchase	206.8	103.4
	Sale	-33.7	-110.9
	Transfers from level 2	187.7	0.0
	Additions on acquisition of subsidiary	0.0	759.4
	Other disposals	0.0	-29.9
	Fair value carried forward	***2,075.9***	***1,586.5***

*) Of which DKK 123.6 mill. (2021: DKK 74.1 mill.) is attributable to assets held at the end of the accounting period.

	Group			
	Carrying amount 2022 DKK mill.	Fair value 2022 DKK mill.	Carrying amount 2021 DKK mill.	Fair value 2021 DKK mill.
Financial instruments recognised at amortised cost				
Financial assets				
Cash in hand and demand deposits with central banks	12,368.6	12,368.6	12,345.1	12,345.1
Receivables from credit institutions and central banks	527.8	527.8	678.0	678.0
Loans and other receivables at amortised cost	44,110.4	44,076.5	41,958.3	42,127.5
Interest and commissions receivable	22.3	22.3	21.6	21.6
Total financial assets	***57,029.2***	***56,995.3***	***55,003.0***	***55,172.2***
Financial liabilities				
Debt to credit institutions and central banks	715.9	715.9	380.8	381.7
Deposits and other debt	72,907.7	72,905.2	71,720.0	71,719.3
Issued bonds at amortised cost	2,311.0	2,319.4	348.4	353.2
Interest and commissions due	23.8	23.8	18.2	18.2
Subordinated debt	1,274.2	1,280.9	1,497.7	1,510.6
Total financial liabilities	***77,232.6***	***77,245.3***	***73,965.1***	***73,983.1***

Methods for calculating fair values of financial instruments recognised at amortised cost are based on non-observable input (level 3 in the fair value hierarchy).

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 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 credit quality are assumed to be included in impairments on loans for carrying amounts as well as for fair values.

Deposits, debt to credit institutions, issued bonds and subordinated debt have been recognised at amortised cost. The difference to fair values is assumed to be paid issuing fees and commissions and the interest-rate-level value adjustment, which is calculated by comparing current market interest rates with market interest rates when the transactions were established. Based on a materiality assessment, changes in fair values of financial liabilities due to changes in the Group's own credit rating are not included.

Note

44 Fair value disclosures and classification of financial instruments (continued)

	Group					
	Amortised cost		Fair value through the income statement			
	Assets DKK mill.	Liabilities DKK mill.	Trading portfolio DKK mill.	Other instruments at mandatory fair value DKK mill.	Fair value option DKK mill.	Total DKK mill.
Return and classification of financial instruments in 2022						
Return						
Interest income	2,042.0	192.4	182.8	-1.0		*2,416.1*
Interest expenses	-30.8	-156.2	-11.1			*-198.1*
Net interest income	*2,011.2*	*36.1*	*171.7*	*-1.0*		*2,218.1*
Dividends from shares etc.			6.7	66.9		*73.5*
Value adjustments	10.2		-293.0	-1,979.1	2,060.9	*-201.0*
Total return	*2,021.4*	*36.1*	*-114.6*	*-1,913.2*	*2,060.9*	*2,090.6*
Financial assets						
Cash in hand and demand deposits with central banks	12,368.6					*12,368.6*
Receivables from credit institutions and central banks	527.8					*527.8*
Loans and other receivables at amortised cost	44,110.4					*44,110.4*
Bonds at fair value			28,590.0			*28,590.0*
Shares etc.			285.0	1,869.9		*2,154.9*
Assets linked to pooled schemes				15.187,8		*15.187,8*
Derivative financial instruments and spot transactions			391.3			*391.3*
Interest and commissions receivable	22.3		146.1			*168.4*
Total financial assets	*57,029.2*		*29,412.4*	*17,057.7*		*103,499.3*
Financial liabilities						
Debt to credit institutions and central banks		715.9				*715.9*
Deposits and other debt		72,907.7				*72,907.7*
Deposits in pooled schemes					15,187.8	*15,187.8*
Issued bonds at amortised cost		2,311.0				*2,311.0*
Other non-derivative financial liabilities at fair value			41.7			*41.7*
Derivative financial instruments and spot transactions			67.8	0.9		*68.7*
Interest and commissions due		23.8	0.6			*24.4*
Subordinated debt		1,274.2				*1,274.2*
Total financial liabilities		*77,232.6*	*110.1*	*0.9*	*15,187.8*	*92,531.4*

Note

44 Fair value disclosures and classification of financial instruments (continued)

	Group					
	Amortised cost		Fair value through the income statement			
	Assets DKK mill.	Liabilities DKK mill.	Trading portfolio DKK mill.	Other instruments at mandatory fair value DKK mill.	Fair value option DKK mill.	Total DKK mill.
Return and classification of financial instruments in 2021						
Return						
Interest income	1,500.7	194.3	98.5	-0.1		*1,793.4*
Interest expenses	-45.5	-93.1	-12.2			*-150.7*
Net interest income	*1,455.2*	*101.2*	*86.4*	*-0.1*	*0.0*	*1,642.7*
Dividends from shares etc.			1.0	47.0		*48.0*
Value adjustments	6.2		220.3	1,357.4	-1,338.5	*245.4*
Total return	*1,461.4*	*101.2*	*307.7*	*1,404.3*	*-1,338.5*	*1,936.1*
Financial assets						
Cash in hand and demand deposits with central banks	12,345.1					*12,345.1*
Receivables from credit institutions and central banks	678.0					*678.0*
Loans and other receivables at amortised cost	41,958.3					*41,958.3*
Bonds at fair value			28,116.2			*28,116.2*
Shares etc.			146.6	1,834.6		*1,981.2*
Assets linked to pooled schemes				17,516.6		*17,516.6*
Derivative financial instruments and spot transactions			142.5	9.3		*151.8*
Interest and commissions receivable	21.6		100.3			*122.0*
Total financial assets	*55,003.0*		*28,505.6*	*19,360.6*		*102,869.2*
Financial liabilities						
Debt to credit institutions and central banks		380.8				*380.8*
Deposits and other debt		71,720.0				*71,720.0*
Deposits in pooled schemes					17,516.6	*17,516.6*
Issued bonds at amortised cost		348.4				*348.4*
Derivative financial instruments and spot transactions			299.2			*299.2*
Interest and commissions due		18.2	1.5			*19.7*
Subordinated debt		1,497.7				*1,497.7*
Total financial liabilities		*73,965.1*	*300.7*	*45.2*	*17,516.6*	*91,782.4*

Note		Group 2022 DKK mill.	2021 DKK mill.
45	Leasing		
	The Group as lessee		
	The Group has leases for businesses premises which are being used for the Bank's operations.		
	Right-of-use assets recognised under owner-occupied properties		
	Additions on acquisition of subsidiary, see note 47	0.0	56.3
	Additions	8.8	24.5
	Carrying amount carried forward	233.2	255.6
	Lease commitments recognised under other liabilities		
	Carrying amount carried forward	248.1	279.1
	See note 51 for an analysis of maturities on undiscounted lease commitments as at 31 December 2022.		
	Amount recognised in the income statement		
	Income from subleasing of right-of-use assets	0.0	0.2
	Interest costs on lease commitments	-2.5	-1.3
	Costs related to short-term leases	-0.4	-0.1
	Depreciation on right-of-use assets	-38.5	-33.4
	Gains from sale and lease back transactions	0.0	2.0
	Losses from sale and lease back transactions	0.0	-0.1
	Amount recognised in the cash flow statement		
	Total outgoing cash flows related to leases	44.1	36.0

Note		Group 2022 DKK mill.	2021 DKK mill.
45	Leasing (continued)		

The Group as a lessor

Finance leases are accounted for as purchases financed by loans, and consequently the lease receivables are recognised in the balance sheet as loans at amortised cost, while the related interest income is recognised in the income statement.

The Group offers financing solutions to both business and private customers for cars and industrial machinery. In addition, the Group subleases business premises on the same terms as the main lease, and consequently, the subleases with the Group as the intermediary lessor are classified as finance leases.

	2022 DKK mill.	2021 DKK mill.
Receivables from finance leases		
Broken down by remaining term:		
Under 1 year	1,340.7	1,168.4
Between 1 and 2 years	355.1	419.8
Between 2 and 3 years	231.1	227.5
Between 3 and 4 years	161.7	105.1
Between 4 and 5 years	282.5	67.3
Over 5 years	23.2	46.7
Total undiscounted lease payments	***2,394.4***	***2,034.8***
Of which unearned financing income	97.0	59.9
Total net investments	***2,297.4***	***1,974.9***
Accumulated impairments on finance leases	8.8	7.9
Amount recognised in the income statement		
Interest income from lease receivables	80.3	66.9

Operating leases are accounted for as rental contracts, and consequently the leased assets are recognised in the balance sheet as property, plant and equipment, while rental income is recognised in the income statement under other operating income.

The Group leases out dwellings, business premises and cars.

	2022 DKK mill.	2021 DKK mill.
Receivables from operating leases		
Broken down by remaining term:		
Under 1 year	31.9	38.0
Between 1 and 2 years	18.6	19.1
Between 2 and 3 years	11.8	14.7
Between 3 and 4 years	3.2	6.1
Between 4 and 5 years	0.8	2.7
Total undiscounted lease payments	***66.3***	***80.7***

Undiscounted lease payments include future minimum lease payments on non-cancellable leases, i.e. the payments which the lessee is or may be obliged to effect during the term of the lease.

	2022 DKK mill.	2021 DKK mill.
Amount recognised in the income statement		
Rental income	53.9	52.8

Note		Group 2022 DKK mill.	Group 2021 DKK mill.	Bank 2022 DKK mill.	Bank 2021 DKK mill.
46	Related parties				
	Shareholders with significant influence				
	Interest income	2.4	2.7	2.4	2.7
	Interest expenses	-0.1	0.0	-0.1	0.0
	Fee and commission income	1.8	1.0	1.8	1.0
	Fees and commissions paid	0.0	-0.3	0.0	-0.3
	Loans	20.6	26.1	20.6	26.1
	Deposits	301.1	148.8	301.1	148.8
	Subordinated debt	0.0	385.0	0.0	385.0
	Share issue	0.0	597.6	0.0	597.6
	Collateral and guarantees received	78.4	73.2	76.6	71.4
	Unutilised credit lines and commitments	72.2	53.6	70.2	51.6
	Additional Tier 1 capital	0.0	205.0	0.0	205.0
	Interest paid on Additional Tier 1 capital	-15.0	-16.6	-15.0	-16.6
	Board of Directors and Executive Management				
	Interest income	0.1	0.2	0.1	0.2
	Loans	1.9	2.2	1.9	2.2
	Deposits	17.9	28.6	17.9	28.6
	Share issue	0.0	0.2	0.0	0.2
	Collateral and guarantees received	4.6	5.2	4.6	5.2
	Issued guarantees	0.7	5.3	0.7	5.3
	Unutilised credit lines and commitments	6.7	4.2	6.7	4.2

Note		Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
46	Related parties (continued)				
	Group companies				
	Interest income			110.9	58.2
	Interest expenses			-0.1	0.0
	Fee and commission income			3.8	2.3
	Fees and commissions paid			-2.1	0.0
	Other operating income			4.5	3.6
	Staff and administrative expenses			-0.3	-1.0
	Receivables from credit institutions			1,270.0	290.0
	Loans			7,741.7	6,523.6
	Bonds at fair value			30.0	29.9
	Deposits			0.5	2.7
	Positive fair value of derivative financial instruments and spot transactions			2.5	1.7
	Interest receivable			12.5	1.1
	Debt to credit institutions			32.0	12.8
	Negative fair value of derivative financial instruments and spot transactions			0.9	0.9
	Other equity and liabilities			2.2	1.5
	Issued guarantees			51.1	48.5
	Unutilised credit lines and commitments			722.0	300.5
	Associated companies				
	Interest income	0.0	0.1	0.0	0.1
	Fee and commission income	0.0	0.1	0.0	0.1

Related parties include members of the Board of Directors and Executive Management of the Bank, including their related parties, as well as group and associated companies. Related parties also include shareholders who own more than 20% of the shares or have more than 20% of the voting rights.

