

Interim report – first half 2015



Interim report 2015

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GERT R. JONASSEN
Chief Executive

JAN W. ANDERSEN
Executive Bank Director



Positive developments continue

Arbejdernes Landsbank realises its expectations with interim results of DKK 138.0 mill. after tax and good business growth.

As the new Chairman of the Board of Directors, it gives me great pleasure to look back on the first half of 2015 at Arbejdernes Landsbank. With an interim result of DKK 138.0 mill. after tax, the Bank has realised its expectations and once more confirmed the prudence of its targeted strategy to offer Danes responsible and personal advisory services through a nationwide network of branches and the most up-to-date digital solutions. I am extremely proud to be a part of that strategy and to be able to forge ahead with the strategy together with the Bank's management and Board.

Despite a cold and wet spring in Denmark, the first half of 2015 saw very clement conditions for domestic financial activities. The Bank has seen the effects of this, especially in the number of customers buying and selling property, which more than doubled compared with the same period last year. We have been fully prepared to deal with this business, as the Bank has dedicated much of its resources to the housing area and being able to offer customers an exceptionally rapid service and case processing when they are looking to finance their dream home. Arbejdernes Landsbank is one of the only banks on the market to offer a meeting on a house purchase within an hour and a reply to a financing request within 24 hours. This has resulted in a very positive reaction from current as well as new customers.

There has also been a historically high number of loan conversions on behalf of our customers, who have benefitted from the very low interest rates. This extra workload has been dealt with by the Bank's employees with absolute professionalism and the whole Board would like to extend their appreciation for this work - well done!

However, the housing market and loan conversions are not the only areas where the Bank has seen increasing activity. There is a wide spectrum of business in which the Bank can see that the Danish economy and Danish employment are well on the way to recovery. This is good for our customers and it is good for the Bank, with total lending increasing

by more than 3% in the first half year. Given a market in which competition is constantly becoming more fierce, this is a very satisfactory development and it has been achieved without compromising quality. There has also been a strong influx of new customers: There was a net influx of more than 3,000 new customers in the first six months of the year, and this means that the Bank is maintaining its solid momentum in welcoming new customers.

Today and in the future, the foundation of the Bank's strategy will remain personal advisory services, face-to-face with our customers. We believe that a nationwide network of branches with a physical presence in our customers' local area is the correct basis for offering customers personal advisory services. Therefore, earlier in the year the Bank opened a new branch in Ringsted and in August we will be opening a branch in Holbæk.

In parallel with our branch strategy, we are continuing work on developing and investing in new digital services to ensure that our customers and the Bank reap the benefits of recent years' rapidly developing digital solutions. We are doing this by adapting our organisation, developing the competences necessary, and above all, by meeting our customers on their own terms. However, this is also about daring to go our own way and testing new options arising from our customers' needs. Therefore, innovation, digital solutions and more focus on the customer will be high priorities for Arbejdernes Landsbank in the years to come.

The scope of the Bank's business; the sum of loans, deposits and guarantees, etc., has increased by 5.4% or DKK 2.8 bn. since the turn of the year. All areas are contributing to growth and this testifies to increased activity across the Group. The Group maintains considerable excess liquidity of DKK 9.6 bn. against DKK 10.0 bn. at the start of the year. The Bank is also in the process of implementing the new regulations on liquidity statements which will enter into force in the

autumn 2015. These will tighten requirements for the type of liquid assets that can be included.

The Tier 1 capital ratio and capital ratio of the Group at the end of June were both 12.8%, while the solvency need was 9.4%.

The interim results for the Group of DKK 155.6 mill. before tax meet our expectations. In particular, core earnings developed more favourably than anticipated, while investment portfolio earnings are not satisfactory.

Impairment losses on customers have fallen drastically in the past half year. This is attributable to recent years' intensive focus on the Bank's weaker exposures, where strict follow-up and action plans, combined with improved housing prices and emergent economic growth contributed to the positive trend.

As a result of the record-high deposits surplus, the Bank has large exposures in securities and has been affected by credit spreads on the financial markets. This is reflected in losses on investment portfolio earnings, excluding investment securities.

On the basis of developments in the first half-year and the uncertainty about the European economy in the wake of the Greek situation, the second half-year is expected to continue with uncertain financial markets. Core earnings have been adjusted upwards, whereas portfolio activities have been adjusted downwards. The 2015 profit before tax is expected to be DKK 350-400 mill., as previously reported.

On behalf of the Board of Directors

Per Christensen

Chairman of the Board of Directors



A/S Arbejdernes Landsbank - Group

Financial and operating data

	30.06.2015	30.06.2014	31.12.2014
	DKK '000	DKK '000	DKK '000
Income statement - according to the core earnings model			
Net interest income	578,105	560,629	1,132,850
Net fee and commission income etc.	254,636	230,829	454,773
Core earnings, excl. trading earnings	832,741	791,458	1,587,623
Trading earnings	74,962	53,280	130,473
Total core earnings	907,703	844,738	1,718,096
Staff expenses	-364,226	-364,942	-725,796
Administrative expenses and depreciation/amortisation	-294,620	-285,479	-568,511
Core profit before impairment charges	248,857	194,317	423,789
Impairments on loans etc.	-33,521	-160,773	-230,351
Core profit	215,336	33,544	193,438
Investment portfolio earnings, excl. investment securities	-99,539	89,056	3,361
Investment securities	63,017	92,153	142,870
Profit before sector solutions	178,814	214,753	339,669
Contributions to sector solutions	-23,212	-22,647	-44,602
Profit before tax	155,602	192,106	295,067
Tax	-17,609	-21,083	-28,687
Result	137,993	171,023	266,380
Other financial and operating data			
Net interest and fee income	920,371	803,483	1,629,379
Value adjustments	-160,587	107,979	25,135
Staff and administration expenses	-606,928	-595,826	-1,177,574
Profit/loss from holdings in associates and group undertakings	72,165	56,197	115,396
Loans and other receivables at amortised cost	18,967,516	18,258,155	18,330,380
Bonds at fair value	15,054,194	14,361,786	14,566,631
Deposits incl. pools	30,754,948	29,454,732	29,640,734
Issued bonds at amortised cost	250,000	262,158	262,158
Subordinated debt	828,950	828,950	828,950
Equity	4,292,958	4,040,383	4,199,965
Total assets	41,967,409	39,794,475	40,123,218
Total contingent liabilities	5,459,252	4,288,057	4,370,452

A/S Arbejdernes Landsbank - Group Financial ratios

		30.06.2015	30.06.2014	31.12.2014
Financial ratios				
Solvency				
Capital ratio	%	12.8	15.2	15.6
Tier 1 capital ratio	%	12.8	15.2	15.6
Earnings				
Return on equity before tax for the period	%	3.7	4.8	7.3
Return on equity after tax for the period	%	3.2	4.3	6.6
Ratio of operating income to operating expenses per DKK	DKK	1.21	1.23	1.19
Rate of return for the period	%	0.3	0.4	0.7
Earnings per DKK 1,000 nominal share value	DKK	460.0	570.1	887.9
Market risk				
Interest-rate risk	%	-1.0	-1.4	-1.0
Currency position	%	2.5	4.1	3.0
Currency risk	%	0.0	0.0	0.1
Liquidity				
Loans plus impairment charges in relation to deposits	%	66.2	66.8	66.5
Excess liquidity in relation to statutory requirements for liquidity	%	219.8	229.1	229.9
Credit				
Sum of large exposures	%	22.5	32.2	20.8
Impairment ratio for the period	%	0.1	0.7	1.0
Lending growth for the period	%	3.7	0.6	1.0
Lending in relation to equity		4.4	4.5	4.4
Equity				
Net asset value	DKK	1,431.0	1,346.8	1,400.0
Proposed dividend per DKK 1,000 nominal share value	DKK	0.0	0.0	150.0
Employees				
The average number of staff, converted into full-time employees for the period		1,084	1,082	1,082



