

# Interim report

1 January - 30 June 2019

 Arbejdernes  
Landsbank



## Contents

Management's report	03
Statements and reports	10
Interim financial statements	12
Income statement and statement of comprehensive income	13
Balance sheet	14
Statement of capital	15
Cash flow statement	17
Index of notes	18
Notes	19



GERT R. JONASSEN  
*CEO*

JAN W. ANDERSEN  
*Executive Bank Director*

The interim 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.



# Management's report



## Financial highlights for the Group

	First half-year 2019 DKK mill.	First half-year 2018 DKK mill.	2018 DKK mill.	
<b>Income statement</b>				
Net interest income *) **)	538.8	550.4	1,104.4	
Net fee and commission income **)	327.5	284.8	580.3	
Value adjustments and dividend	129.6	111.8	45.5	
Other operating income	36.0	34.1	68.8	
<b>Total income</b>	<b>1,031.9</b>	<b>981.1</b>	<b>1,799.0</b>	
Costs and depreciation/amortisation *)	-816.5	-738.4	-1,529.5	
Impairments on loans and receivables etc.	37.2	23.9	69.5	
<b>Total costs</b>	<b>-779.3</b>	<b>-714.5</b>	<b>-1,460.0</b>	
<b>Profit before tax</b>	<b>252.5</b>	<b>266.5</b>	<b>339.0</b>	
Tax	-16.2	-25.5	-40.1	
<b>Profit for the period</b>	<b>236.4</b>	<b>241.0</b>	<b>298.9</b>	
<b>Selected balance sheet items</b>				
Loans and other receivables at amortised cost	22,255.6	22,214.6	22,085.8	
Bonds at fair value	21,244.8	15,872.7	18,834.3	
Total assets *)	58,057.6	49,800.3	55,106.5	
Deposits incl. pooled schemes	47,299.3	39,500.9	44,872.7	
Equity **)	6,616.4	6,710.1	6,873.2	
<b>Selected financial ratios</b>				
Capital ratio **)	%	18.7	17.0	20.0
Common Equity Tier 1 capital ratio **)	%	15.1	14.4	17.6
Return on equity before tax **) ***)	%	3.7	4.0	5.0
Return on equity after tax **) ***)	%	3.5	3.6	4.4
Ratio of operating income to operating expenses per DKK	DKK	1.32	1.37	1.23
Liquidity coverage ratio (LCR)	%	272.0	195.5	268.1
Lending growth for the period ***)	%	0.8	1.5	0.8

See note 26 for definitions of ratios and key figures.

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

\*\*) Key figures and financial ratios for the first half of 2018 have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.

\*\*\*) The financial ratios for the first half of 2018 have been recalculated, taking into account the final opening balance sheet on pages 44-45 in the 2018 Annual Report.

## Highlights for the first half-year

### Earnings

In the first half of 2019, the Group achieved a profit after tax of DKK 236.4 mill., corresponding to a return on equity after tax of 3.5%. This is considered satisfactory. The first half-year has been characterised by continued favourable developments in customer activity, among other things through continued customer growth. However, stagnating loans, increasing pressure on interest-rate differentials, and continued low interest rates are putting pressure on returns from lending and investment activities. Earnings for the first half-year have been particularly affected by good price movements in our holding in Vestjysk Bank. This investment alone has contributed a return of DKK 104.3 mill.

### Danes' preferred bank for the tenth successive year

Early in 2019, for the 10th consecutive year, we were lauded as Danes' preferred bank in Voxmeter's annual, independent customer survey. More than 50,000 Danish bank customers expressed their opinions in the comprehensive survey of customer satisfaction with Danish banks. Once again, this confirms our strategy of running a responsible bank, offering a broad range of financial services, not least in the digital area, and at the same time being present in the local area, close to customers, so that we understand their needs and can provide personal advice relevant to the individual. This combination very clearly appeals strongly to Danes, and we are extremely proud of this recognition, but also humbled by our continuing responsibility to ensure high customer satisfaction.