Transactions and balances with related parties primarily include ordinary loans and deposits as well as credit facilities.

All exposures involving related parties have been entered into on market terms corresponding to the Group's other customers and cooperation partners. However, employee representatives on the Board of Directors may obtain the same staff terms as other employees. There are no credit-impaired (stage 3) exposures involving related parties.

Loans to members of the Board of Directors and their related parties carry interest in the interval 1.0-18.0% per annum (2021: 1.0-16.8% per annum), and loans to members of the Executive Management and their related parties carry interest in the interval 0.3-18.0% per annum (2021: 1.0-16.8% per annum).

Deposits from members of the Board of Directors and their related parties carry interest in the interval 0.0-1.8% per annum (2021: -0.6-0.0% per annum), and deposits from members of the Executive Management and their related parties carry interest in the interval 0.0-1.8% per annum (2021: -0.6-0.0% per annum).

Emoluments and share holdings of individual members of the Board of Directors and the Executive Management are stated in the report on management remuneration for 2022 and the management's report.

Besides ordinary banking exposures, guarantees issued and credit facilities provided, transactions and balances with group companies also include bond portfolios, settlement of joint taxation contributions, rental of office premises and deposits received as well as car leasing on market terms.

Note

47 Acquisition of subsidiaries

On 31 May 2021, Arbejdernes Landsbank acquired a further 28.4% of the share capital of Vestjysk Bank A/S. Added to the original voting share and ownership interest of 32.4%, this corresponds to a total voting share and ownership interest of 60.8%. A controlling influence was thereby obtained in Vestjysk Bank A/S, and after this Vestjysk Bank has been included as part of the Group.

Vestjysk Bank A/S carries out banking activities within the private and business segment and is strongly cemented in central and western Jutland. The acquisition is part of the strategy plan, and the ambition is to establish the foundation for a nationwide bank with a solid platform to service private and business customers.

A/S Arbejdernes Landsbank carried out further acquisitions in Vestjysk Bank A/S in the period after 31 May 2021 and until the mandatory purchase offer was issued. On 31 December 2021, the voting share and ownership interest represented 72.7%, which is unchanged as at 31 December 2022.

The purchase price for 28.4% of the shares in Vestjysk Bank A/S was DKK 1,208.0 mill., corresponding to a price of DKK 3.45 per share. The purchase was settled in cash. The total price for 72.7% of the shares was DKK 3,093.9 mill. In connection with the acquisition, cash funds of DKK 4,761.9 mill. were added to the Group.

In 2021, the Group incurred transaction costs for the acquisition of DKK 11.9 mill. for legal and financial advisors. This amount was recognised in the income statement under other administration expenses.

The activities acquired have been included in the segment information for the Group in a separate segment referred to as Vestjysk Bank.

The distribution of the purchase price between net assets is shown in the table below:

	31.05.2021 DKK mill.
Statement of fair value (adjusted)	
Assets	
Cash in hand and demand deposits with central banks	4,397.4
Receivables from credit institutions and central banks	364.6
Loans and other receivables	16,141.3
Bonds	8,586.1
Shares etc.	821.2
Equity investments in associated companies	109.2
Assets linked to pooled schemes	8,555.1
Intangible assets (customer relations)	260.0
Investment properties	80.8
Owner-occupied properties	337.9
Right-of-use assets	56.3
Other property, plant and equipment	5.5
Deferred tax assets	167.9
Assets held temporarily	3.2
Other assets	659.7
Prepayments and accrued income	45.8
Total assets	***40,592.0***

Note		31.05.2021 DKK mill.
47	Acquisition of subsidiaries (continued)	
	Statement of fair value (adjusted)	
	Liabilities	
	Debt to credit institutions and central banks	453.3
	Deposits and other debt	24,521.8
	Deposits in pooled schemes	8,555.1
	Issued bonds	199.3
	Current tax liabilities	48.2
	Other liabilities	1,069.6
	Accruals and deferred income	27.5
	Provisions for pensions and similar obligations	26.7
	Guarantee loss provisions	30.3
	Other provisions	47.6
	Subordinated debt	596.7
	Additional Tier 1 capital	308.9
	Total liabilities	***35,885.0***
	Equity (net assets acquired)	***4,707.1***
	Minority interests' share of net assets (27.3%)	1,161.2
	Equity excluding minority interests (Arbejdernes Landsbank's share)	***3,545.8***
	Cash purchase price including previous holdings of 32.4%.	3,093.9
	Badwill including minority interests' share	***451.9***

The final identification and valuation of the newly acquired subsidiary's assets and liabilities, including a statement of final badwill, was made at the time of presentation of the 2021 annual report, which resulted in a need to make a few adjustments in relation to lending and deferred tax assets. The final badwill amount was calculated to be DKK 328.6 mill.

With the acquisition of Vestjysk Bank A/S, A/SArbejdernes Landsbank obtained an accounting profit and a capital benefit by recognising badwill of DKK 328.6 mill. as the purchase price for the acquired subsidiary was lower than the net asset value. The reason for this is that banks are generally traded at a price below the net asset value. Badwill was posted under other operating income in the income statement, and the amount was not taxable.

The shares that the Group owned prior to obtaining control were remeasured at a fair value of DKK 1,380.7 mill. which resulted in a loss of DKK 149.5 mill. that has been recognised in the income statement under Profit from equity investments in associated companies.

The above-mentioned acquisition balance sheet is based on the balance sheet of Vestjysk Bank A/S as at 31 May 2021. The fair value of lending is based on an assessment of the market value of the portfolio taken over. Gross lending before the fair value adjustment totalled DKK 16.2 bn. on the date of acquisition. The fair value adjustment of lending amounted to DKK 90.0 mill. and total lending after the fair value adjustment amounted to DKK 16.1 bn.

The fair value of customer relations was set by means of a Multi-Period Excess Earnings method (MEEM). Customer relations are therefore calculated as the present value of the net cash flows obtained through sales to customers, after subtracting a reasonable return on all other assets which help to generate the cash flows. The value of the intangible asset was calculated at DKK 260.0 mill. and the deferred tax on this was DKK 57.2 mill. Customer relations were capitalised according to accounting legislation and amortised over a period of seven years.

The minority interests of 27.3% in Vestjysk Bank A/S were included at DKK 1,161.2 mill., corresponding to the minority shareholders' share of the net asset value including fair value adjustments in connection with allocation of the purchase price.

Note

47 Acquisition of subsidiaries (continued)

Consolidation effect

For the period 31 May 2021 to 31 December 2021, Vestjysk Bank A/S was included in Group net interest and fee income at DKK 891.8 mill. and the profit before tax at DKK 281.6 mill.

Net interest and fee income and the profit before tax for the Group for 2021, calculated as if Vestjysk Bank A/S had been taken over on 1 January 2021 were DKK 1,447.4 mill. and DKK 890.9 mill. respectively.

48 Group overview

Parent Company: Aktieselskabet Arbejdernes Landsbank, Copenhagen

Group companies

	2022 DKK mill.	2021 DKK mill.
AL Finans A/S, Copenhagen		
Voting share and ownership interest (%)	100	100
Profit for the year	60.6	35.4
Equity	404.0	343.4

AL Finans A/S offers car financing, leasing, factoring and invoice purchasing. The activities of the subsidiary are financed from equity and borrowing from the Parent Company.

	2022 DKK mill.	2021 DKK mill.
Ejendomsselskabet Sluseholmen A/S, Copenhagen		
Voting share and ownership interest (%)	100	100
Profit for the year	-7.8	-0.3
Equity	4.5	12.3

On 1 December 2022, Ejendomsselskabet Sluseholmen A/S entered into a turnkey contract with MT Højgaard Danmark A/S on construction of the Group's new headquarters in the Copenhagen Sydhavn area which is expected to be ready for occupation in the spring of 2025.

	2022 DKK mill.	2021 DKK mill.
Vestjysk Bank A/S, Herning		
Voting share and ownership interest (%)	73	73
Profit for the year	543.1	1,079.8
Equity	5,918.1	5,396.4

Vestjysk Bank A/S carries out banking activities aimed at both private and business customers, primarily in central and western Jutland.

Note		2022 DKK mill.	2021 DKK mill.
48	Group Overview (continued)		
	Associated companies		
	TestaViva ApS, Copenhagen		
	Voting share and ownership interest (%)	37	37
	Profit or loss for the year, see the most recent published financial statements (2021 and 2020).	-7.2	-4.4
	&Money ApS, Copenhagen		
	Voting share and ownership interest (%)	25	25
	Profit or loss for the year, see the most recent published financial statements (2021 and 2020/2019).	-1.6	-1.2
	Thise Udviklingsselskab ApS, Skive		
	Voting share and ownership interest (%)	31	31
	Profit or loss for the year, see the most recent published financial statements (2021 and 2020).	-0.1	0.0
	HN Invest Tyskland 1 A/S under frivillig likvidation, Aalborg		
	Voting share and ownership interest (%)	33	33
	Profit or loss for the year, see the most recent published liquidation financial statements/annual financial statements (2021 and 2020).	0.0	-0.2
	EgnsINVEST Tyske Ejendomme A/S, Horsens		
	Voting share and ownership interest (%)	20	20
	Profit or loss for the year, see the most recent published financial statements (2021 and 2020).	97.7	16.9
	Ejendomsfællesskabet Den Jyske Sparekasse and KGH Property I/S, Billund		
	Voting share and ownership interest (%)	0	50

Note		2022 DKK mill.	2021 DKK mill.	2020 DKK mill.	2019 DKK mill.	2018 DKK mill.
49	Financial and operating data for the Group					
	Income statements					
	Net interest income	2,218.1	1,642.7	1,070.1	1,074.5	1,104.4
	Net fee and commission income	1,564.8	1,196.7	699.5	688.1	580.3
	Value adjustments and dividends	-127.4	293.4	284.9	341.8	45.5
	Other operating income	98.2	412.2	70.0	69.2	68.8
	Profit from equity investments in associated companies	3.8	95.3	103.1	24.3	0.0
	Total income	***3,757.5***	***3,640.3***	***2,227.6***	***2,197.9***	***1,799.0***
	Costs and depreciation/amortisation	-2,906.8	-2,424.4	-1,767.1	-1,663.4	-1,529.5
	Impairments on loans and receivables etc.	52.1	162.3	-78.6	53.9	69.5
	Total costs	***-2,854.8***	***-2,262.1***	***-1,845.7***	***-1,609.5***	***-1,460.0***
	Profit before tax	***902.7***	***1,378.2***	***382.0***	***588.4***	***339.0***
	Tax	-113.5	-49.4	-52.0	-43.6	-40.1
	Profit for the year	***789.2***	***1,328.9***	***330.0***	***544.8***	***298.9***
	Selected balance sheet items					
	Loans and other receivables at amortised cost	44,110.4	41,958.3	23,817.7	22,906.4	22,085.8
	Bonds at fair value	28,590.0	28,116.2	21,902.5	20,859.8	18,834.3
	Total assets	107,986.9	107,460.6	62,913.3	59,024.0	55,106.5
	Deposits incl. pooled schemes	88,095.5	89,236.6	52,044.6	47,989.8	44,872.7
	Equity	12,348.2	11,852.9	7,125.2	6,855.2	6,873.2
	Other financial and operating data					
	Net interest and fee income	3,856.4	2,887.4	1,826.6	1,806.1	1,745.0
	Value adjustments	-201.0	245.4	227.9	298.3	-14.8
	Staff and administrative expenses	-2,682.4	-2,213.6	-1,604.5	-1,512.5	-1,405.9
	Own funds	11,871.9	11,270.2	7,413.1	7,013.4	6,580.6
	Tier 1 capital	10,675.1	9,925.5	6,521.4	6,120.7	6,580.6
	Common Equity Tier 1 capital	9,703.4	9,246.1	6,117.8	5,722.9	5,764.3
	Exposures with credit risk	46,762.0	47,973.0	26,992.0	25,685.6	23,895.0
	Exposures with market risk	6,638.8	7,747.5	5,373.4	6,022.8	5,267.4
	Exposures with operational risk	6,697.4	6,370.1	3,605.1	3,720.4	3,660.0
	Total risk exposure	***60,098.2***	***62,090.6***	***35,970.5***	***35,428.7***	***32,822.4***

Comparative figures for 2018 have not been adjusted for the effect of implementing IFRS 16.