First half of 2015 for the Arbejdernes Landsbank Group

Profit for the period

Profit after tax of DKK 138.0 mill. live up to the expectations at the start of the year. Core earnings developed more positively than anticipated and impairment losses have reached a satisfactory level. The return on the investment portfolio did not meet our expectations and this is attributable to a turbulent first half-year on the financial markets.

On the basis of the core earnings model on page 5, Group profit from operating activities included the following:

- Net interest income showed a strong increase of DKK 17.5 mill. compared with the first half of 2014; a sign of budding optimism, with more willingness to borrow money.
- Fees and trading income rose to DKK 45.5 mill., which is mainly attributable to increasing activity in the facilitation of mortgage-credit loans through Totalkredit, where many customers benefited from the favourable interest-rate levels, converted their mortgage-credit loans and took out additional loans for housing improvements.
- Staff costs remain at the same level as in the first half of 2014, and the number of staff is also at the same level.
- Administrative expenses rose by DKK 9.1 mill. and this is primarily related to IT expenses for digital solutions.
- Impairments on loans amounted to DKK 33.5 mill. against DKK 160.8 mill. after the first half of 2014; a good sign that we can start putting the crisis behind us.
- Investment portfolio earnings showed a negative return of DKK 99.5 mill. against a positive return of DKK 89.1 mill. after the first half of 2014. This indicates a volatile securities market where, particularly, the credit spread between government securities and a number of credit bonds, including Danish mortgage-credit bonds, increased. This is an indication of the uncertainty prevailing on financial markets, not least in terms of the Greek situation.
- Investment securities showed a decrease of DKK 29.1 mill. to DKK 63.0 mill. and this is primarily attributable

to gains from selling the Bank's shares in Nets A/S; a gain recognised in the first half of 2014.

- Contributions to sector solutions amounted to DKK 23.2 mill. against DKK 22.6 mill. in the first half of 2014.
- Value adjustments, see other financial and operating data on page 5, showed a loss of DKK 160.6 mill. in the first half of 2015 against a gain of DKK 108.0 mill. in the first half of 2014. This development should be seen in the light of a decrease in portfolio earnings. However, the development is also largely due to the Bank's investment in bonds redeemed above par, generating capital losses during the term to maturity. These capital losses correspond to a higher coupon rate on the bonds.

Balance sheet

The Group balance sheet total amounted to DKK 42.0 bn. at the end of the first half of 2015, against DKK 40.1 bn. at the end of 2014.

The sum of large exposures with customers amounting to 10% or more of own funds accounted for 22.5% of own funds and comprised two exposures.

Deposits including savings in pooled schemes were DKK 30.8 bn., demonstrating growth of DKK 1.1 bn. compared to the end of 2014. This is due to a wide spectrum of customer groups and strong customer support for Arbejdernes Landsbank continues.

The securities portfolio in the form of bonds, shares, etc. and holdings in associated undertakings has increased by DKK 0.5 bn. since the beginning of the year to DKK 16.9 bn.

As at 30 June 2015, the Bank's equity amounted to DKK 4,293.0 mill., which is an increase of DKK 93.0 mill. compared with 31 December 2014 and this is attributable to the profit from operating activities in the first half of 2015 less dividends paid for 2014

Own funds, capital ratio and business model

According to legislation, the Group must have own funds that support the business model and the risk profile. The business model is unchanged in relation to the description in the 2014 Annual Report.

To calculate the capital ratio, management has chosen to calculate credit and market risks according to the standard method, and operational risks according to the basic indicator approach. In the opinion of management, there is still no need to use more advanced methods to calculate the capital ratio.

According to the Danish Financial Business Act, the Board of Directors and Board of Management must ensure that the Bank has adequate own funds, which is the minimum capital required according to the assessment of management to cover all significant risks.

In 2015, the Group's own funds were negatively affected by the introduction of new capital adequacy rules based on an EU directive and an EU regulation. The changed deduction regulations for equity investments in insurance undertakings particularly affect the Group. Seen in isolation, the new rules for calculating own funds that entered into force in early 2015 led to a reduction of 1.9 percentage points in the capital ratio.

Own funds for use in solvency calculations as at the end of June were calculated at DKK 3,979.5 mill., in which the interim results after tax and deductions for reserved dividend of DKK 24.8 mill. were recognised at a total of DKK 113.2 mill.

With a capital ratio of 12.8% and an individual solvency need of 9.4%, we continue to have solid capital buffers. Tightened statutory requirements up to 2019 mean that we have continued focus to consolidate the Bank and the Group.

Risk management and uncertainty

The Board of Directors is responsible for ensuring effective risk management, including identifying significant risks, developing systems for risk management and establishing a risk policy and risk frameworks.

Reporting on significant risks is part of the regular reporting to the Board of Directors. In this context, see note 4 in the 2014 Annual Report, in which the most important risk factors are described. The Board of Management is responsible for ongoing risk management, including identifying and assessing individual risks associated with the Group's business activities. Every year, the Group issues a risk report, which is available in English on the Bank's website at [Group Risk Report 2014](#).

There have been no events during the first half year of 2015 which have significantly changed the Group's risk profile.

Changes in the economic climate have an impact on the fulfilment of expectations regarding the level of impairment charges. Uncertainty with regard to fulfilment of expectations for the remaining part of 2015 is linked in particular to developments in the market situation regarding interest rates and credit spreads.

Liquidity

From the end of September, the Group will be obligated to report a new liquidity requirement (LCR) for the first time. The new statutory requirements mean that the Bank must be able to cover a stressed net outflow of liquidity over a period of 30 days. The coverage ratio must total at least 60% at the phase-in in October 2015, increasing to at least 100% in 2019 at full phase-in. Our calculations show that we are in full compliance with the coming requirements.

The supervisory diamond

The supervisory diamond of the Danish FSA stipulates a number of special risk areas and related benchmarks, stating limit values which, as a point of departure, banks should meet.

These benchmarks are an integrated part of the reporting by the Board of Directors and any deviations are considered and acted upon.

The supervisory diamond*)	Limit values	Bank
Stable funding	< 1	0.6
Excess liquidity	> 50	220
Large exposures	< 125	22
Lending growth	< 20	4
Property exposures	< 25	8

* The definition of the financial ratios is explained on page 28.

The Bank comfortably meets all the benchmarks. Note that the financial ratio for excess liquidity is calculated according to the liquidity concept, see section 152 of the Financial Business Act.