### Customer growth

In 2018, we welcomed a net total of no less than 18,000 new customers. This is the largest influx of new customers in the Bank's 100-year history. The strong customer growth continued in 2019, and after the first half-year, customer growth amounted to 4.6% per annum, corresponding to a net 7,000 new customers. The positive interest in our Bank that we have seen in recent years also means that we passed a milestone of 300,000 customers in the first half-year of 2019.

### Investments in financial undertakings

In the first half-year of 2019, the Bank increased its investment in Vestjysk Bank, and as at 30 June 2019, the Bank's ownership interest amounted to 25.6%. Since Q2 2019, Vestjysk Bank has been disclosed as an associated company in the Bank's financial statements.

In 2019, together with the other owners of LR Realkredit A/S, the Bank entered into a conditional sales agreement with Nykredit. The Bank expects that approval of the sale will result in a capital gain of around DKK 100 mill. Furthermore, like a number of other financial institutions, the Bank has entered into a conditional sales agreement with Nykredit concerning sale of 75% of the shares in Sparinvest Holdings SE. This sale is still waiting for approval by the financial supervisory authority in Luxembourg. Such approval will lead to a capital gain of DKK 30 mill for the Bank.

### Change in capital composition

The Bank has redeemed Additional Tier 1 capital of nominally DKK 400 mill. and raised Tier 2 capital of nominally DKK 900 mill.

### AL<sup>2</sup> Aarhus

In 2018, the Bank opened a new innovative customer universe, AL<sup>2</sup>, at Nørreport in Copenhagen. The facility has been very well received by the Copenhageners, and in May 2019, we decided to open AL<sup>2</sup> Aarhus to offer our customers in Aarhus the same experience. AL<sup>2</sup> Aarhus has established an exciting collaboration with Espresso House, a coffee chain, and just like in Copenhagen, the idea is to offer bank services to customers in a new and different way. And more informally, focusing particularly on being open and welcoming. Open to new ideas. Open on Saturdays. And open to everyone – not just to our own customers, but to anyone who wants to enjoy a cup of coffee or just relax in our lounge area.

### Centenary

On 3 June 2019, we celebrated the Bank's centenary with several events throughout Denmark.

### Sponsor for the Danish national men's football team

In spring 2018, we were able to announce a sponsorship agreement with the Danish national men's football team, and we can now call ourselves an "official partner", a title that we share with Danske Spil. Over the past two years, we have also been official partners for the Danish national women's football team, and we are proud to be sponsoring Denmark's best football teams, both for men and for women.

## Financial review

### Profit for the period

The Group's total profit before tax was DKK 252.5 mill. after the first half-year of 2019. Profit after tax amounted to DKK 236.4 mill. against DKK 241.0 mill. after the first half-year of 2018. Comprehensive income for the period was also DKK 236.4 mill., broken down by DKK 29.8 mill. for holders of Additional Tier 1 instruments and DKK 206.5 mill. for shareholders' share of equity.

Net interest income was DKK 538.8 mill., representing a drop of DKK 11.6 mill. compared with the first half of 2018. Customer activity continued to develop positively, partly through a continued influx of customers amounting to 4.6% (net) per annum in the first half-year of 2019. However, fierce competition put pressure on interest-rate differentials, and the low-interest environment put pressure on returns from investment activities.

Net fee and commission income etc. was DKK 327.5 mill. against DKK 284.8 mill. after the first half-year of 2018, and this increase is attributable to the increased level of activity in the Group. The possibilities to convert mortgages to mortgage-credit loans at historically low interest rates not only ensured more favourable conditions for customers, but also increased income for the Bank. Increased business on the portfolio of loans arranged in Totalkredit and other housing loans means that the AL-BoligBonus payment to customers amounted to DKK 53.5 mill.