Note			2022	2021	2020	2019	2018
49	**Ratios and key figures for the Group**						
	Solvency						
	Capital ratio	%	19.8	18.2	20.6	19.8	20.0
	Tier 1 capital ratio	%	17.8	16.0	18.1	17.3	20.0
	Common Equity Tier 1 capital ratio	%	16.1	14.9	17.0	16.2	17.6
	Earnings						
	Return on equity before tax	%	7.0	14.8	5.5	8.6	5.0
	Return on equity after tax	%	6.1	13.9	4.7	7.9	4.4
	Ratio of operating income to operating expenses per DKK	DKK	1.32	1.61	1.21	1.37	1.23
	Earnings per share	DKK	0.29	0.94	994.90	1,689.19	833.82
	Diluted earnings per share	DKK	0.29	0.94	994.90	1,689.19	833.82
	Return on capital employed	%	0.7	1.6	0.5	1.0	0.6
	Market risk						
	Interest-rate risk	%	2.1	1.7	1.8	1.2	0.5
	Currency position	%	1.0	2.9	1.0	1.5	2.2
	Currency risk	%	0.0	0.0	0.0	0.0	0.0
	Liquidity						
	Loans plus impairments in relation to deposits	%	51.6	48.2	47.4	49.4	52.1
	Liquidity coverage ratio (LCR)	%	264.5	249.4	274.1	269.9	268.1
	Credit						
	Sum of large exposures	%	102.5	80.8	78.5	82.3	59.1
	Impairment ratio for the year	%	0.6	0.5	0.2	-0.2	-0.2
	Lending growth for the year	%	5.1	76.2	4.6	3.7	0.8
	Loans in relation to equity		3.6	3.5	3.3	3.3	3.2
	Equity						
	Net asset value per share	DKK	4.70	4.64	22,828.06	21,897.08	20,490.76
	Proposed dividend per share	DKK	0.10	0.25	0.00	150.00	200.00
	Employees						
	Average number of employees during the financial year converted to full-time equivalents		1,827	1,804	1,156	1,122	1,088

See note 50 for definitions of ratios and key figures.Reversed reserve for losses on lending which was credit-impaired at initial recognition is not included in the calculation of the impairment ratio for the year.

In connection with the capital increase on 14 April 2021, the nominal denomination of the share was changed from DKK 1,000 to DKK 1.

Comparative figures for 2018 have not been adjusted for the effect of implementing IFRS 16.

Note		2022 DKK mill.	2021 DKK mill.	2020 DKK mill.	2019 DKK mill.	2018 DKK mill.
49	Financial and operating data for the Bank					
	Income statements					
	Net interest income	1,123.7	990.4	958.6	972.9	1,002.9
	Net fee and commission income	836.1	793.7	657.6	647.4	541.3
	Value adjustments and dividends	2.8	216.6	285.5	341.6	45.0
	Other operating income	39.9	365.3	34.3	33.9	34.5
	Profit from equity investments in associated companies and group companies	423.2	379.3	125.2	43.7	31.4
	Total income	***2,425.7***	***2,745.3***	***2,061.3***	***2,039.5***	***1,655.1***
	Costs and depreciation/amortisation	-1,795.1	-1,636.2	-1,622.4	-1,526.4	-1,399.3
	Impairments on loans and receivables etc.	48.5	245.0	-66.4	66.4	71.1
	Total costs	***-1,746.6***	***-1,391.2***	***-1,688.8***	***-1,460.0***	***-1,328.2***
	Profit before tax	***679.1***	***1,354.0***	***372.5***	***579.5***	***326.8***
	Tax	-46.0	-143.5	-42.5	-34.7	-28.0
	Profit for the year	***633.2***	***1,210.6***	***330.0***	***544.8***	***298.9***
	Selected balance sheet items					
	Loans and other receivables at amortised cost	27,445.2	25,073.3	23,474.8	22,575.0	21,798.8
	Bonds at fair value	19,158.0	18,800.0	21,902.5	20,859.8	18,834.3
	Total assets	71,249.7	67,999.8	62,703.9	58,845.7	54,973.8
	Deposits incl. pooled schemes	55,149.9	53,931.3	51,959.5	47,940.0	44,839.3
	Equity	10,671.1	10,155.2	7,125.2	6,855.2	6,873.2
	Other financial and operating data					
	Net interest and fee income	2,011.0	1,826.1	1,673.3	1,663.8	1,604.4
	Value adjustments	-48.4	174.5	228.5	298.1	-15.3
	Staff and administrative expenses	-1,666.8	-1,511.9	-1,501.3	-1,414.4	-1,313.3
	Own funds	11,276.6	10,490.8	7,431.8	7,036.8	6,601.2
	Tier 1 capital	10,376.6	9,590.8	6,540.1	6,144.0	6,601.2
	Common Equity Tier 1 capital	9,567.6	9,161.8	6,136.3	5,745.8	5,784.8
	Exposures with credit risk	34,636.2	32,450.8	27,908.4	26,504.2	24,647.5
	Exposures with market risk	4,835.1	6,024.9	5,371.3	6,024.1	5,266.0
	Exposures with operational risk	3,735.0	3,599.8	3,266.6	3,395.6	3,311.8
	Total risk exposure	***43,206.3***	***42,075.5***	***36,546.3***	***35,923.9***	***33,225.2***

Comparative figures for 2018 have not been adjusted for the effect of implementing IFRS 16.

Note			2022	2021	2020	2019	2018
49	Ratios and key figures for the Bank						
	Solvency						
	Capital ratio	%	26.1	24.9	20.3	19.6	19.9
	Tier 1 capital ratio	%	24.0	22.8	17.9	17.1	19.9
	Common Equity Tier 1 capital ratio	%	22.1	21.8	16.8	16.0	17.4
	Earnings						
	Return on equity before tax	%	6.5	15.7	5.3	8.4	4.8
	Return on equity after tax	%	6.1	14.0	4.7	7.9	4.4
	Ratio of operating income to operating expenses per DKK	DKK	1.39	1.97	1.22	1.40	1.25
	Earnings per share	DKK	0.29	0.94	994.90	1,689.19	833.82
	Diluted earnings per share	DKK	0.29	0.94	994.90	1,689.19	833.82
	Return on capital employed	%	0.9	1.9	0.5	1.0	0.6
	Market risk						
	Interest-rate risk	%	1.5	1.1	1.8	1.2	0.5
	Currency position	%	0.9	3.0	1.0	1.5	2.2
	Currency risk	%	0.0	0.0	0.0	0.0	0.0
	Liquidity						
	Loans plus impairments in relation to deposits	%	50.7	47.5	46.7	48.7	51.5
	Liquidity coverage ratio (LCR)	%	243.0	238.4	277.4	269.9	268.1
	Credit						
	Sum of large exposures	%	58.3	41.2	57.0	65.4	53.0
	Impairment ratio for the year	%	-0.1	-0.7	0.2	-0.2	-0.2
	Lending growth for the year	%	9.5	6.8	4.7	3.5	0.7
	Loans in relation to equity		2.6	2.5	3.3	3.3	3.2
	Equity						
	Net asset value per share	DKK	4.70	4.64	22,828.06	21,897.08	20,490.76
	Proposed dividend per share	DKK	0.10	0.25	0.00	150.00	200.00
	Employees						
	Average number of employees during the financial year converted to full-time equivalents		1,105	1,060	1,071	1,040	1,007

See note 50 for definitions of ratios and key figures.

In connection with the capital increase on 14 April 2021, the nominal denomination of the share was changed from DKK 1,000 to DKK 1.

Comparative figures for 2018 have not been adjusted for the effect of implementing IFRS 16.

Note

50 Definitions of ratios and key figures

The ratios and key figures used in the annual report are calculated as follows:

Solvens	
Capital ratio =	Own funds x 100 / Total risk exposure
Tier 1 capital ratio =	Tier 1 capital x 100 / Total risk exposure
CET 1 ratio =	Common Equity Tier 1 capital x 100 / Total risk exposure
Income	
Return on equity before tax =	Profit before tax excl. minority interests x 100 / Equity excl. minority interests (avg.)
Return on equity after tax =	Profit after tax excl. minority interests x 100 / Equity excl. minority interests (avg.)
Ratio of operating income to operating expenses per DKK =	Income / Costs (excl. tax)
Earnings per share =	Arbejdernes Landsbank's shareholders' share of the profit for the year / Number of shares issued (avg.)
Diluted earnings per share =	Arbejdernes Landsbank's shareholders' share of the profit for the year / Diluted number of shares issued (avg.)
Return on capital employed =	Profit after tax x 100 / Total assets (avg.)
Market risk	
Interest-rate risk =	Interest-rate risk x 100 / Tier 1 capital
Currency position =	Currency indicator 1 x 100 / Tier 1 capital
Currency risk =	Currency indicator 2 x 100 / Tier 1 capital
Liquidity	
Loans plus impairments in relation to deposits =	Gross loans / Deposits
Liquidity coverage ratio (LCR) =	Liquid assets and easily realisable assets x 100 / Amounts due within 30 days
Credit	
Sum of large exposures *) =	Sum of the 20 largest exposures after deductions, excl. credit institutions and jointly-owned data centres x 100 / Common Equity Tier 1 capital
Impairment ratio for the year =	Impairments on loans and guarantees for the year x 100 / Gross loans and guarantees
Lending growth for the year =	(Loans, excl. reverse transactions carried forward - Loans, excl. reverse transactions brought forward) x 100 / Loans excl. reverse transactions brought forward
Loans in relation to equity =	Loans / Equity

Note		
50	**Definitions of ratios and key figures (continued)**	
	Equity	
	Net asset value per share =	Arbejdernes Landsbank's shareholders' share of equity / Number of shares issued
	Proposed dividend per share =	Proposed dividend / Share capital
	Other financial ratios and key figures	
	Lending growth *) =	(Loans, excl. reverse transactions carried forward - Loans, excl. reverse transactions carried forward 1 year before) x 100 / Loans, excl. reverse transactions carried forward 1 year before
	Commercial property exposure *) =	(Gross loans and guarantees within the sectors "Completion of building projects" and "Real property") x 100 / Gross loans and guarantees
	Liquidity benchmark *) =	Modified formula in relation to liquidity coverage ratio (LCR), see the Danish FSA's guidance on the supervisory diamond for banks. The liquidity benchmark indicates the ability to cope with three months' of liquidity stress.
	Cost rate =	Costs and depreciation/amortisation excl. impairment charges x 100 / Net interest income + net fee and commission income + dividends + other operating income

*) The key figure is used in the Danish FSA benchmarks, as described in the Management's report.

Note 51
Risk management

The Group is exposed to various types of risk. The most important types of risk for the Group are:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

This note to the annual report contains quantitative information about credit risk, market risk, liquidity risk and operational risks.

Credit risk

Credit risk is the risk that a counterparty is wholly or partly unable to make payments, or fails to make payments. The Group's credit policy is to conduct business transactions with customers with the ability and willingness to repay their loans.