Outlook for 2015

The Group's expectations for the second half of 2015 are based on expectations that growth in Denmark will reach about 2% in terms of GDP, whereas growth in the Eurozone in general is more uncertain. Continued growth is expected in the business strategy for the second half of 2015, partly through a continued influx of customers and partly from the budding economic growth in society.

In the assessment of the Bank, on the basis of the first half-year results, there is a basis for adjusting the core profit for the full year upwards, while the return on the securities portfolio will have to be adjusted downwards. In the annual financial statements for 2014, we stated that the Bank expected a profit before tax of around DKK 350-400 mill. This expectation is still applicable.



Management have today discussed and approved the interim report of Aktieselskabet Arbejdernes Landsbank and the Group for the period 1 January to 30 June 2015.

The group interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as approved by the EU. The interim financial statements for the Parent Company and the management's review have been prepared in accordance with the Financial Business Act, including Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. This interim report was also prepared in accordance with Danish disclosure requirements for interim financial reports for financial undertakings with listed securities.

In our opinion, the Group interim financial statements and the interim financial statements for the Parent Company provide a fair presentation of the assets, liabilities and financial position of the Group and Parent Company as at 30 June 2015, as well as of the results of the activities and cash flows of the Group and Parent Company for the period from 1 January to 30 June 2015.

In our opinion, the management's review provides a true and fair report of the developments of the activities and financial situation of the Group and of the Parent Company covered by the consolidated financial statements, as well as a description of the most significant risks and uncertainty factors that may influence the Group and the Parent Company.

This interim report has not been revised or reviewed by the Group auditor.

Copenhagen, 18 August 2015

Board of Management:

Gert R. Jonassen
Chief Executive

Jan W. Andersen

The Board of Directors:

Poul Erik Skov Christensen
Chairman

Arne Grevsen

John Markussen
Employee representative

Claus Jensen
Vice chairman

Mette Kindberg

Jesper Pedersen
Employee representative

Lars Andersen

Torben Möger Pedersen

Henrik Thagaard
Employee representative

Harald Børsting

Niels Sørensen

Lasse Thorn
Employee representative

Income statement and comprehensive income

Note		Group		Bank	
		30.06.2015 DKK '000	30.06.2014 DKK '000	30.06.2015 DKK '000	30.06.2014 DKK '000
Income statement					
6	Interest income	694,291	710,835	639,709	658,336
7	Interest expenses	-96,255	-155,158	-96,211	-155,071
	Net interest income	598,036	555,677	543,498	503,265
	Dividends from shares etc.	50,774	33,621	50,774	33,621
8	Fee and commission income	291,853	234,091	265,390	207,738
	Fees and commissions paid	-20,292	-19,906	-3,039	-2,840
	Net interest and fee income	920,371	803,483	856,623	741,784
9	Value adjustments	-160,587	107,979	-160,515	106,443
	Other operating income	47,453	65,959	16,400	30,952
10	Staff and administration expenses	-606,928	-595,826	-564,213	-553,607
	Amortisation/depreciation as well as impairment charges on intangible assets and property, plant and equipment	-38,462	-35,410	-12,155	-9,581
11	Other operating expenses	-44,889	-49,503	-44,889	-49,503
12	Impairments on loans and receivables etc.	-33,521	-160,773	-32,803	-158,435
13	Profit/loss from holdings in associates and group undertakings	72,165	56,197	88,504	75,814
	Profit before tax	155,602	192,106	146,952	183,867
14	Tax	-17,609	-21,083	-8,959	-12,844
	Profit for the period	137,993	171,023	137,993	171,023
Comprehensive income					
	Profit for the period	137,993	171,023	137,993	171,023
	Other comprehensive income for the period	0	0	0	0
	Total comprehensive income for the period	137,993	171,023	137,993	171,023

Balance sheet

Note	Group		Bank		
	30.06.2015 DKK '000	31.12.2014 DKK '000	30.06.2015 DKK '000	31.12.2014 DKK '000	
Assets					
	Cash in hand and demand deposits with central banks	1,436,837	426,082	1,436,812	426,068
	Receivables from credit institutions and central banks	1,435,722	2,110,289	1,435,609	2,110,146
	Loans and other receivables at amortised cost	18,967,516	18,330,380	18,802,228	18,201,929
	Bonds at fair value	15,054,194	14,566,631	15,054,194	14,566,631
	Shares etc	1,004,278	1,066,333	1,004,278	1,066,333
	Holdings in associated undertakings	810,791	763,290	810,791	763,290
	Equity investments in group undertakings	0	0	206,491	190,152
	Assets linked to pooled schemes	1,332,311	1,068,920	1,332,311	1,068,920
	Intangible assets	21,789	28,977	10,800	13,602
	Total land and buildings	834,027	836,202	834,027	836,202
	Owner-occupied properties	834,027	836,202	834,027	836,202
	Other property, plant and equipment	197,554	200,128	86,014	88,542
	Current tax assets	58,297	22,426	92,902	42,750
	Deferred tax assets	10,520	7,345	21,598	24,055
	Other assets	750,442	668,854	709,815	638,026
	Accruals	53,131	27,361	47,372	23,619
	Total assets	41,967,409	40,123,218	41,885,242	40,060,265
Liabilities					
	Debt				
	Debt to credit institutions and central banks	4,181,656	2,810,092	4,181,656	2,810,092
	Deposits and other debt	29,422,636	28,571,814	29,410,985	28,571,617
	Deposits in pooled schemes	1,332,312	1,068,920	1,332,311	1,068,920
16	Issued bonds at amortised cost	250,000	262,158	250,000	261,164
	Other non-derivative financial instruments at fair value *)	880,034	1,552,628	880,034	1,552,628
	Other liabilities	665,743	700,444	604,308	647,506
	Accruals	22,154	33,467	13,074	24,643
	Total debt	36,754,535	34,999,523	36,672,368	34,936,570
	Provisions				
	Provisions for losses on guarantees	27,344	20,563	27,344	20,563
	Other provisions	63,622	74,217	63,622	74,217
	Total provisions	90,966	94,780	90,966	94,780
	Subordinated debt				
	Subordinated debt	828,950	828,950	828,950	828,950
17	Total subordinated debt	828,950	828,950	828,950	828,950
	Equity				
	Share capital	300,000	300,000	300,000	300,000
	Revaluation reserves	263,634	263,634	263,634	263,634
	Other reserves	612,778	612,778	790,099	790,099
	Statutory reserves	612,778	612,778	790,099	790,099
	Retained earnings or losses	3,116,546	2,978,553	2,939,225	2,801,232
	Proposed dividend	0	45,000	0	45,000
	Total equity	4,292,958	4,199,965	4,292,958	4,199,965
	Total liabilities	41,967,409	40,123,218	41,885,242	40,060,265

*) As at 1 January 2015, due to a change of practices, repurchasing liabilities concerning reverse transactions are categorised as "Other non-derivative financial instruments at fair value". This liability was previously recognised under the item "Other liabilities". Comparative figures have been adjusted.