Year	Bonus basis (DKK bn.)	Bonus per DKK mill. (DKK)	AL-BoligBonus paid (DKK mill.)
2017	35	1,200	41.6
2018	39	1,200	47.1
2019	45	1,200	53.5

Value adjustments and dividends showed an overall return of DKK 129.6 mill. The positive result is primarily attributable to a number of equity investments that alone amounted to DKK 159.5 mill. In particular, the Bank's holding of shares in Vestjysk Bank has developed favourably and resulted in a value adjustment of DKK 104.3 mill. in the first half of 2019.

Other operating income amounted to DKK 36.0 mill. compared with DKK 34.1 mill. after the first half of 2018. This primarily includes income from the Bank's properties and leasing activities in the Bank's subsidiary AL Finans.

After this, total income amounted to DKK 1,031.9 mill. against DKK 981.1 mill. after the first half of 2018.

Total costs, excluding impairments on loans etc., increased by DKK 78.1 mill. compared with the first half of 2018, of which DKK 20.9 mill. is attributable to increasing staff expenses. This should be seen against the background of 3.7% growth in the average number of employees, centenary bonuses, additional bonuses for 2018, and pay increases in accordance with collective agreements of 2.0%. A decrease in severance-scheme expenses amounting to DKK 11.5 mill. pulls in the opposite direction.

IT costs increased by DKK 24.2 mill. compared with the first half-year of 2018, primarily because of larger strategic development projects under Bankernes EDB Central (BEC) and internal projects within the Group. This will benefit our customers and our productivity. Other administrative expenses as well as amortisation/depreciation and impairment charges on intangible assets and property, plant and equipment increased by DKK 42.1 mill.

Other operating expenses amounted to DKK 20.7 mill. against DKK 29.8 mill. last year. This item primarily concerns administration of the Bank's properties.

Impairments on loans etc. show a net reversal of DKK 37.2 mill. against a net reversal of DKK 23.9 mill. after 1. the first half-year of 2018. The favourable development in underlying credit quality continued, with good creditworthiness among customers overall, supported by the low interest rate level, stable house prices and low unemployment.

The Group ratio for income in relation to costs was DKK 1.32 and is at the same level as in the first half of 2018, when the ratio was DKK 1.37.

Income and costs by segments are described in note 3 and can be broken down as follows:

	Income (relative distribution)		Costs (relative distribution)		Return on equity before tax	
	First half-year 2019	First half-year 2018	First half-year 2019	First half-year 2018	First half-year 2019	First half-year 2018
Customer activities	83%	92%	91%	91%	4.3%	7.2%
Investment activities	5%	-1%	3%	3%	1.7%	-2.6%
Other activities	12%	9%	6%	6%	4.1%	2.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>3.7%</b>	<b>4.0%</b>

Customer activity continues to make up most of the earnings basis. The area saw growth in terms of customers and scope of business, but a somewhat muted lending growth and fierce competition make it difficult to maintain and expand the level of earnings. At present, similar to the first half-year of 2018, customer activities are benefitting from a low level of impairment. Investment activities, which primarily relate to the trading portfolio, have managed to generate positive earnings, despite the current low-interest environment. Other activities are characterised by investments in shares outside the trading portfolio, in particular a number of sector shares and equity investments. The investment in Vestjysk Bank alone has contributed positive value adjustments amounting to DKK 104.3 mill.

#### Balance sheet

The Group balance sheet total amounted to DKK 58.1 bn. as at 30 June 2019, against DKK 55.1 bn. as at 31 December 2018.

Total lending amounted to DKK 22.3 bn. against DKK 22.1 bn. at the end of 2018, corresponding to lending growth of 0.8% when reverse transactions are not included. The carrying amount of loans and guarantees has increased overall by DKK 885.3 mill. to DKK 28.9 bn. This increase is attributable to customer activity, more specifically, private customers. In addition to traditional bank loans, the Group also arranges mortgage-credit loans, primarily through Totalkredit.