Credit policy

The Group's companies have their own credit policies reflecting the individual company's business model, as well as the overall framework for managing credit risk established by the Board of Directors of A/S Arbejdernes Landsbank. Authorisation guidelines are established by the board of directors and passed on to the executive management of the individual company and then further on down through the organisation.

A central element in the Group's business model is to advise on, and grant loans, credits and other financial products to private individuals, associations and businesses, including financing solutions for car loans, leasing and factoring through the Bank's subsidiary AL Finans A/S.

The primary target group of the Bank is private customers, associations, as well as small and medium-sized Danish business customers where full-scale customer relationships are formed. Full-scale customer relationships provide a better insight into the overall financial situation of the customer, and this insight forms the basis for providing the best advisory services possible, and makes it easier to assess the risk of the individual exposure. Furthermore, the Bank aims at ensuring that the Bank's group of owners has the opportunity to conduct banking transactions. In the Bank's subsidiaries, AL Finans A/S and Vestjysk Bank A/S, the target group also includes private customers as well as small and medium-sized Danish enterprises. However, Vestjysk Bank A/S also has particular focus on loans and financing for agriculture, fisheries and real property.

Generally, the Group does not participate in geared investment transactions, nor does it wish to finance projects of a speculative nature. When providing credit, the assessment is based on an ethical profile and a desire to diversify risk over sectors, as well as the size of the exposure. This is important for the establishment of a sustainable foundation for the Group's further development.

The Group actively seeks to promote transition to a green economy for society. Climate change can cause physical risks, entailing the exposure of the properties of customers to weather, and transition risks, requiring business customers to incorporate sustainability into their entire value chain. For relevant customers, ESG-related aspects are involved in the credit assessment and understanding of the customer's business model and ability to adapt to new legislation and environmental change, as well as ensure optimal management and social conditions in the workplace.

The Group has a policy for impairments on loans, to the effect that loans considered uncollectable are written off.

Credit organisation

A/S Arbejdernes Landsbank has 61 branches, six business centres and three housing association centres as well as the Bank's subsidiary, AL Finans A/S. Furthermore, Vestjysk Bank A/S has 25 branches and some specialist departments, including an agricultural center, all of which are located in central, western and eastern Jutland.

The authority to grant loans is structured such that A/S Arbejdernes Landsbank's branches, business centres and AL Finans A/S may authorise loans in the majority of cases, including minor derogations from the main rule of the credit policy for credit risk profile under given compensatory measures, but in larger and more complex cases, as well as cases deviating from the general credit policy rules for credit risk profile, the Bank's branches, business centres or AL Finans A/S make a recommendation for authorisation to the Bank's Credit Department, Credit Council or the Board of Directors. Vestjysk Bank A/S has its own credit organisation and associated hierarchy for authorising loans, as well as its own structure for processing larger and more complex cases, including cases deviating from the credit policy. Furthermore, the Group has a Group Credit Committee tasked with pre-processing significant individual cases from Vestjysk Bank A/S as well as cases which, according to the Group's policies, are to be processed by the A/S Arbejdernes Landsbank Board of Directors.

The Group has a structural separation between customer functions and the control and monitoring function. The credit departments are responsible for day-to-day credit management and various of the Bank's controls, while the Group risk function performs independent control and monitoring of the Bank's credit management and credit quality.

The Group risk function also has overall responsibility for the Group's branch control. Branch control in Vestjysk Bank A/S is performed by the credit secretariat in Vestjysk Bank A/S.

Rating

For several years, A/S Arbejdernes Landsbank has been using its own internally developed rating models for private as well as business customers to support assessment of credit risk.

The rating models are based on a combination of payment behaviour as well as objective information about the customer, including financial statements for business customers and financial information about private customers. Rating categories are from 1-11, where rating 1 is the best and rating 11 is the poorest.

- Rating categories 1-5: Customers with exposures of good/normal credit quality.
- Rating categories 6-8: Customers starting to show weakness/certain signs of weakness.
- Rating category 9: Customers with significant signs of weakness, without objective evidence of impairment (OEI).
- Rating categories 10-11: Customers with OEI, with and without individual impairment.

Regardless of the customer's rating, the individual credit decision will always be based on a total assessment of the customer.

The Bank's rating of customers is a central tool in ongoing monitoring and credit management and monitoring of the portfolio and in the Bank's model for impairments. Ranking of exposure in stages is based on A/S Arbejdernes Landsbank's own PD values, which are based on the Bank's rating, supplemented by various other criteria for credit weakness.

Rating distribution and rating development are monitored on an ongoing basis at portfolio as well as individual customer level.

Internally developed rating models are not used in the Bank's subsidiary AL Finans A/S. In AL Finans A/S, customers are generally dealt with on the basis of individual assessments. The Bank's subsidiary Vestjysk Bank A/S uses a rating model based on behaviour and developed by BEC (Bankernes EDB Central). For business customers, an internal segmentation model is used for day-to-day credit management.

For the purpose of the consolidated financial statements, the ratings of A/S Arbejdernes Landsbank and Vestjysk Bank A/S are mapped to the Danish FSA credit quality categories.

Credit risk management and monitoring

The Group has focus on managing, controlling and monitoring credit risks, including compliance with policies and guidelines as well as ongoing reporting. Furthermore, there is ongoing focus on improving processes and tools that can contribute to more effective management and monitoring of credit risk.

The Board of Directors has set up a Risk Committee to assess whether the internal control, risk management and security systems of the Group are effective. Furthermore, the Executive Management has set up an internal Risk Council to process both financial and non-financial risks potentially influencing the Group.

Responsibility for day-to-day risk management of credit risk in the Group lies with the 1st line of defence, which is composed of the credit departments in the Bank, Vestjysk Bank A/S and AL Finans A/S, respectively.

All large lending exposures are regularly reassessed, and, at least once a year, on the basis of the customer's financial statements etc. If developments in objective indicators are assessed to warrant individual impairments, impairment charges and the assessment of any supplementary solvency need for weak exposures exceeding 2% of the own funds are made according to regulations laid down for this purpose.

There is also an annual portfolio and asset review of the Group's exposures on the basis of a materiality approach. Current and future risks on the selected portfolios and exposures are assessed, and checks are conducted on compliance with the credit policy and the authority to grant loans, satisfactory credit management and fair risk classification and impairment. The conclusions are reported to the Board of Directors.

Weak customers are dealt with on an ongoing basis in order to prepare action plans, and to assess whether the customer is credit-impaired and whether there is a need for impairment. Impairments concerning the part of the portfolio that is not credit-impaired, are calculated on the basis of model calculations.

The Group validates the calculation of expected losses. The purpose of the validation is to ensure that the allowance account is sufficient to cover the risk of losses on the Group's loan and guarantee portfolio, and to make any impairment allowances representing management estimates for areas in which the model does not adequately reflect the default risk. The validation includes both a quantitative and a qualitative validation.

For a description of the impairment model, including the transition between stages and how forward-looking information and accounting estimates and assessments are included in the Group's expected credit losses, see notes 1 and 2.

The Group's credit risk is reported to the Executive Management and the Board of Directors. The report includes more detailed comments on developments in risk ratios and key figures, sectors and customer segments, and on compliance with credit policy goals and requirements stipulated in the credit policy.

Moreover, various management reports are prepared to provide additional monitoring of credit quality as well as relevant analyses to support credit monitoring.

Risk hedging and risk reduction

The Group uses all the options available to mitigate risk, and these generally involve securing collateral in the assets financed.

The Group sets collateral values on all significant asset types. This implies that, for reasons of prudence, some assets are calculated at a reduced value, and therefore the real collateral value is assessed to be higher than the value calculated.
To ensure independence and necessary competences, the valuation process of properties is outsourced to Totalkredit.

Focus is on ensuring that assessments of mortgaged assets are updated and documented. The most common collateral is as mortgages on real property, cooperative housing and chattels such as cars, operating equipment, ships, etc.

For individually assessed exposures, collateral is calculated in impairment calculations at estimated fair values according to rules from the Danish FSA, while collateral values for model impairments are, in part, recognised more conservatively.

See page 140 for total collateral received by the Group.

	Group		Bank	
	2022 DKK mill.	2021 DKK mill.	2022 DKK mill.	2021 DKK mill.
Maximum credit exposure				
Receivables from credit institutions and central banks	527.8	678.0	1,632.6	788.5
Loans and other receivables at amortised cost	44,110.4	41,958.3	27,445.2	25,073.3
Guarantees	13,124.7	18,158.7	5,764.5	8,155.3
Irrevocable credit commitments	1,020.7	1,003.0	0.0	0.0
Other unutilised credit lines and commitments	23,277.0	21,697.7	7,980.7	6,264.1
Total credit exposure on items at amortised cost, guarantees and credit commitments	*82,060.6*	*83,495.6*	*42,823.1*	*40,281.1*
Bonds at fair value	28,590.0	28,116.2	19,158.0	18,800.0
Positive fair value of derivative financial instruments and spot transactions	391.3	151.8	338.4	73.8
Total credit exposure on items at fair value	*28,981.3*	*28,268.1*	*19,496.4*	*18,873.7*
Maximum credit exposure	*111,041.9*	*111,763.7*	*62,319.4*	*59,154.9*

	Group											
	Credit exposure before impairments etc.				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Stage 1** DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Stage 1** DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.
Accounting credit exposure, broken down by financial instruments as at 31 December 2022												
Receivables from credit institutions and central banks	499.0	31.2	8.0	0.0	496.8	31.0	0.0	0.0	496.8	31.0	0.0	0.0
Loans and other receivables at amortised cost	36,887.1	5,653.8	1,630.4	1,285.8	36,698.1	5,372.5	1,089.3	950.4	9,886.6	1,436.7	167.0	106.0
Guarantees	11,673.4	1,080.0	154.4	249.8	11,660.8	1,077.6	145.6	240.7	11,091.5	968.1	132.8	217.5
Unutilised credit lines and commitments	21,448.6	2,462.5	201.9	342.4	21,425.6	2,446.8	172.9	252.4	14,177.1	1,576.6	70.9	177.5
Total exposures	***70,508.1***	***9,227.6***	***1,994.8***	***1,878.1***	***70,281.3***	***8,928.0***	***1,407.8***	***1,443.6***	***35,652.0***	***4,012.5***	***370.8***	***501.0***
Accounting credit exposure, broken down by financial instruments as at 31 December 2021												
Receivables from credit institutions and central banks	662.4	15.8	8.0	0.0	662.2	15.7	0.0	0.0	662.2	15.7	0.0	0.0
Loans and other receivables at amortised cost	34,405.4	5,735.3	1,369.0	1,475.5	34,229.2	5,563.5	926.0	1,239.7	10,419.3	1,381.9	206.2	10.0
Guarantees	16,595.9	1,173.7	169.3	256.0	16,587.2	1,172.4	155.6	243.5	15,935.0	1,110.0	142.3	216.9
Unutilised credit lines and commitments	19,950.7	2,464.7	307.4	197.0	19,918.9	2,445.1	279.7	57.0	14,444.5	1,707.4	174.4	8.0
Total exposures	***71,614.3***	***9,389.4***	***1,853.8***	***1,928.5***	***71,397.5***	***9,196.7***	***1,361.3***	***1,540.1***	***41,460.9***	***4,215.1***	***523.0***	***234.9***