Changes in equity - Group

	Share capital DKK '000	Revaluation reserves DKK '000	Reserves DKK '000	Retained earnings DKK '000	Dividends DKK '000	Total DKK '000
Equity brought forward for 2015	300,000	263,634	612,779	2,978,552	45,000	4,199,965
Profit for the period		0	0	137,993	0	137,993
Other comprehensive income		0	0	0	0	0
Total comprehensive income		0	0	137,993	0	137,993
Other additions and disposals		0	0	0		0
Dividend paid for 2014					-45,000	-45,000
Total changes in equity		0	0	137,993	-45,000	92,993
Equity as at 30 June 2015	300,000	263,634	612,779	3,116,545	0	4,292,958
Equity brought forward for 2014	300,000	207,378	569,405	2,792,577	60,000	3,929,360
Profit for the period		0	0	171,023	0	171,023
Other comprehensive income		0	0	0	0	0
Total comprehensive income		0	0	171,023	0	171,023
Other additions and disposals		0	0	0		0
Dividend paid for 2013					-60,000	-60,000
Total changes in equity		0	0	171,023	-60,000	111,023
Equity as at 30 June 2014	300,000	207,378	569,405	2,963,600	0	4,040,383
Equity brought forward for 2014	300,000	207,378	569,405	2,792,577	60,000	3,929,360
Profit for the year		0	98,879	122,501	45,000	266,380
Other comprehensive income		64,224	0	0	0	64,224
Total comprehensive income		64,224	98,879	122,501	45,000	330,604
Other additions and disposals		-7,968	-55,505	63,473		0
Dividend paid for 2013					-60,000	-60,000
Total changes in equity		56,256	43,374	185,974	-15,000	270,604
Equity at the end of 2014	300,000	263,634	612,779	2,978,552	45,000	4,199,965

Changes in equity - Bank

	Share capital DKK '000	Revaluation reserves DKK '000	Reserves DKK '000	Retained earnings DKK '000	Dividends DKK '000	Total DKK '000
Equity brought forward for 2015	300,000	263,634	790,099	2,801,232	45,000	4,199,965
Profit for the period		0	0	137,993	0	137,993
Other comprehensive income		0	0	0	0	0
Total comprehensive income		0	0	137,993	0	137,993
Other additions and disposals		0	0	0		0
Dividend paid for 2014					-45,000	-45,000
Total changes in equity		0	0	137,993	-45,000	92,993
Equity as at 30 June 2015	300,000	263,634	790,099	2,939,225	0	4,292,958
Equity brought forward for 2014	300,000	207,378	709,140	2,652,842	60,000	3,929,360
Profit for the period		0	0	171,023	0	171,023
Other comprehensive income		0	0	0	0	0
Total comprehensive income		0	0	171,023	0	171,023
Other additions and disposals		0	0	0		0
Dividend paid for 2013					-60,000	-60,000
Total changes in equity		0	0	171,023	-60,000	111,023
Equity as at 30 June 2014	300,000	207,378	709,140	2,823,865	0	4,040,383
Equity brought forward for 2014	300,000	207,378	709,140	2,652,842	60,000	3,929,360
Profit for the year		0	136,464	84,916	45,000	266,380
Other comprehensive income		64,224	0	0	0	64,224
Total comprehensive income		64,224	136,464	84,916	45,000	330,604
Other additions and disposals		-7,968	-55,505	63,473		0
Dividend paid for 2013					-60,000	-60,000
Total changes in equity		56,256	80,959	148,389	-15,000	270,604
Equity at the end of 2014	300,000	263,634	790,099	2,801,232	45,000	4,199,965

Cash flow statement *)

Note	Group		Bank	
	30.06.2015 DKK '000	30.06.2014 DKK '000	30.06.2015 DKK '000	30.06.2014 DKK '000
Profit before tax for the half-year	155,602	192,106	146,952	183,867
Adjustment for non-cash operating items				
Depreciation, amortisation and impairment charges on intangible assets	7,188	7,429	2,802	2,803
Depreciation, amortisation and revaluations of property, plant and equipment	31,274	27,981	9,353	6,778
Impairments on loans etc.	33,521	160,773	32,803	158,435
Net profit for the half-year adjusted for non-cash operating items	227,585	388,289	191,910	351,883
Loans and receivables with credit institutions, etc.	-628,062	-273,305	-593,353	-262,694
Bonds and shares	-425,508	-1,677,610	-425,508	-1,677,610
Deposits and debt to credit institutions, etc.	2,485,777	1,750,999	2,474,323	1,759,532
Other non-derivative financial instruments at fair value	-672,594	-162,113	-672,594	-162,113
Other working capital	-517,322	52,097	-527,756	45,191
Corporation tax paid	-50,000	-30,000	-50,000	-30,000
Change in working capital	192,291	-339,932	205,112	-327,694
Cash flows from operating activities	419,876	48,357	397,022	24,189
Purchases of intangible assets	0	-2,360	0	0
Purchases of property, plant and equipment	-41,081	-46,918	-5,444	-9,466
Sales of property, plant and equipment	14,557	27,802	793	12,144
Cash flows from investment activities	-26,524	-21,476	-4,651	2,678
Issued bonds/subordinated capital instruments	-12,158	103,000	-11,164	103,000
Dividend paid	-45,000	-60,000	-45,000	-60,000
Cash flows from financing activities	-57,158	43,000	-56,164	43,000
Change in cash and cash equivalents	336,194	69,881	336,207	69,867
Cash and cash equivalents brought forward	2,511,284	2,687,005	2,511,178	2,686,943
Cash and cash equivalents carried forward	2,847,478	2,756,886	2,847,385	2,756,810

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

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Notes to the interim financial statements

NOTE 1

Accounting policies

These Group interim financial statements are presented in accordance with IAS 34, Interim Financial Reporting, as approved by the EU and the IFRS-Executive Order on Financial Undertakings. These interim financial statements for the Parent Company have been prepared according to the guidelines in the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

Apart from the information provided below, the accounting policies in this interim report are unchanged in relation to the accounting policies in the consolidated financial statements and the parent's financial statements for 2014. The 2014 financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further Danish disclosure requirements for annual reports of listed financial undertakings and for the parent company in accordance with the Financial Business Act, and further Danish disclosure requirements for annual reports of listed financial undertakings.

The interim report is presented in Danish kroner (DKK) which is the functional currency of the Parent Company and rounded off to the nearest DKK 1,000.

Changes in accounting policies

With effect from 1 January 2015, Arbejdernes Landsbank specifies repurchasing liabilities concerning reverse transactions under a new equity and liability item entitled "Other non-derivative financial instruments at fair value". This liability was previously recognised under the item "Other liabilities". Comparative figures have been adjusted.

We refer to the 2014 Annual Report for further descriptions of the accounting policies.

New and amended standards and interpretation contributions

Pursuant to the information included under accounting policies in the 2014 Annual Report, no new accounting standards or interpretation contributions have been issued or approved that influence the 2015 Interim Report.

NOTE 2

Significant accounting estimates

The measurement of certain assets and liabilities is based on accounting estimates made by management. Areas entailing assumptions and estimates and which are significant for the financial statements, include impairments on loans and guarantees, owner-occupied properties, measurements at fair value of certain financial instruments as well as provisions, and these are the same as in the 2014 Annual Report. We refer to the accounting policies in the 2014 Annual Report for further descriptions of accounting estimates.

