

Disclosure of sufficient own funds and solvency need as at Q4 2024 for Arbejdernes Landsbank, cf. section 4 of the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need.				
	Group		Bank	
	DKK mill.	% of REA	DKK mill.	% of REA
Pillar 1 - Minimum 8% requirement				
Credit risk	4.200,0	6,3%	3.408,1	6,7%
Market risk	420,2	0,6%	245,5	0,5%
Operational risk	730,4	1,1%	400,5	0,8%
<i>Total</i>	<i>5.350,6</i>	<i>8,0%</i>	<i>4.054,1</i>	<i>8,0%</i>
Pillar 2 - Add-on to minimum requirement				
Credit risk	588,5	0,9%	605,2	1,2%
Market risk	494,0	0,7%	386,6	0,8%
Operational risk	338,1	0,5%	265,3	0,5%
Other risks	0,0	0,0%	0,0	0,0%
Any add-on, if required by law	0,0	0,0%	0,0	0,0%
<i>Total</i>	<i>1.420,6</i>	<i>2,1%</i>	<i>1.257,1</i>	<i>2,5%</i>
Sufficient own funds and solvency need, cf. 124 (2) of the Danish Financial Business Act				
	6.771,2	10,1%	5.311,2	10,5%
Combined capital buffer requirement				
	4.267,1	6,4%	3.101,4	6,1%
Capital				
Common Equity Tier 1 capital/Common Equity Tier 1 capital ratio	11.985,1	17,9%	11.481,5	22,7%
Tier 1 capital/Tier 1 capital ratio	12.975,7	19,4%	12.366,1	24,4%
Own funds/Capital ratio	14.318,0	21,4%	13.659,1	27,0%
Capital requirements				
Common Equity Tier 1 capital/Common Equity Tier 1 capital ratio	8.076,0	12,1%	6.088,9	12,0%
Tier 1 capital/Tier 1 capital ratio	9.345,6	14,0%	7.084,7	14,0%
Own funds/Capital ratio	11.038,4	16,5%	8.412,5	16,6%
Capital that may not be included in the excess coverage				
Tier 1 capital/Tier 1 capital ratio	0,0	0,0%	0,0	0,0%
Own funds/Capital ratio	0,0	0,0%	0,0	0,0%
Excess coverage				
Common Equity Tier 1 capital/Common Equity Tier 1 capital ratio	3.909,2	5,8%	5.392,6	10,6%
Tier 1 capital/Tier 1 capital ratio	3.630,1	5,4%	5.281,4	10,4%
Own funds/Capital ratio	3.279,7	4,9%	5.246,6	10,4%
Model				
Arbejdernes Landsbank applies the 8+ method to set the individual solvency need for both the Group and the Bank.				
The method is based on the minimum capital requirement of 8% of total risk exposure (Pillar I requirement). It is assumed that normal risks are covered by the 8% capital requirement. In addition, Tier 2 capital needs are calculated for risk areas that are deemed not to be covered by the 8% requirement. The total capital need is obtained by adding together the capital need according to the 8% requirement and the Tier 2 capital needs.				
The model is based on the guidelines on sufficient own funds and solvency need for credit institutions (Vejledning om tilstrækkelig kapitalgrundlag og solvensbehov for kreditinstitutter) issued by the Danish FSA.				
The solvency need is calculated as the total capital need as a percentage of the total risk exposure calculated according to the provisions of the CRR.				
Capital to cover credit risk				
The capital requirement to cover credit risk is calculated as 8% of the risk exposures relating to credit risk plus Tier 2 capital to cover, among others, the following risks:				
1. Concentration risk on the 20 largest exposures				
2. Large exposures with financial problems				
3. Sector concentration risk				
4. NPE backstop				
6. lending growth				
6. Shares etc. outside the trading portfolio				
7. Other credit risks				
Capital to cover market risk				
The capital requirement to cover market risk is calculated as 8% of the risk exposures relating to market risk plus Tier 2 capital to cover, among others, the following risks:				
1. Credit spread risk				
2. Interest-rate risk outside the trading portfolio				
Capital to cover operational risk				
Capital to cover operational risk is calculated according to the Basic Indicator Approach set out in Article 315 of the CRR. The Group makes its own calculations of operational risk based on a model in which the different units in the Group construct a number of risk scenarios.				
Capital to cover other risks				
Capital to cover other risks includes, among others, assessments of capital requirements for the level of earnings, leverage, risk of falling prices on owner-occupied and investment properties, as well as other aspects, including statutory requirements.				