	Bank											
	Credit exposure before impairments etc				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.
Accounting credit exposure, broken down by financial instruments as at 31 December 2022												
Receivables from credit institutions and central banks	1,603.8	31.2	8.0	0.0	1,601.6	31.0	0.0	0.0	1,601.6	31.0	0.0	0.0
Loans and other receivables at amortised cost	25,006.9	1,968.9	976.0	0.0	24,883.6	1,913.2	648.4	0.0	12,674.5	608.5	143.5	0.0
Guarantees	5,028.8	658.6	86.1	0.0	5,025.6	657.3	81.6	0.0	4,621.7	578.5	75.6	0.0
Unutilised credit lines and commitments	7,041.8	921.4	59.4	0.0	7,027.9	909.7	43.2	0.0	5,744.4	732.1	30.2	0.0
Total exposures	***38,681.3***	***3,580.1***	***1,129.5***	***0.0***	***38.538,6***	***3.511,2***	***773,2***	***0.0***	***24.642,1***	***1.950,1***	***249,4***	***0,0***
Accounting credit exposure, broken down by financial instruments as at 31 December 2021												
Receivables from credit institutions and central banks	772.9	15.8	8.0	0.0	772.7	15.7	0.0	0.0	772.7	15.7	0.0	0.0
Loans and other receivables at amortised cost	22,704.4	1,887.4	1,010.2	0.0	22,602.5	1,826.8	644.0	0.0	12,455.8	625.8	187.6	0.0
Guarantees	7,444.2	636.9	89.2	0.0	7,436.8	636.0	82.4	0.0	7,082.2	600.5	74.9	0.0
Unutilised credit lines and commitments	5,533.0	711.1	81.7	0.0	5,508.7	697.9	57.5	0.0	4,524.3	553.6	32.0	0.0
Total exposures	***36,454.5***	***3,251.1***	***1,189.1***	***0.0***	***36,320.8***	***3,176.5***	***783.8***	***0.0***	***24,835.0***	***1,795.6***	***294.5***	***0.0***

	Group											
	Credit exposure before impairments etc.				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.
Accounting credit exposure, broken down by sectors and industries as at 31 December 2022												
Credit institutions and central banks	839.4	31.2	8.0	0.0	836.3	31.0	0.0	0.0	832.3	31.0	0.0	0.0
Public authorities	123.6	1.5	0.1	0.0	122.7	1.5	0.0	0.0	102.2	0.6	0.0	0.0
Business												
Agriculture, hunting, forestry and fisheries	3,504.2	702.4	211.2	963.9	3,492.4	688.7	132.5	706.6	1,012.2	266.1	16.7	266.5
Industry and extraction of raw materials	1,950.9	201.0	93.6	80.2	1,944.7	191.5	64.8	61.8	983.5	70.1	2.5	14.0
Energy supply	1,273.3	119.0	0.0	35.1	1,270.7	108.8	0.0	29.4	897.2	46.7	0.0	5.9
Building and construction	2,493.4	519.6	69.0	49.3	2,485.3	489.0	49.1	44.4	1,380.8	187.5	18.1	5.0
Trade	4,997.3	1,423.2	214.6	128.0	4,982.7	1,393.7	177.0	103.8	1,740.9	458.0	32.4	13.5
Transport, hotels and restaurants	809.9	194.5	80.5	132.2	807.5	187.0	68.6	117.1	354.1	87.8	10.0	16.0
Information and communication	184.0	35.4	23.8	0.4	183.0	33.0	13.2	0.2	92.7	20.2	5.4	0.0
Financing and insurance	3,013.1	166.0	94.6	33.9	2,993.0	151.7	29.5	11.0	2,220.9	126.8	17.8	4.3
Real property	6,881.1	849.1	106.7	165.6	6,861.5	805.6	84.5	147.1	4,936.6	350.1	51.2	84.4
Other business	4,874.6	1,110.6	147.0	41.1	4,847.1	1,089.1	89.0	29.3	3,364.1	368.8	17.9	5.3
Total business	*29,981.8*	*5,320.7*	*1,040.9*	*1,629.7*	*29,867.7*	*5,138.0*	*708.2*	*1,250.7*	*16,983.1*	*1,982.0*	*171.9*	*414.8*
Private	39,563.3	3,874.2	945.7	248.4	39,454.6	3,757.4	699.5	192.9	17,734.3	1,998.9	198.8	86.2
Total exposures	*70,508.1*	*9,227.6*	*1,994.8*	*1,878.1*	*70,281.3*	*8,928.0*	*1,407.8*	*1,443.6*	*35,652.0*	*4,012.5*	*370.8*	*501.0*

	Group											
	Credit exposure before impairments etc.				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Stage 1** DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Stage 1** DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.
Accounting credit exposure, broken down by sectors and industries as at 31 December 2021												
Credit institutions and central banks	999.6	24.8	8.0	0.0	996.6	24.3	0.0	0.0	993.3	24.3	0.0	0.0
Public authorities	103.6	3.0	0.2	0.0	101.8	3.0	0.1	0.0	100.8	2.6	0.1	0.0
Business												
Agriculture, hunting, forestry and fisheries	3,507.2	1,007.8	140.2	935.9	3,493.3	989.9	127.6	706.4	1,245.6	338.9	97.2	53.5
Industry and extraction of raw materials	1,952.8	259.6	105.5	61.7	1,943.1	251.7	76.7	50.6	1,001.9	64.4	17.9	0.0
Energy supply	813.8	392.2	5.2	57.7	809.1	373.8	5.2	41.9	433.6	233.1	5.2	0.3
Building and construction	2,410.8	407.2	50.2	52.3	2,400.3	391.0	38.4	44.9	1,406.3	178.6	10.7	1.9
Trade	4,198.7	1,102.1	219.6	141.3	4,180.2	1,079.1	179.9	128.2	1,242.7	371.9	43.1	5.9
Transport, hotels and restaurants	874.0	235.7	52.8	125.1	870.2	228.1	40.6	111.3	383.4	122.6	10.8	14.9
Information and communication	164.9	30.8	18.0	0.7	163.9	29.8	13.3	0.4	90.5	18.2	2.7	0.0
Financing and insurance	2,666.3	163.4	74.1	77.3	2,638.2	153.8	25.8	68.4	2,150.1	125.8	6.4	25.2
Real property	5,378.5	794.3	103.4	147.8	5,353.6	766.9	75.5	128.2	3,863.0	299.9	53.6	33.8
Other business	3,971.1	1,040.1	140.1	41.9	3,922.0	1,023.1	112.6	30.1	2,616.0	283.4	33.5	0.0
Total business	***25,938.1***	***5,433.2***	***909.2***	***1,641.7***	***25,773.9***	***5,287.2***	***695.4***	***1,310.4***	***14,433.0***	***2,036.7***	***281.1***	***135.5***
Private	44,573.0	3,928.4	936.3	286.8	44,525.2	3,882.2	665.9	229.7	25,933.8	2,151.5	241.8	99.4
Total exposures	***71,614.3***	***9,389.4***	***1,853.8***	***1,928.5***	***71,397.5***	***9,196.7***	***1,361.3***	***1,540.1***	***41,460.9***	***4,215.1***	***523.0***	***234.9***

	Bank											
	Credit exposure before impairments etc.				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.
Accounting credit exposure, broken down by sectors and industries as at 31 December 2022												
Credit institutions and central banks	1,939.9	31.2	8.0	0.0	1,936.7	31.0	0.0	0.0	1,936.7	31.0	0.0	0.0
Public authorities	123.0	1.5	0.1	0.0	122.1	1.5	0.0	0.0	101.7	0.6	0.0	0.0
Business												
Agriculture, hunting, forestry and fisheries	1.5	1.3	0.8	0.0	1.5	1.3	0.7	0.0	1.3	0.5	0.2	0.0
Industry and extraction of raw materials	225.9	43.5	16.5	0.0	224.6	42.2	5.5	0.0	173.9	34.1	1.9	0.0
Energy supply	40.4	5.8	0.0	0.0	40.0	5.6	0.0	0.0	36.1	5.6	0.0	0.0
Building and construction	1,256.5	120.8	19.0	0.0	1,252.8	101.9	9.5	0.0	1,104.0	93.0	0.8	0.0
Trade	505.3	361.8	70.5	0.0	500.8	350.7	49.8	0.0	365.6	294.8	28.0	0.0
Transport, hotels and restaurants	79.2	52.8	25.7	0.0	78.6	51.2	16.4	0.0	47.6	33.6	8.1	0.0
Information and communication	43.0	15.3	16.8	0.0	42.5	13.9	9.9	0.0	23.4	9.9	5.0	0.0
Financing and insurance	8,984.3	79.8	52.9	0.0	8,974.0	78.8	14.0	0.0	8,806.7	58.6	3.6	0.0
Real property	2,317.4	109.8	83.1	0.0	2,307.3	107.9	69.7	0.0	1,978.6	73.7	44.1	0.0
Other business	2,863.0	347.6	60.8	0.0	2,842.1	343.1	24.2	0.0	2,370.1	208.7	10.5	0.0
Total business	*16,316.6*	*1,138.5*	*346.1*	*0.0*	*16,264.2*	*1,096.6*	*199.8*	*0.0*	*14,.907.4*	*812.7*	*102.1*	*0.0*
Private	20,301.7	2,408.9	775.2	0.0	20,215.6	2,382.2	573.4	0.0	7,696.3	1,105.9	147.3	0.0
Total exposures	*38,681.3*	*3,580.1*	*1,129.5*	*0.0*	*38,538.6*	*3,511.2*	*773.2*	*0.0*	*24,642.1*	*1,950.1*	*249.4*	*0.0*

	Bank											
	Credit exposure before impairments etc.				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Stage 1** DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.	**Stage 1** DKK mill.	**Stage 2** DKK mill.	**Stage 3** DKK mill.	**Credit-impaired on initial recognition** DKK mill.
Accounting credit exposure, broken down by sectors and industries as at 31 December 2021												
Credit institutions and central banks	1,106.5	24.8	8.0	0.0	1,103.5	24.3	0.0	0.0	1,103.5	24.3	0.0	0.0
Public authorities	103.6	3.0	0.2	0.0	101.8	3.0	0.1	0.0	100.8	2.6	0.1	0.0
Business												
Agriculture, hunting, forestry and fisheries	3.1	1.0	0.4	0.0	3.0	0.9	0.3	0.0	0.9	0.2	0.3	0.0
Industry and extraction of raw materials	284.6	28.0	13.3	0.0	280.2	26.3	5.1	0.0	270.3	20.3	2.5	0.0
Energy supply	8.3	0.3	0.0	0.0	8.0	0.2	0.0	0.0	7.9	0.2	0.0	0.0
Building and construction	452.3	42.8	24.0	0.0	446.9	41.1	13.4	0.0	335.9	23.2	3.0	0.0
Trade	483.3	274.1	81.1	0.0	474.1	262.3	51.0	0.0	357.1	237.9	32.0	0.0
Transport, hotels and restaurants	79.5	97.8	36.3	0.0	78.4	93.7	25.0	0.0	47.6	72.7	6.3	0.0
Information and communication	21.3	15.5	10.3	0.0	20.9	14.6	6.0	0.0	16.0	12.1	2.4	0.0
Financing and insurance	7,801.4	52.4	67.0	0.0	7,780.6	50.8	23.7	0.0	7,630.7	37.1	5.3	0.0
Real property	1,146.7	176.1	64.8	0.0	1,131.0	165.5	44.9	0.0	954.0	98.1	34.0	0.0
Other business	2,352.2	156.0	87.5	0.0	2,308.7	150.1	64.6	0.0	1,787.9	82.5	24.5	0.0
Total business	***12,632.6***	***843.9***	***384.8***	***0.0***	***12,531.7***	***805.7***	***234.1***	***0.0***	***11,408.3***	***584.5***	***110.3***	***0.0***
Private	22,611.8	2,379.4	796.1	0.0	22,583.8	2,343.6	549.6	0.0	12,222.4	1,184.2	184.1	0.0
Total exposures	***36,454.5***	***3,251.1***	***1,189.1***	***0.0***	***36,320.8***	***3,176.5***	***783.8***	***0.0***	***24,835.0***	***1,795.6***	***294.5***	***0.0***