The estimates made are based on assumptions that are considered reasonable and realistic by management but which are inherently uncertain.

Unusual circumstances

The interim report for the first half of 2015 has not been affected by unusual circumstances.

NOTE 3

Events after expiry of the accounting period

No other events have been assessed to have taken place, other than the circumstances mentioned in the expectations for the rest of 2015, which significantly affect the financial position of the Group and the Bank.

Note	Group		Bank		
	30.06.2015 DKK '000	31.12.2014 DKK '000	30.06.2015 DKK '000	31.12.2014 DKK '000	
4	Capital and solvency				
	Transformation from equity to own funds				
	Equity	4,292,958	4,199,965	4,292,958	4,199,965
	Reserved/proposed dividend	-24,839	-45,000	-24,839	-45,000
	Intangible assets	-21,788	-28,977	-10,800	-13,602
	Deductions for prudent valuation	-15,975	-15,457	-15,975	-15,457
	Capital instruments in financial entities	-405,817	-69,305	-405,069	-68,800
	Common Equity Tier 1 capital	3,824,539	4,041,226	3,836,275	4,057,106
	Hybrid capital	828,950	828,950	828,950	828,950
	Capital instruments in financial entities	-674,013	-357,189	-672,574	-354,643
	Tier 1 capital *)	3,979,476	4,512,987	3,992,651	4,531,413
	Tier 2 capital	0	0	0	0
	Own funds	3,979,476	4,512,987	3,992,651	4,531,413
	Capital requirement from pillar I (8%)	2,485,830	2,315,680	2,509,981	2,325,626
	Weighted items				
	Items with credit risk	20,083,857	19,155,027	20,719,229	19,590,727
	Items with market risk	7,500,072	6,302,021	7,498,797	6,322,853
	Items with operational risk	3,488,946	3,488,946	3,156,740	3,156,740
	Total weighted items	31,072,875	28,945,994	31,374,766	29,070,320
	Solvency ratio	12.8	15.6	12.7	15.6
	*) The external auditors have confirmed that the conditions have been met for ongoing recognition of earnings for the period in Tier 1 capital.				

5 Segment information for the Group

Group activities are concentrated in Denmark with focus on banking services for private customers, small and medium-sized enterprises as well as associations, etc. Banking services are offered across customer types in the entire branch network as well as in the Bank's group undertaking; AL Finans. The return on these activities is expressed in core profit, see the model on page 4 in the interim report. Activities under core profit depend, however, on the Bank's investment portfolio activities where the Bank's liquidity is secured, but also under which the Bank's strategic sector shares belong. The regular operating report to the Board of Management contains the information and the aggregation level stated in the model. On the basis of this, the Group is considered to have one operating segment, which includes core profit and investment portfolio earnings as one item.

Note	Group		Bank	
	30.06.2015 DKK '000	30.06.2014 DKK '000	30.06.2015 DKK '000	30.06.2014 DKK '000
6 Interest income *)				
Receivables from credit institutions and central banks	-2,550	111	-2,550	111
Loans at amortised cost	633,032	609,078	577,429	553,922
Interest on written-down exposures	-64,031	-21,242	-64,031	-21,242
Bonds	147,777	143,609	147,778	143,609
Derivative financial instruments				
Currency contracts	-12,152	-11,191	-12,152	-11,191
Interest-rate contracts	-7,785	-9,331	-6,765	-6,674
Total derivative financial instruments	-19,937	-20,522	-18,917	-17,865
Other interest income	0	-199	0	-199
Total interest income	694,291	710,835	639,709	658,336
Of which, reverse transactions recognised under				
Receivables from credit institutions and central banks	-3,813	-824	-3,813	-824
Loans and other receivables	-126	136	-126	136
*) Negative interest income arisen as a consequence of negative interest income is offset under the respective interest income items. Negative interest income primarily derives from reverse transactions				
7 Interest expenses *)				
Debt to credit institutions and central banks	-1,295	-4,917	-1,295	-4,917
Deposits and other debt	-57,788	-114,536	-57,744	-114,449
Issued bonds	-3,370	-3,408	-3,370	-3,408
Subordinated debt	-33,768	-32,258	-33,768	-32,258
Other interest expenses	-34	-39	-34	-39
Total interest expenses	-96,255	-155,158	-96,211	-155,071
Of which genuine sale and repurchase transactions recognised under				
Debt to credit institutions and central banks	-1,124	-18	-1,124	-18
*) Positive interest expenses for the year arisen as a consequence of negative interest rates are offset under the respective interest expense items. Positive interest expenses primarily derive from repo transactions				
8 Fee and commission income				
Securities trading and custody accounts	57,494	40,550	57,494	40,550
Money transmission services	47,666	46,663	47,666	46,663
Loan fees	112,024	82,406	104,606	74,246
Guarantee commission	19,356	13,266	19,491	13,402
Other fees and commissions	55,313	51,206	36,133	32,877
Total fees and commission income	291,853	234,091	265,390	207,738

Note	Group	30.06.2014	Bank	30.06.2014	
	30.06.2015		30.06.2015		
	DKK '000	DKK '000	DKK '000	DKK '000	
9	Value adjustments				
	Bonds	-215,267	251,324	-215,267	251,324
	Shares etc.	23,115	51,184	23,115	51,184
	Currency	-770	7,181	-737	7,331
	Derivative financial instruments				
	Currency contracts	2,165	302	2,165	302
	Interest-rate contracts	31,919	-203,753	31,958	-205,439
	Share contracts	43	44	43	44
	Total derivative financial instruments	34,127	-203,407	34,166	-205,093
	Assets linked to pooled schemes	38,122	38,999	38,122	38,999
	Deposits in pooled schemes	-38,122	-38,999	-38,122	-38,999
	Other assets	-1,792	1,697	-1,792	1,697
	Other liabilities	0	0	0	0
	Total value adjustments	-160,587	107,979	-160,515	106,443
10	Staff and administration expenses				
	Emoluments to the Board of Directors, the Board of Management and the Board of Representatives				
	Board of Management	-3,297	-3,322	-3,287	-3,312
	Board of Directors	-943	-963	-943	-963
	Board of Representatives	-260	-264	-260	-264
	Staff expenses	-4,500	-4,549	-4,490	-4,539
	Salaries				
	Pensions	-300,324	-298,890	-275,595	-273,087
	Social security expenses	-28,786	-31,930	-26,329	-29,527
	Payroll tax	-2,434	-3,257	-2,251	-3,089
	Total	-33,849	-31,800	-31,675	-29,972
	Other administrative expenses	-365,393	-365,877	-335,850	-335,675
	Total staff and administration expenses	-237,035	-225,400	-223,873	-213,393
	Total staff and administration expenses	-606,928	-595,826	-564,213	-553,607
11	Other operating expenses				
	Expenses for the Guarantee Fund for Depositors and Investors	-23,212	-22,647	-23,212	-22,647
	Expenses for operating the Bank's properties	-18,562	-23,287	-18,562	-23,287
	Other operating expenses	-3,115	-3,569	-3,115	-3,569
	Total other operating expenses	-44,889	-49,503	-44,889	-49,503