At DKK 22.6 bn., the portfolio of securities in the form of bonds and shares etc. was considerably higher than the level at beginning of the year (DKK 20.3 bn.). This is due to continued growth in the deposits surplus. The shareholding in Vestjysk Bank has been reclassified from shares etc. to equity investments in associated companies.

Total land and buildings amounted to DKK 1.3 bn. against DKK 1.1 bn. at the end of 2018. Owner-occupied properties include a new item of DKK 171.2 mill. representing the value of right-of-use assets, i.e. the value of leases for branches. This new item is a result of implementing the new IFRS 16 on leases. Comparative figures have not been adjusted in this connection.

Deposits including savings in pooled schemes amounted to DKK 47.3 bn., demonstrating continued growth of DKK 2.4 bn. compared with the end of 2018. Private deposits increased by DKK 3.3 bn. and are the main reason for the continued growth in deposits. This development bears witness to great confidence in Arbejdernes Landsbank, and is also a result of continued customer growth.

As at 30 June 2019, Group equity totalled DKK 6.6 bn.

Changes in equity can be broken down as follows:

Group	DKK mill.
Equity 31.12.2018	6,873.2
Profit for the period	236.4
Redemption of Additional Tier 1 capital	-400.0
Payment of dividends to shareholders	-59.1
Return for owners of Additional Tier 1 instruments	-32.7
Purchase of own shares, net	-1.3
Equity 30.06.2019	6,616.4

#### Liquidity

Group liquidity is good in terms of the LCR (Liquidity Coverage Ratio), according to which the Group must be able to cover a stressed net outflow of liquidity for 30 days. The liquidity coverage ratio must be at least 100%, and

with a ratio of 272.0% as at 30 June 2019, the Group fully meets this statutory requirement.

### Own funds, capital ratio and business model

In May 2019, the Bank exercised its option to redeem an equity instrument in the form of Additional Tier 1 capital of nominally DKK 400 mill. and to raise new Tier 2 capital of DKK 900 mill. In terms of operations, this is neutral for the Bank, but it has led to an improvement of own funds that are used to calculate the capital ratio.

In accordance with legislation, the Group must have own funds that support its business model and risk profile. The business model is unchanged in relation to the description in the 2018 Annual Report: [https://www.al-bank.dk/media/131314/al\\_annual\\_report\\_2018.pdf](https://www.al-bank.dk/media/131314/al_annual_report_2018.pdf)

To calculate the capital ratio, the Management has decided to calculate credit and market risks according to the standard method, and operational risks according to the basic indicator approach. In the opinion of the Management, there is currently no need to use more advanced methods to calculate the capital ratio. According to the Danish Financial Business Act, the Board of Directors and Executive Management must ensure that the Bank has adequate own funds, which is the minimum capital required, according to the assessment of the Management, to cover all significant risks. The objective is to have a Common Equity Tier 1 capital ratio of at least 12.0 and a total capital ratio of 16.2 with an individual solvency need of 9.7%. Total own funds for the solvency calculation as at 30 June 2019 amounted to DKK 6,423.4 mill. With a Common Equity Tier 1 capital ratio of 15.1 and a capital ratio 18.7, the Group continues to have solid capital buffers.

The Bank's shares in LR Realkredit A/S and Sparinvest Holdings SE are included in the calculation of deductions when calculating own funds. If the announced sales of shares in these companies to Nykredit are carried out according to the planned model, all else being equal this will have a positive effect on the Bank's capital ratio. If the sales of shares had been completed before 30 June 2019, and if the Bank had decided to recognise parts of the interim results in accordance with the authorisation from the Danish FSA, the capital ratio would have been 20.7% against the current 18.7%.