	Group											
	Credit exposure before impairments etc.				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.
Accounting credit exposure, broken down by rating category as at 31 December 2022												
Ratings 1-5	55,900.6	1,031.8	0.0	13.1	55,733.3	1,021.6	0.0	13.1	28,858.9	636.8	0.0	8.7
Ratings 6-8	13,736.0	6,927.7	0.0	120.9	13,682.4	6,685.5	0.0	120.5	6,415.5	2,883.5	0.0	25.7
Ratings 9	837.8	1,131.0	0.0	277.9	833.1	1,099.1	0.0	277.5	361.3	446.2	0.0	130.8
Ratings 10-11	33.7	137.1	1,994.8	1,466.1	32.5	121.8	1,407.8	1,032.5	16.3	45.9	370.8	335.8
Total exposures	*70,508.1*	*9,227.6*	*1,994.8*	*1,878.1*	*70,281.3*	*8,928.0*	*1,407.8*	*1,443.6*	*35,652.0*	*4,012.5*	*370.8*	*501.0*
Accounting credit exposure, broken down by rating category as at 31 December 2021												
Ratings 1-5	55,181.2	1,128.0	0.0	8.9	55,045.3	1,112.9	0.0	8.9	32,227.6	778.3	0.0	7.9
Ratings 6-8	15,274.0	6,801.3	0.0	18.1	15,206.4	6,665.1	0.0	17.9	8,674.3	2,828.6	0.0	4.6
Ratings 9	1,098.5	1,274.0	0.0	125.9	1,090.1	1,251.0	0.0	125.5	515.9	531.9	0.0	44.3
Ratings 10-11	60.5	186.2	1,853.8	1,775.7	55.8	167.7	1,361.3	1,387.8	43.1	76.3	523.0	178.1
Total exposures	*71,614.3*	*9,389.4*	*1,853.8*	*1,928.5*	*71,397.5*	*9,196.7*	*1,361.3*	*1,540.1*	*41,460.9*	*4,215.1*	*523.0*	*234.9*

Rating categories are from 1-11, where ratings 1-5 are the best and ratings 10-11 are the poorest. Exposures in rating categories 10-11 that are ranked as stage 1 are due to a difference in timing between the rating and the system-ranking in stages.

	Bank											
	Credit exposure before impairments etc.				Credit exposure after impairments etc.				Credit exposure after impairments etc. and collateral used			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit-impaired on initial recognition DKK mill.
Accounting credit exposure, broken down by rating category as at 31 December 2022												
Rating 1	1,784.7	0.0	0.0	0.0	1,782.2	0.0	0.0	0.0	1,546.0	0.0	0.0	0.0
Rating 2	3,649.5	12.7	0.0	0.0	3,635.1	12.7	0.0	0.0	2,357.3	12.7	0.0	0.0
Rating 3	16,268.5	30.2	0.0	0.0	16,232.6	30.2	0.0	0.0	13,421.4	27.6	0.0	0.0
Rating 4	7,001.0	117.8	0.0	0.0	6,967.4	116.3	0.0	0.0	3,516.3	53.5	0.0	0.0
Rating 5	5,903.8	279.8	0.0	0.0	5,875.1	278.1	0.0	0.0	2,413.1	223.8	0.0	0.0
Rating 6	2,084.6	969.0	0.0	0.0	2,073.5	956.8	0.0	0.0	619.6	782.3	0.0	0.0
Rating 7	1,463.8	1,494.3	0.0	0.0	1,453.1	1,476.6	0.0	0.0	595.1	495.3	0.0	0.0
Rating 8	349.2	352.8	0.0	0.0	346.2	345.6	0.0	0.0	112.7	193.2	0.0	0.0
Rating 9	142.4	204.8	0.0	0.0	140.7	191.4	0.0	0.0	44.3	117.9	0.0	0.0
Rating 10	31.3	99.2	0.0	0.0	30.4	87.8	0.0	0.0	15.7	37.9	0.0	0.0
Rating 11	2.4	19.5	1,129.5	0.0	2.1	15.7	773.2	0.0	0.6	5.9	249.4	0.0
Total exposures	*38,681.3*	*3,580.1*	*1,129.5*	*0.0*	*38,538.6*	*3,511.2*	*773.2*	*0.0*	*24,642.1*	*1,950.1*	*249.4*	*0.0*
Accounting credit exposure, broken down by rating category as at 31 December 2021												
Rating 1	361.0	0.0	0.0	0.0	355.2	0.0	0.0	0.0	50.5	0.0	0.0	0.0
Rating 2	2,740.1	14.4	0.0	0.0	2,726.5	14.3	0.0	0.0	1,757.5	12.2	0.0	0.0
Rating 3	13,894.4	42.5	0.0	0.0	13,860.6	42.2	0.0	0.0	11,669.8	33.5	0.0	0.0
Rating 4	7,459.9	67.1	0.0	0.0	7,442.1	65.2	0.0	0.0	4,603.7	56.2	0.0	0.0
Rating 5	7,164.1	354.8	0.0	0.0	7,145.6	352.0	0.0	0.0	4,169.3	292.2	0.0	0.0
Rating 6	2,497.0	644.1	0.0	0.0	2,479.3	634.5	0.0	0.0	1,252.2	542.6	0.0	0.0
Rating 7	1,804.9	1,290.1	0.0	0.0	1,790.4	1,272.4	0.0	0.0	1,077.9	394.4	0.0	0.0
Rating 8	338.6	462.4	0.0	0.0	335.1	447.8	0.0	0.0	151.8	275.8	0.0	0.0
Rating 9	146.2	217.2	0.0	0.0	142.4	207.9	0.0	0.0	71.6	115.3	0.0	0.0
Rating 10	32.9	138.5	0.0	0.0	31.4	126.9	0.0	0.0	19.9	65.5	0.0	0.0
Rating 11	15.4	20.0	1,189.1	0.0	12.2	13.1	783.8	0.0	11.1	7.9	294.5	0.0
Total exposures	*36,454.5*	*3,251.1*	*1,189.1*	*0.0*	*36,320.8*	*3,176.5*	*783.8*	*0.0*	*24,835.0*	*1,795.6*	*294.5*	*0.0*

Rating categories are from 1-11, where rating 1 is the best and rating 11 is the poorest. Exposures in rating categories 10-11 that are ranked as stage 1 are due to a difference in timing between the rating and the system-ranking in stages.

	Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
Total collateral				
Collateral received	58,385.0	54,249.9	21,948.9	19,274.9
Collateral used	41,524.4	37,061.8	15,981.4	13,356.0
Surplus collateral	*16,860.6*	*17,188.1*	*5,967.5*	*5,918.9*
Collateral concentration used				
Stage 1				
Properties	22,647.8	19,462.5	13,170.6	10,766.2
Securities, bonds, cash deposits, etc.	1,254.0	1,190.3	667.9	625.2
Chattels, cars, operating equipment, ships etc.	7,589.2	6,606.0	39.3	36.6
Warranties and guarantees	8.5	50.2	8.5	50.2
Other collateral	3,129.7	2,627.6	10.2	7.6
Total stage 1	*34,629.3*	*29,936.6*	*13,896.5*	*11,485.7*
Stage 2				
Properties	2,477.6	2,633.1	1,431.2	1,319.3
Securities, bonds, cash deposits, etc.	211.9	194.7	64.8	21.7
Chattels, cars, operating equipment, ships etc.	1,329.2	1,307.7	3.2	4.9
Warranties and guarantees	61.3	34.2	61.3	34.2
Other collateral	835.5	812.0	0.6	0.9
Total stage 2	*4,915.5*	*4,981.6*	*1,561.1*	*1,381.0*
Stage 3				
Properties	646.8	566.5	511.1	471.9
Securities, bonds, cash deposits, etc.	4.0	9.8	2.9	9.2
Chattels, cars, operating equipment, ships etc.	238.1	130.9	1.6	1.7
Warranties and guarantees	8.3	6.5	8.3	6.5
Other collateral	139.8	124.6	0.0	0.0
Total stage 3	*1,037.0*	*838.4*	*523.8*	*489.3*
Credit-impaired at initial recognition				
Properties	682.8	1,028.7	0.0	0.0
Securities, bonds, cash deposits, etc.	5.0	7.1	0.0	0.0
Chattels, cars, operating equipment, ships etc.	192.7	196.4	0.0	0.0
Other collateral	62.1	73.0	0.0	0.0
Total credit-impaired at initial recognition	*942.6*	*1,305.2*	*0.0*	*0.0*
Total	*41,524.4*	*37,061.8*	*15,981.4*	*13,356.0*

Collateral usually takes the form of mortgages on property and chattels, for example cars, etc. Furthermore, companies' shares, securities, invoices, guarantees and warranties can be used as collateral. Not all types of collateral are included at their full value in model impairment calculations. In stage 3, a specific assessment is made of individual forms of collateral. The note includes a specification of collateral with collateral value broken down by types and stages.

Regular assessments are made to ascertain whether there have been changes in the quality of collateral and other aspects as a result of impairment, or changes in practice regarding collateral.

The calculation of collateral includes collateral to cover unutilised credit lines and commitments.

	Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
Exposures fully covered by collateral				
Loans and other receivables at amortised cost	19,869.5	16,807.3	8,026.2	5,703.4
Guarantees	356.0	385.1	232.2	129.5
Unutilised credit lines and commitments	6,141.1	4,664.2	1,213.1	891.1
Total exposures	*26,366.6*	*21,856.6*	*9,471.5*	*6,723.9*
Concentration risk on large exposures amounting to 10% or more of Tier 1 capital, see Article 392 of the CRR				
Credit institutions				
Credit exposure after deductions	0.0	0.0	0.0	0.0
Other business				
Credit exposure after deductions	1,552.9	0.0	2,604.0	0.0
Number of large exposures				
Credit institutions before deductions	6	7	5	6
Other business before deductions	1	0	3	1
Large exposures in % of Tier 1 capital				
10-15% of Tier 1 capital	14.6	0.0	25.1	0.0
Sum of large exposures, excl. credit institutions in % of Tier 1 capital	14.6	0.0	25.1	0.0

Credit relaxation (forbearance) and non-performing exposure

An exposure is defined as a loan with relaxed credit terms if, due to the debtor's financial difficulties, the Bank has granted relaxed terms on interest and/or repayment, or if the loan has been refinanced on more relaxed terms.

Non-Performing is defined as the group of non-performing exposures (based on the Basel criteria) and/or exposures which are credit-impaired, I.e. exposures to customers subject to write-offs, 90 days in arrears or impairments in stage 3.

	Group 2022 DKK mill.	2021 DKK mill.	Bank 2022 DKK mill.	2021 DKK mill.
Exposures with relaxed credit terms				
Private				
Non-Performing	150.4	218.5	92.2	130.8
Performing	10.4	7.3	7.9	4.7
Total	*160.8*	*225.8*	*100.1*	*135.5*
Business				
Non-Performing	311.9	408.9	69.4	84.5
Performing	0.0	0.0	0.0	0.0
Total	*311.9*	*408.9*	*69.4*	*84.5*
Total loans with relaxed credit terms				
Non-Performing	462.3	627.4	161.6	215.3
Performing	10.4	7.3	7.9	4.7
Total	*472.7*	*634.7*	*169.5*	*220.0*

Market risk

Market risk is the risk of losses due to changes in fair value of assets and liabilities as a result of changes in market conditions.

The Group regularly accepts various forms of market risk, primarily as interest-rate risk, credit-spread risk, share-price risk or currency risk. Market risks arise primarily as a result of placing surplus cash in financial instruments, but also as a result of servicing customers' needs, and derivative financial instruments to manage and adjust market risks.

The Group's activities related to market risk arise from active management of the deposits surplus. Active management is primarily by acquiring liquid assets in order to meet the Group's liquidity buffer, and is supplemented by active placements based on return/risk considerations aiming at profitable earnings.

Trading in shares, bonds, currencies and related derivative financial instruments is an important business area for the Group in relation to servicing its customers. In this regard, the Group keeps a small portfolio to respond to customers' business needs.