Note	Group	30.06.2014	Bank	30.06.2014	
	30.06.2015		30.06.2015		
	DKK '000	DKK '000	DKK '000	DKK '000	
12	Impairments on loans and provisions for guarantees, etc.				
	Impairment charges and provisions				
	Impairment charges and provisions brought forward	1,434,077	1,300,817	1,426,000	1,292,739
	Impairment charges and provisions for the half-year	172,929	471,667	170,230	463,663
	Reversal of impairment charges and provisions for the half-year	-187,007	-312,161	-183,910	-305,901
	Actual loss (written off) previously subject to impairment charges	-49,434	-20,749	-47,710	-18,212
	Interest adjustment	64,031	21,242	64,031	21,242
	Total impairment charges and provisions, carried forward	1,434,596	1,460,816	1,428,641	1,453,531
	Impairments on loans etc., carried forward				
	Impairments on loans etc., carried forward	1,377,081	1,418,821	1,371,127	1,411,536
	Provisions on guarantees, etc., carried forward	27,344	16,808	27,344	16,808
	Impairment charges/provisions on other items, carried forward	30,171	25,187	30,170	25,187
	Total impairment charges and provisions, carried forward	1,434,596	1,460,816	1,428,641	1,453,531
	Net impact recognised in the income statement				
	Net impairment charges and provisions for the half-year	14,078	-159,506	13,680	-157,762
	Losses, not previously subject to impairment charges	-54,415	-6,040	-52,922	-5,087
	Recognised in claims previously subject to impairment charges	6,816	4,773	6,439	4,414
	Total net impact recognised in the income statement	-33,521	-160,773	-32,803	-158,435
	Individual impairments on loans				
	Individual impairments on loans brought forward	1,244,093	1,188,504	1,236,905	1,180,457
	Impairment charges for the half-year	125,819	373,991	123,191	370,916
	Reversal of impairment charges for the half-year	-122,595	-286,223	-120,386	-284,137
	Actual loss (written off) previously subject to impairment charges	-49,434	-20,749	-47,709	-18,212
	Interest adjustment	61,120	19,041	61,120	19,041
	Total individual impairments on loans carried forward	1,259,003	1,274,564	1,253,121	1,268,065
	Individual provisions on guarantees, etc.				
	Individual provisions on guarantees, brought forward	13,329	9,076	13,329	9,076
	Provisions for the half-year	8,384	4,342	8,384	4,342
	Reversal of provisions for the half-year	-2,562	-3,270	-2,562	-3,270
	Actual loss (written off) previously provided	0	0	0	0
	Total individual provisions on guarantees, etc. carried forward	19,151	10,148	19,151	10,148
	Individual impairment charges on credit institutions				
	Subject to impairment charges at the beginning of the half-year	17,200	17,252	17,200	17,252
	Impairment charges for the half-year	52	0	52	0
	Reversal of impairment charges for the half-year	0	-15	0	-15
	Total impairment charges on credit institutions carried forward	17,252	17,237	17,252	17,237
	Individual provisions for other items				
	Provisions at the beginning of the half-year	10,164	304	10,164	304
	Provisions for the half-year	4,042	7,950	4,042	7,950
	Reversal of provisions for the half-year	-1,287	-304	-1,287	-304
	Total provisions for other items carried forward	12,919	7,950	12,919	7,950
	Group impairments on loans				
	Group impairments on loans brought forward	142,057	77,246	141,168	77,215
	Impairment charges for the half-year	33,028	83,890	32,957	78,961
	Reversal of impairment charges for the half-year	-59,918	-19,080	-59,030	-14,906
	Interest adjustment	2,911	2,201	2,911	2,201
	Total group impairments on loans, carried forward	118,078	144,257	118,006	143,471
	Group provisions on guarantees etc.				
	Group provisions on guarantees brought forward	7,234	8,435	7,234	8,435
	Provisions for the half-year	1,604	1,494	1,604	1,494
	Reversal of provisions for the half-year	-645	-3,269	-645	-3,269
	Total group provisions on guarantees, etc., carried forward	8,193	6,660	8,193	6,660

Note		Group		Bank	
		30.06.2015	30.06.2014	30.06.2015	30.06.2014
		DKK '000	DKK '000	DKK '000	DKK '000
13	Profit/loss from holdings in associates and group undertakings				
	Profit from holdings in associates*	72,165	56,197	72,165	56,197
	Profit from holdings in group undertakings	0	0	16,339	19,617
	Total profit from holdings in associates and group undertakings	72,165	56,197	88,504	75,814
	* The Bank's ownership interest in Bankernes EDB Central (BEC) was reduced to less than 20% in connection with extension of the group of owners in the second half of 2014. The ownership interest is then classified under the item "Shares etc."				
14	Tax				
	Calculated tax on profit for the half-year	-20,784	-21,623	-6,502	-6,822
	Change in deferred tax concerning the income period	4,729	527	-2,566	-6,314
	Change of corporation tax rate (from 23.5% to 22%)	-357	54	109	333
	Adjustments concerning previous year	-1,197	-41	0	-41
	Total tax	-17,609	-21,083	-8,959	-12,844
	Tax for the half-year broken down by type				
	Calculated tax on profit before tax for the half-year at 23.5%.	-36,566	-47,066	-34,534	-45,047
	Tax base of non-deductible expenses	-3,632	-3,048	-3,363	-2,862
	Tax base of profit in associates	16,960	13,768	16,959	13,768
	Tax base of gains not deductible for tax purposes	7,183	15,250	11,870	21,005
	Change of corporation tax rate (from 23.5% to 22%)	-357	54	109	333
	Adjustment regarding previous years	-1,197	-41	0	-41
	Total tax	-17,609	-21,083	-8,959	-12,844

15 Dividends

On 10 March 2015, an ordinary dividend of DKK 45 mill., corresponding to DKK 150 per share of nominally DKK 1,000, was paid to the shareholders (2014: DKK 200 per share).

Note		Group		Bank	
		30.06.2015	31.12.2014	30.06.2015	31.12.2014
		DKK '000	DKK '000	DKK '000	DKK '000
16	Issued bonds at amortised cost				
	Bonds listed on the Irish Stock Exchange	250,000	250,000	250,000	250,000
	Other bonds	0	12,158	0	11,164
	Total issued bonds at amortised cost	250,000	262,158	250,000	261,164