The market risk is managed at overall group level through delegated frameworks from the Board of Directors, whilst the day-to-day management is carried out by individual companies. The Group's market risk is categorised into five overall risk classes: general interest-rate risk, specific interest-rate risk (credit spread risk and bankruptcy risk), share-price risk, currency risk and commodity risk.

The framework, objectives and strategies for the Group's market risks have been laid down in a delegation system in which the Board of Directors outlines the framework for the maximum total market risk the Group is permitted to accept. Otherwise, the framework is utilised on the basis of the Executive Management's investment strategy, which depends on assessments of returns/risk in financial instruments with due consideration for the Group's other risks.

The purpose of market-risk management is to balance the overall market risk on assets, liabilities and equity in order to be in a position to consider return and risk satisfactorily.

Monitoring market risk

There is day-to-day monitoring and checks to assure that the calculated risks comply with the frameworks stipulated and the current strategy in the area. Any transgressions must be reported to the Board of Directors, the Executive Management, the Chief Risk Officer and to the Risk Committee.

Reporting to the Executive Management is effected on a daily basis by the individual banks. Detailed qualitative and quantitative reporting to the Board of Directors and the Risk Committee is monthly for the Bank and quarterly for the Group.

General and specific interest-rate risk

Interest-rate risk can be divided into general risks in the form of influences affecting the financial markets in general (systematic risk), and specific risks specifically linked to single issuers of bonds or more sector-specific risk (idiosyncratic risk). The Group uses this distinction in day-to-day interest-rate risk management and in the calculation of risk exposures for the purpose of calculating the solvency need.

With regard to general interest-rate risk, the risk strategy establishes an overall framework for the Group's companies, and the Bank's market risk guidelines also establish a framework for total net interest-rate risk and net interest-rate risk per currency, as well as for a number of yield curve scenarios. This ensures that the Group manages and monitors the primary interest-rate risk targets through parallel shifts of yield curves, risk related to interest-rate spreads between currencies and risk related to the structure of interest rates. The frameworks are calculated, monitored and reported on a daily basis.

Most of the Group's investments are in bonds where a large part of the general interest-rate risk is hedged by using derivative financial instruments, primarily futures and interest-rate swaps.

At the end of 2022, the general interest-rate risk was calculated at DKK -232.8 mill. (2021: DKK -184.8 mill.) calculated on the basis of a 1 percentage-point interest-rate increase. This means that there will be a negative effect on equity before tax of DKK 232.8 mill. in the event of a 1 percentage-point increase, and a positive effect of DKK 219.5 mill. (2021: DKK 140.3 mill.) in the event of a 1 percentage-point interest-rate fall. The calculations include convexity risk.

The tables below show the Group's interest-rate risk, broken down by type of business and by currency, in the event of an interest-rate increase and an interest-rate fall, respectively, of 1 percentage point:

	Group	Bank	Group	Bank
	1 percentage-point increase DKK mill.	1 percentage-point increase DKK mill.	1 percentage-point fall DKK mill.	1 percentage-point fall DKK mill.
Interest-rate risk type broken down by type of business				
Bonds etc.	-351.8	-277.5	350.3	275.9
Derivative financial instruments	195.2	193.1	-205.4	-203.2
Mortgage deeds	-75.4	-75.4	75.4	75.4
Other items	-0.8	-5.2	-0.8	3.7
Total	*-232.8*	*-165.0*	*219.5*	*151.8*
Interest-rate risk broken down by currency				
DKK	-254.3	-186.4	242.6	174.6
EUR	21.0	21.0	-22.4	-22.4
USD	0.0	0.0	0.0	0.0
GBP	0.1	0.1	-0.1	-0.1
CHF	0.0	0.0	0.0	0.0
SEK	0.3	0.3	-0.4	-0.3
NOK	0.1	0.0	-0.1	0.0
Other	0.0	0.0	0.0	0.0
Total	*-232.8*	*-165.0*	*219.5*	*151.8*

Specific interest-rate risk covers bankruptcy risk, i.e. the loss resulting from an actual bankruptcy, and the credit spread risk which expresses the price exposure vis-a-vis a specific issuer/issue due to the market's assessment of changes in credit quality, liquidity and similar for the specific issuer/issue.

At the end of 2022, the credit spread risk on the bond portfolio and the portfolio of bond derivatives was calculated at DKK 431.4 mill. (2021: DKK 524 mill.) calculated on the basis of a 1 percentage-point credit spread increase. This means that there would be a negative effect on equity before tax of DKK 431.4 mill. in the event of an increase in the credit spread of 1 percentage point, and conversely, there would be a similar positive effect in the event of a narrowing of the credit spread.

Credit-spread risk is subject to a range of restrictions in the Group's risk strategy, including on bond types and other risk classifications. Monitoring is continuous and there are daily reports on utilisation of the frameworks.

The bankruptcy risk is addressed in the Group's issuer risk setup in which lines have been delegated based on the risk classification of the specific bond. Line management is conducted on three overall risk levels which are further granulated in a number of other risk classifications, including risk class (instrument-specific) and rating category.

Most investments are in Danish and European government bonds and Danish mortgage-credit bonds that are used to secure the Group's liquidity buffer. Furthermore, by far the majority of investments are in highly rated assets: AAA-rated securities amount to almost 85.3%, and investment grade assets amount to 97.5% of the total portfolio.

At present, 3.0% (2021: 3.9%) of the total bond portfolio has been invested in a diversified portfolio of corporate bonds (excl. banks) primarily in DKK and EUR-denominated bonds.

Investments in bonds issued by banks amounted to 6.1% of the Group's total bond portfolio (2021: 7.4%), and are predominantly in banks in the investment grade segment, with primary focus on banks with EUR-denominated bonds.

Relative composition of the bond portfolio at the end of 2022, broken down by external rating category and type of issuer:

	Group		Bank	
	2022	2021	2022	2021
	%	%	%	%
Bond portfolio broken down by external rating				
AAA	85.3	81.7	79.6	73.1
AA+, AA, AA-	1.6	2.0	2.5	3.0
A+, A, A-	8.4	11.2	10.8	16.4
BBB+	1.8	1.9	2.7	2.8
BBB	0.2	0.2	0.4	0.3
BBB-	0.2	0.2	0.3	0.3
Rating < BBB-	0.8	0.9	1.2	1.3
No Rating	1.7	1.9	2.5	2.8
Total	*100.0*	*100.0*	*100.0*	*100.0*
Bond portfolio broken down by issuers				
Governments	9.1	7.5	11.4	9.0
Mortgage credit	81.8	81.2	74.9	74.0
Banks	6.1	7.4	9.1	11.2
Other businesses	3.0	3.9	4.6	5.8
Total	*100.0*	*100.0*	*100.0*	*100.0*

The rating scale is based on the S&P, Fitch or Moody's ratings converted to corresponding ratings in the S&P scale.

Currency risk

Currency risk is managed by matching financial assets in accordance with the currency distribution of liabilities. Furthermore, currency risk is hedged using derivative financial instruments. The Group's strategy is to only have limited net positions in foreign currency, expressed as a low risk appetite in the Group's market risk policy.

An unfavourable fluctuation for the Group in the EUR exchange rate of 2% and in other currencies of 10% will lead to a negative effect on results and equity before tax of DKK 9.8 mill. (2021: DKK 7.8 mill.).

In addition, the Group also uses currency indicator 1 to manage currency risk.

Currency indicator 1 expresses the largest sum of positions in currencies in which the Group has a net receivable and the sum of positions in which the Group has net liabilities.

Currency indicator 2 is also calculated and 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.

	Group		Bank	
	2022	2021	2022	2021
Currency risk				
Currency indicator 1 in DKK mill.	107.2	290.0	88.6	284.4
Currency indicator 1 in % of Tier 1 capital	1.1	2.9	0.9	3.0
Currency indicator 2 in DKK mill.	0.5	0.7	0.4	0.6
Currency indicator 2 in % of Tier 1 capital	0.0	0.0	0.0	0.0

Share-price risk

The Group invests on the stock markets to supplement its bond portfolio investments and cash placements. The Group primarily trades in shares and through investment associations on well-known, established markets.

Risk is calculated and monitored on a daily basis, and there is a fixed framework for net risk, gross risk and short/long positions, both at total level and on specific markets and product types.

The calculation of share risk distinguishes between share risk inside and outside the trading portfolio. Shares inside the trading portfolio are shares acquired for trading. A general fall in the share markets of 10% would lead to a capital loss in the trading portfolio and a negative impact on equity before tax of DKK 28.5 mill. (2021: DKK 34.2 mill.).

Shares outside the trading portfolio primarily comprise investments in sector companies. The object of these companies is to support the Group's transactions within mortgage credit, IT, money transmission services and investment management and a few strategic investments. A general change in prices of 10% would lead to a capital loss and a negative impact on equity before tax of around DKK 187.0 mill. (2021: DKK 183.5 mill.).

	Group		Bank	
	2022 DKK mill.	2021 DKK mill.	2022 DKK mill.	2021 DKK mill.
Share positions				
Trading portfolio				
Listed shares	278.7	140.9	228.4	138.8
Unlisted shares	6.4	5.7	3.7	2.8
Unlisted shares held temporarily	0.0	195.6	0.0	195.6
Total trading portfolio	***285.0***	***342.2***	***232.1***	***337.2***
Shares outside the trading portfolio				
Listed shares	0.0	269.9	0.0	225.5
Unlisted shares	1,869.9	1,564.7	667.7	754.7
Shares outside the trading portfolio of total covered assets	***1,869.9***	***1,834.6***	***667.7***	***980.2***
Total	***2,154.9***	***2,176.8***	***899.8***	***1,317.4***

Commodity risk

The Group had no commodities positions at the end of 2022.

Liquidity risk

Liquidity risk is the risk of losses resulting from higher financing costs for the Group, from the Group being unable to fulfil its payment obligations or from the Group being unable to maintain its business model due to insufficient financing.

Liquidity risk reflects a maturity mismatch in the balance sheet between cash flows from assets and liabilities and equity, where the loan portfolio generally has a longer maturity than deposits and other financial transactions. The majority of the Group's liquidity risk is in DKK while a smaller part is in other currencies.

Liquidity management and monitoring

Management and monitoring of liquidity risk are based on liquidity policies, guidelines and contingency plans for the Group decided by the Board of Directors. Furthermore, an internal framework has been established for the liquidity management function (Treasury), which is responsible for ensuring that the Group complies with the short-term liquidity framework. In cooperation with relevant staff functions, the Executive Management is responsible for managing long-term funding.

Besides the liquidity policies, guidelines and contingency plans for the Group, Vestjysk Bank A/S is subject to its own liquidity policy, guidelines and contingency plan.

The Group uses a number of different methods to estimate the future liquidity need. These include an evaluation of the effect on liquidity in a number of severe stress scenarios simulating the Group's exposure to specific and market-related shocks that are considered improbable, but not unthinkable. The calculations are based on projections as well as historically known cash outflows.

Cash resources according to LCR

The Board of Directors has stipulated in its liquidity policy that the Group must have an excess liquidity cover in relation to the LCR minimum requirements. The Group's internal framework is 130% and thus above the statutory requirement of 100%.

The Group also has a policy that liquidity forecasts and a number of stress test scenarios, which are prepared at least once a month, have an excess liquidity coverage that ensures that the Group has sufficient time to react and launch necessary initiatives if so required by the liquidity situation. Liquidity forecasts and stress tests for the Group are submitted to the Board of Directors on a quarterly basis, and more often, if required.

At the end of 2022, LCR was calculated at 264.5% (2021: 249.4%.), which is comfortably above the Group's internal frameworks and the legal requirement.