Note	Group		Bank		
	30.06.2015 DKK '000	31.12.2014 DKK '000	30.06.2015 DKK '000	31.12.2014 DKK '000	
17	Subordinated debt				
	Subordinated debt in the form of Additional Tier 1 capital *)				
	Variable % nominal DKK 399.95 mill., indefinite maturity, can be redeemed before maturity on 23 May 2018	399,950	399,950	399,950	399,950
	Variable % nominal DKK 429.0 mill., indefinite maturity, can be redeemed before maturity on 22 January 2021	429,000	429,000	429,000	429,000
	Total subordinated debt	828,950	828,950	828,950	828,950
	Subordinated debt as included in calculation of own funds	828,950	828,950	828,950	828,950
	*) Costs for raising loans for the period	0	121	0	121
18	Collateral				
	For collateral deposited with Danmarks Nationalbank, clearing centres etc.				
	Market value of bonds	3,976,034	3,962,853	3,976,034	3,962,853
	Of which surplus value	3,343,007	3,962,853	3,343,007	3,962,853
19	Loans and guarantees before impairment charges analysed by sectors and industries				
	Public sector	30,671	30,111	1,965	8,144
	Corporate				
	Agriculture, hunting, forestry and fisheries	144,286	127,911	127,222	111,669
	Industry and minerals	816,366	598,672	492,333	264,435
	Energy supply	8,711	4,841	6,798	3,734
	Building and construction	772,998	685,246	577,335	541,047
	Trade	1,182,461	1,047,278	622,481	546,574
	Transport, hotels and restaurants	542,657	509,056	461,087	416,580
	Information and communication	242,404	170,261	199,758	124,662
	Financing and insurance	1,279,016	1,206,778	4,363,192	4,105,498
	Real property	1,844,912	1,860,535	1,821,497	1,839,841
	Other business	2,523,150	2,598,190	2,259,793	2,359,961
	Total business customers	9,356,961	8,808,768	10,931,496	10,314,001
	Private	15,640,608	14,298,227	13,923,537	12,678,433
	Total	25,028,240	23,137,106	24,856,998	23,000,578

Note	Group		Bank		
	30.06.2015 DKK '000	31.12.2014 DKK '000	30.06.2015 DKK '000	31.12.2014 DKK '000	
20	Contingent liabilities				
	Guarantees				
	Financial guarantees	2,114,221	1,401,199	2,114,221	1,401,199
	Guarantees for losses on mortgage loans	716,247	360,114	716,247	360,114
	Land registration and conversion guarantees	40,441	55,343	40,441	55,343
	Guarantee for group undertakings	0	0	35,200	35,200
	Other guarantees	1,785,390	1,583,357	1,750,190	1,548,157
	Total guarantees	4,656,299	3,400,013	4,656,299	3,400,013
	Other liabilities				
	Irrevocable credit commitments less than 1 year	770,263	938,761	0	200,000
	Unutilised pension commitments	23,700	23,700	23,700	23,700
	Other contingent liabilities	8,990	7,978	8,990	7,978
	Total other liabilities	802,953	970,439	32,690	231,678
	Total contingent liabilities	5,459,252	4,370,452	4,688,989	3,631,691

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

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

The Bank Recovery and Resolution Directive and Deposit Guarantee Schemes Directive were implemented in Danish legislation with effect from 1 June 2015. The purpose of the Directives is to support the new Guarantee Fund by committing the Member State's credit institutions to cover losses on covered deposits in failing credit institutions. The Guarantee Fund's target is 0.8% of the covered deposits in the Member State's credit institutions. A substantial under coverage is not expected by the end of 2015. From 2016, any contributions to the Guarantee Fund will be calculated on the basis of the individual credit institution's covered deposits and risk in relation to the other credit institutions in Denmark. Moreover, the build-up of resolution capital has been initiated, in which each credit institution must make contributions in relation to its size and risk in Denmark. The resolution capital must constitute 1% of the covered deposits by no later than 31 December 2024. The first contribution must be paid at the end of 2015. The purpose is to cover losses by the annual contributions from the resolution capital. If the level of losses exceeds the expected level, the annual contribution to the resolution capital can be increased. The Bank's membership of Bankernes EDB Central means that the Bank is obligated to pay compensation in the event of withdrawal.

Note

21 Financial assets and liabilities at fair value

Methods to measure fair value

Fair value is the price which can be obtained by selling an asset, or which must be paid in order to transfer a liability through a regular transaction between independent market participants at the time of measure. The fair value is calculated in accordance with the following valuation hierarchy:

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

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

The valuation technique is based on 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, recognised techniques and own assumptions are used to establish fair value. Assumptions may be recent transactions in comparable assets, expected future cash flows or the net asset value of the companies.

Non-observable input includes unlisted shares, primarily in companies related to the financial sector where fair value is set based on provisions in shareholders' agreements etc. or input from completed transactions. The industrial association Local Banks (LOPI) recommends quarterly fair values of some of the so-called sector shares, i.e. shares which are fully owned by the banks with a view to participate actively in the infrastructure and the product supply that supports the business strategy of the industry. The rates recommended by LOPI are based on shareholders' agreements and input from transactions carried out in the industry. 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 among other owners. On calculation of 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 Bank makes an independent assessment of the recommended rates and verifies the connection to transactions carried out and financial statements published. The value of the shares are changed by DKK 84 mill. if the rates change by 10%. Arbejdernes Landsbank assesses that alternative methods for measuring the fair value of these assets will not lead to significantly different fair values.

In 2014, no significant transfers were made between the three valuation categories in 2014 and in the first half of 2015.

	Listed prices	Observable input	Non-observable input	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Group 30 June 2015				
Financial assets				
Bonds at fair value	13,412,167	1,642,027	0	15,054,194
Shares etc.	152,878	0	851,400	1,004,278
Assets linked to pooled schemes	0	1,332,311	0	1,332,311
Derivative financial instruments and spot transactions	0	96,258	0	96,258
Total financial assets	13,565,045	3,070,596	851,400	17,487,041
Financial liabilities				
Deposits in pooled schemes	0	1,332,312	0	1,332,312
Repurchasing liabilities concerning reverse transactions	880,034	0	0	880,034
Derivative financial instruments and spot transactions	0	178,909	0	178,909
Total financial liabilities	880,034	1,511,221	0	2,391,255
Group 31 December 2014				
Financial assets				
Bonds at fair value	13,118,738	1,447,893	0	14,566,631
Shares etc.	225,954	0	840,379	1,066,333
Assets linked to pooled schemes	0	1,068,920	0	1,068,920
Derivative financial instruments and spot transactions	0	49,516	0	49,516
Total financial assets	13,344,692	2,566,329	840,379	16,751,400
Financial liabilities				
Deposits in pooled schemes	0	1,068,920	0	1,068,920
Repurchasing liabilities concerning reverse transactions	1,552,628	0	0	1,552,628
Derivative financial instruments and spot transactions	0	227,108	0	227,108
Total financial liabilities	1,552,628	1,296,028	0	2,848,656

Note

21 Financial assets and liabilities at fair value, continue	30.06.2015 DKK '000	31.12.2014 DKK '000.
Group		
Non-observable prices		
Fair value brought forward	840,379	747,054
Reclassified from associates *)	0	55,505
Capital gain/loss for the period in the income statement **)	-2,499	73,458
Net purchases for the period ***)	13,520	-35,639
Total fair value carried forward	851,400	840,379

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

**) Of which, DKK 38.6 mill. is attributable to the sale of shares in Nets Holding in 2014.

***) In 2014, the Bank sold shares in Nets Holding worth DKK 109 mill. and acquired shares in DLR Kredit worth DKK 60 mill.

Note	30.06.2015 DKK '000	31.12.2014 DKK '000
22 Group overview		
Parent Company Aktieselskabet Arbejdernes Landsbank, Copenhagen		
Consolidated group undertakings		
AL Finans A/S, Copenhagen		
Share capital	6,000	6,000
Equity	193,766	177,426
Ownership interest (%)	100	100
Result	16,340	37,587
The financing company, AL Finans A/S offers car financing, leasing and factoring. Activities of the company have been financed by equity and borrowing from the Parent Company. In the first half year of 2015, the company employed 76 employees on average, converted to full-time.		
Handels ApS Panoptikon, Copenhagen		
Share capital	500	500
Equity	12,725	12,726
Ownership interest (%)	100	100
Result	-1	3
The company is not currently active. In the first half of 2015, the company has not employed any staff.		