	Group		Bank	
	2022 DKK bn	2021 DKK bn	2022 DKK bn	2021 DKK bn
LCR calculation				
Total liquidity buffer	35.1	34.8	21.8	21.4
Net outflow	13.3	13.9	9.0	9.0
LCR (%)	264.5	249.4	243.0	238.4

Financing structure and NSFR

Group activities are primarily financed through customer deposits, equity, issued bonds and subordinated debt, but they may alternatively be funded through loans or repo transactions with other credit institutions and Danmarks Nationalbank.

To secure a satisfactory funding structure, the Board of Directors has determined in its Group risk strategy that the Group must have a minimum Net Stable Funding Ratio (NSFR) of 110% and thus an excess cover compared with the legislative requirement of 100%.

	Group	**Bank**
	2022 DKK bn	**2022** DKK bn
NSFR funding calculation		
Available Stable Funding (ASF)	92.2	61.8
Required Stable Funding (RSF)	65.5	43.4
NSFR (%)	***140.9***	***142.5***

NSFR for the Group was calculated at the end of 2022 at 140.9% and thus comfortably above the Group's internal framework and the legislative requirement.

Cash resources contingency plan

The Group has also prepared a cash-resources contingency plan which states specific initiatives to improve liquidity and/or reduce risks, including borrowing against assets or disposal of assets, which the Group can implement if the liquidity situation so warrants.

Contractual maturity of financial liabilities

	Carrying amount DKK mill.	Contractual cash flows DKK mill.	Within 1 year DKK mill.	More than 1 year DKK mill.
Group 2022				
Debt to credit institutions and central banks	715.9	715.9	715.9	0.0
Deposits and other debt	72,907.7	72,907.7	70,986.2	1,921.6
Deposits in pooled schemes	15,187.8	15,187.8	5,958.4	9,229.4
Issued bonds at amortised cost	2,311.0	2,311.0	0.0	2,311.0
Other non-derivative financial liabilities at fair value	41.7	41.7	41.7	0.0
Derivative financial instruments	68.7	68.7	21.7	47.0
Lease commitments	248.1	248.1	34.4	213.7
Subordinated debt	1,274.2	1,274.2	0.0	1,274.2
Contingent liabilities	13,124.7	13,124.7	6,381.0	6,743.6
Group 2021				
Debt to credit institutions and central banks	380.8	380.8	380.4	0.3
Deposits and other debt	71,720.0	71,720.0	70,067.8	1,652.2
Deposits in pooled schemes	17,516.6	17,516.6	9,051.7	8,464.9
Issued bonds at amortised cost	348.4	348.4	0.0	348.4
Derivative financial instruments	299.2	299.2	116.4	182.8
Lease commitments	279.1	279.1	36.4	242.7
Subordinated debt	1,497.7	1,497.7	0.0	1,497.7
Contingent liabilities	18,158.7	18,158.7	7,433.7	10,725.0

The above analysis of maturities shows contractual cash flows, and includes payments agreed, excluding interest on non-derivative financial instruments.

Payments regarding contingent liabilities mature if a number of predefined conditions have been met. Such payment obligations are included at the time of maturity of the agreements.

For pooled scheme deposits, only the customers' pooled scheme deposits are distributed, as the future returns for the participants in the pool depend on the return on assets in the pool. There will be a correlation between maturities of obligations and assets related to the pools.

The maturity distribution above is based on the earliest time at which payment of an amount can be required.

A large part of the Group's assets are highly negotiable assets with a high credit quality in the form of deposits on current accounts as well as government bonds and mortgage-credit bonds, which are adjusted as liquidity obligations mature.

Operational risk

Operational risk means the risk of loss as a consequence of inappropriate or incomplete internal procedures, human errors and systems failure, or as a consequence of external events, including legal risks.

Operational risks are categorised according to the seven types of risk defined by the CRR:

- Employment practices and workplace safety
- External fraud
- Business disruption and system failures
- Internal fraud
- Clients, products, and business practice
- Execution, delivery and process management
- Damage to physical assets

Follow-up on operational risk in the Group includes a number of underlying areas, the most important of which are: IT security, Outsourcing, Protection of Personal Data, Compliance Risks, Money Laundering Risks, Model Risk and risks associated with implementing new products and services.

Policy for operational risk

The Board of Directors of A/S Arbejdernes Landsbank has laid down the Groups policy for operational risk, the purpose of which is to create an overview of operational risks, minimise the number of errors, and reduce the Group's losses due to operational errors, taking into account related costs.

The Group wants an open culture among its employees aimed at increasing the awareness of operational risks and ensuring knowledge-sharing among employees.

Operational risks are assessed on the basis of the likelihood of the risk materialising in an operational incident, as well as the consequences of such incident. Risks are classified on a four-step scale from insignificant to very high. To maintain an acceptable operational risk level, the policy includes a definition of risk appetite as determined by the Board of Directors. Risks exceeding the defined risk appetite are assessed by the Board of Directors at least every six months.

Managing operational risks

All activities in the organisation are associated with operational risks. In order to reduce the risk of operational incidents leading to significant losses, the Group's companies monitor and manage operational risks.

Responsibility for day-to-day operational risk management is decentralised and lies with the relevant business units. The mapping of operational risks in A/S Arbejdernes Landsbank and AL Finans A/S is based on identification and assessment by the individual units of their own risks.

At least annually, the Risk Function holds risk identification meetings with the individual units to review the risks identified and evaluate the likelihood and consequences of the risks. In connection with the review of the units' operational risks, an assessment is made to determine whether the risks have been sufficiently hedged against with controls and other risk-reducing measures. The risk identification meetings support risk processing and ensure greater awareness of operational risks in the organisation. The mapping of operational risks highlights particularly risky processes, systems, products or behaviour and thereby represents an overall risk management tool. Vestjysk Bank A/S has its own procedure for monitoring and reporting operational risks.

Follow-up and reporting on operational risk, including the role as risk facilitator, is anchored in the 2nd line of defence, and the Risk Council continuously addresses operational risks and reports on these risks.

Developments in operational risk are monitored continuously to provide the best possible foundation for operational risk management.

In 2022, A/S Arbejdernes Landsbank and AL Finans A/S implemented a GRC platform to support operational-risk management, etc. All data on risks, controls, events, etc. has now been gathered into one solution. This allows insight into relationship and provides a basis for simpler and better prioritised risk governance. It is expected the GRC platform will be implemented in Vestjysk Bank A/S during the first half of 2023.

The Group is aware that increased digitisation, with ever more communication taking place online, may add to the risk of external fraud online in the form of cybercrime. Most cases of attempted fraud are prevented upfront by the Group's IT supplier, BEC, and through internal control environments and vigilent employees.

Reporting operational risks

Reporting to the Board of Directors and the Executive Management is on a quarterly basis and includes developments in operational incidents and information about major operational incidents. In addition to this, quarterly, the Board of Directors and the Executive Management receive a summary of significant changes in the risk profile.

There is ongoing reporting to the CRO, the Executive Management and the Board of Directors, according to more detailed criteria stated in the risk policy.

IT security

The services provided by the Group are extensively supported by IT. This is an important element to consider when assessing operational risks, so that the Group ensures an adequate level of protection of data and IT systems.

The board of directors of the banks in the Group have drawn up IT security policies setting and formulating the requirements for IT security management.

The geopolitical situation affects security of supply and the Group's threat scenario. The Group is reliant on BEC and BEC's emergency response capacity, for example in the event of controlled shutdown of parts of the supply grid. The Group is in dialogue with BEC about this and regularly assesses the need for further emergency and contingency measures. The situation is also monitored under the auspices of the FSOR.

There is increased focus on supplier management to ensure the required level of security for the Group's IT systems. Among other things, this requires further insight at outsourcing suppliers.

The Group will continue work to increase its internal capacity in the area of IT security in 2023 to meet increasing demands and ensure IT security at an appropriate level. Concurrently with this work, there are ongoing efforts to ensure that all employees have adequate expertise within IT security. To this end, in 2022, all employees at the Bank acquired knowledge about IT security through a range of awareness-raising activities. In order to protect the Group from an ever more serious threat scenario, there is work to increase competencies with regard to handling potential attacks.

Outsourcing

The Group has outsourced a significant part of its critical banking systems, and outsourcing therefore remains an important element in operational risk management for the Group.

The boards of directors in A/S Arbejdernes Landsbank and Vestjysk Bank A/S have adopted policies for outsourcing, establishing the framework for outsourcing activities and defining the Board of Directors' risk appetite in relation to outsourcing activities.

The persons responsible for outsourcing are placed organisationally in the 1st line of defence, and assists the Management in ensuring that outsourcing is satisfactory. The persons responsible for outsourcing are responsible for the management and monitoring of outsourcing, and for securing outsourcing documentation.

At the beginning of 2023, A/S Arbejdernes Landsbank established a procurement function under the CFO area responsible for contract management and outsourcing. This function will continue work to raise the bank's level of maturity in this area. In future, the person responsible for outsourcing will be linked to the procurement function.

General Data Protection Regulation (GDPR)

The Group has a strong focus on ensuring that personal data is processed in accordance with the EU General Data Protection Regulation (GDPR), and data protection legislation is therefore an important element in the assessment of operational risks.

The Executive Management in A/S Arbejdernes Landsbank has appointed a Group Data Protection Officer (DPO) to ensure compliance with data protection regulations.

Money laundering risks

The Group has strong focus on anti-money laundering (AML), including risk mitigation measures to be implemented in order to prevent abuse of the Group's companies for money laundering and financing of terrorism.

Under management of the person responsible for anti-money laundering, the task of the AML Department is to ensure that the Group and its companies comply with the Act on Measures to Prevent Money Laundering and Terrorism Financing (the Anti-Money Laundering Act) as well as EU regulations on transfers of funds and combating terrorism. The person responsible for anti-money laundering reports directly to the Executive Management.

Employee awareness and alertness plays an important role in protection from being abused for money laundering, financing of terrorism or violation of financial sanctions. To ensure that employees have the necessary knowledge, in 2022, A/S Arbejdernes Landsbank once again conducted a mandatory e-learning course on prevention of money laundering, financing of terrorism and violation of financial sanctions. The employees have completed the course, which ended with a test. The number of employees working full-time with measures to prevent money laundering, financing of terrorism and violation of financial sanctions continued to increase in 2022.

Model risk

Operational risk includes model risk, which covers the risk of losses resulting from decisions primarily based on results from models. Operational risks arise due to errors in the development, implementation or use of models, and may be caused, for example, by errors or weaknesses in the data base behind a model.

The Group's guidelines for model risk adopted by the Board of Directors lay down the requirements for regular reporting and follow-up on model risk, as well as requirements for the Group's model register, which provides an overview and ensures clearly defined roles and responsibilities.

In 2023, continued efforts will be devoted to advance management of model risk at Group level.

Products and services

The supply of products and services is subject to frequent changes that have significance for the Group's IT systems and employees' management hereof. This increases the risk of errors, and such changes are therefore important to assess in relation to operational risk management.

Risks associated with implementing new products and services are identified and assessed in accordance with internal procedures prior to approval by the Executive Management and/or the Board of Directors of A/S Arbejdernes Landsbank.

The process ensures that risks are identified, assessed and managed. A/S Arbejdernes Landsbank has set up a Prices and Products Council to ensure adequate analysis, decision-making and involvement before changing the Bank's range of products and services. Vestjysk Bank A/S and AL Finans A/S have established their own procedures in this area.

The approval procedure is regulated in the Group companies' policies on the area.

Compliance risks

Operational risk includes compliance risks which are identified by the Group compliance function. Compliance risk is the risk that sanctions are imposed on the Group, by law or by the authorities, or that the Group suffers a financial loss or a loss of reputation as a consequence of non-compliance with legislation, market standards or internal rules.

The aim of the Group compliance function is to assist the Management in ensuring compliance with current legislation, market standards and internal rules.

The Group Compliance Function is part of the 2nd line of defence and reports quarterly to the executive management and board of director levels.

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