Note	30.06.2015 DKK '000	30.06.2014 DKK '000	31.12.2014 DKK '000
23	Financial and operating data for the Bank		
Income statement - according to the core earnings model			
Net interest income	526,021	511,375	1,026,612
Net fees and commission income etc.	214,373	186,535	374,164
Core earnings, excl. trading earnings	740,394	697,910	1,400,776
Trading earnings	74,962	53,280	130,473
Total core earnings	815,356	751,190	1,531,249
Staff expenses	-334,673	-334,730	-666,959
Administrative expenses and depreciation/amortisation	-255,151	-247,643	-492,989
Core profit before impairment charges	225,532	168,817	371,301
Impairments on loans etc.	-32,803	-158,435	-224,288
Core profit	192,729	10,382	147,013
Investment portfolio earnings, excl. investment securities	-98,480	87,520	973
Investment securities	75,915	108,612	177,396
Profit before sector solutions	170,164	206,514	325,382
Contributions to sector solutions	-23,212	-22,647	-44,602
Profit before tax	146,952	183,867	280,780
Tax	-8,959	-12,844	-14,400
Result	137,993	171,023	266,380
Other financial and operating data			
Net interest and fee income	856,623	741,784	1,503,515
Value adjustments	-160,515	106,443	22,748
Staff and administration expenses	-564,213	-553,607	-1,177,574
Profit/loss from holdings in associates and group undertakings	88,504	75,814	115,396
Loans and other receivables at amortised cost	18,802,228	18,152,603	18,201,929
Bonds at fair value	15,054,194	14,361,786	14,566,631
Deposits incl. pools	30,743,296	29,452,272	29,640,537
Issued bonds at amortised cost	250,000	261,164	261,164
Subordinated debt	828,950	828,950	828,950
Equity	4,292,958	4,040,383	4,199,965
Total assets	41,885,242	39,743,678	40,060,265
Total contingent liabilities	4,688,989	3,539,861	3,631,691

Note		30.06.2015	30.06.2014	31.12.2014	
24	Financial ratios for the Bank				
	Solvency				
	Capital ratio	%	12.7	15.2	15.6
	Tier 1 capital ratio	%	12.7	15.2	15.6
	Earnings				
	Return on equity before tax for the period	%	3.5	4.6	6.9
	Return on equity after tax for the period	%	3.2	4.3	6.6
	Ratio of operating income to operating expenses per DKK	DKK	1.2	1.24	1.19
	Rate of return for the period	%	0.3	0.4	887.9
	Earnings per DKK 1,000 nominal share value	DKK	460.0	570.1	0.7
	Market risk				
	Interest-rate risk	%	-1.5	-2.2	-1.4
	Currency position	%	2.4	4.0	3.0
	Currency risk	%	0.0	0.0	0.0
	Liquidity				
	Loans plus impairment charges in relation to deposits	%	65.6	66.4	66.1
	Excess liquidity in relation to statutory requirements for liquidity	%	220.0	229.2	229.9
	Credit				
	Sum of large exposures	%	22.5	32.1	20.7
	Impairment ratio for the period	%	0.1	0.7	0.9
	Lending growth for the period	%	3.5	0.6	0.9
	Lending in relation to equity		4.4	4.5	4.3
	Equity				
	Net asset value	DKK	1,431.0	1,346.8	1,400.0
	Proposed dividend per DKK 1,000 nominal share value	DKK	0.0	0.0	150
	Employees				
	The average number of staff, converted into full-time employees for the period		1,008	1,005	1,006

Note

25 Definition of financial ratios

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

Financial ratios are calculated in accordance with guidelines from the Danish FSA, see the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

1. Capital ratio =	$\frac{\text{Own funds} \times 100}{\text{Total risk exposure}}$
2. Tier 1 capital ratio =	$\frac{\text{Tier 1 capital after deduction} \times 100}{\text{Total risk exposure}}$
3. Return on equity before tax =	$\frac{\text{Profit before tax} \times 100}{\text{Equity (average)}}$
4. Return on equity after tax for the period =	$\frac{\text{Profit after tax} \times 100}{\text{Equity (average)}}$
5. Ratio of operating income to operating expenses per DKK =	$\frac{\text{Income}}{\text{Costs (excl. tax)}}$
6. Rate of return for the period =	$\frac{\text{Profit after tax} \times 100}{\text{Assets (average)}}$
7. Interest-rate risk =	$\frac{\text{Interest-rate risk} \times 100}{\text{Tier 1 capital after deduction}}$
8. Currency position =	$\frac{\text{Currency indicator 1} \times 100}{\text{Tier 1 capital after deduction}}$
9. Currency risk =	$\frac{\text{Currency indicator 2} \times 100}{\text{Tier 1 capital after deduction}}$
10. Loans plus impairment charges in relation to deposits =	$\frac{\text{Loans} + \text{impairments on loans}}{\text{Deposits}}$
11. Loans in relation to equity =	$\frac{\text{Loans}}{\text{Equity}}$
12. Lending growth for the period =	$\frac{(\text{Loans, excl. repo transactions carried forward} - \text{loans, excl. repo transactions brought forward}) \times 100}{\text{Loans, excl. repo transactions brought forward}}$
13. Excess liquidity in relation to statutory requirements for liquidity *) =	$\frac{\text{Surplus liquidity after compliance with the requirement laid down in section 152, no. 2 of the Danish Financial Business Act}}{\text{The 10\% statutory}}$
14. Sum of large exposures*) =	$\frac{\text{Sum of large exposures after deductions, excl. credit institutions}}{\text{Own funds}}$
15. Impairment ratio for the period =	$\frac{\text{Impairments on loans and guarantees for the period} \times 100}{\text{Loans} + \text{impairment charges} + \text{guarantees}}$
Financial ratios	
16. Earnings per DKK 1,000 nominal share =	$\frac{\text{Result}}{\text{No. DKK 1,000 shares}}$
17. Net asset value =	$\frac{\text{Equity} \times 100}{\text{Share capital}}$
18. Proposed dividend per DKK 1,000 nominal share =	$\frac{\text{Dividend yield} \times \text{nominal value of the share}}{100}$
19. Lending growth *) =	$\frac{(\text{Loans, excl. repo transactions carried forward} - \text{loans, excl. repo transactions carried forward}) \times 100}{\text{Lending, excl. repo transactions 1 year before}}$
20. Property exposure *) =	$\frac{(\text{Gross loans and guarantees within the industry "Completion of building projects" + the industry "real property"}) \times 100}{\text{Gross loans} + \text{guarantees}}$
21. Stable funding *)	$\frac{\text{Loans excl. repo}}{\text{Sum of deposits, including pools} + \text{debt to Danmarks Nationalbank with remaining term} > 1 \text{ year} + \text{issued bonds with remaining term} > 1 \text{ year} + \text{subordinated debt} + \text{equity}}$

*) Financial ratio used in the Danish FSA supervisory diamond

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