Stricter statutory requirements, including recognition of the MREL requirement (Minimum Requirement for Eligible Liabilities) mean that we will continue our focus on building up the Bank's and the Group's own funds. The MREL requirement can be expressed as the solvency

need plus the combined buffer requirement and a MREL add-on at individual bank level. The MREL requirement is currently set at 13.3% of risk-weighted exposures with a solvency need of 9.7%, and is currently covered by own funds. Up to 1 January 2023, the MREL requirement will gradually be phased in, up to 20.7% of risk-weighted exposures with a solvency need of 9.7%. The MREL add-on is 0.625% in 2019 and will increase to 7.0 on 1 January 2023, but is subject to annual revision by the Danish FSA. In addition to the current own funds, the MREL add-on can also be met with convertible claims on which there is a contractual bail-in. These are referred to as senior non-preferred issues. In its capital plan for the coming years, the Bank expects to issue senior non-preferred bonds to cover most of the MREL add-on.

### Risk management

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. Information on significant risks is part of the regular reporting to the Board of Directors. In this context, see note 46 in the 2018 Annual Report, [https://www.al-bank.dk/media/131314/al\\_annual\\_report\\_2018.pdf](https://www.al-bank.dk/media/131314/al_annual_report_2018.pdf), in which the most important risk factors are described. Every year, the Group issues a Group risk report describing risk management and the individual risk areas. The Group Risk Report 2018 is available in English on the Bank's website: [https://www.al-bank.dk/media/131286/al\\_groupriskreport\\_2018.pdf](https://www.al-bank.dk/media/131286/al_groupriskreport_2018.pdf).

### Benchmarks from the Danish Financial Supervisory Authority

The Danish FSA stipulates a number of special risk areas and related benchmarks in the form of financial ratios with limit values which, as a starting point, banks should meet. These benchmarks are an integrated part of the reporting to the Board of Directors and they are considered and acted upon to counter any breaches.

Benchmarks from the Danish FSA *)	Limit values	Bank
Funding ratio	< 1	0.4
Liquidity benchmark	> 100	264.4
Large exposures	< 175	55.8
Lending growth	< 20	-0.1
Commercial property exposure	< 25	3.4

\*) The definition of the ratios and key figures is explained in note 26.

The Bank comfortably meets all the benchmarks. Note that the liquidity benchmark is based on a modified version of the LCR requirement and measures the ability to cope with three-months of liquidity stress.

#### **Events after expiry of the accounting period**

No other events have taken place after the end of the accounting period which have a significant impact on the assessment of the Group's financial position.

#### **Outlook for 2019**

There are still prospects of growth in the Danish economy, but at a lower level than previously. Favourable conditions for consumers will make private consumption the locomotive for Danish growth, while sluggish growth in Denmark's key trading partners will lead to lower growth in investments and exports in the future.

The most important risk factors for the Danish economy are currently located outside Denmark. We expect growth in the outside world to slow down, and consequently we are not anticipating major export growth in the future. Of course, recent developments at the Federal Reserve and its decision to cut interest rates in July 2019 will also affect the Danish economy.

Furthermore, the ongoing trade conflict between the US and China is expected to create greater uncertainty on the financial markets and extend the period of low interest rates and slow growth.

At the start of the year, the Group's expectations for 2019 were a profit before tax of DKK 275-325 mill. Results for the first half-year contain items that had not been anticipated at the beginning of the year, including the positive price development in shares in Vestjysk Bank. With the prospect of an agreement to sell LR Realkredit A/S and Sparinvest Holdings SE, the Bank has adjusted its expectations for 2019 upwards to a level of DKK 475-525 mill. Apart from the result of the two pending sales of shares, the greatest uncertainty is linked to developments in the financial markets and the development in the allowance account which reflects reserves for losses on loans etc.



# Statements and reports



## Statement by the Management

Today, the Board of Directors and Executive Management presented and adopted the interim report of Aktieselskabet Arbejdernes Landsbank for the period 1 January to 30 June 2019.

The consolidated interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU, and the interim financial statements of the Bank are prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

In our opinion, the interim financial statements give a true and fair view of the assets, liabilities and financial position of the Group and of the Bank as at 30 June 2019, and of the results of the activities of the Group and the Bank and the cash flows of the Group for the period from 1 January to 30 June 2019.

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 the Group and the Bank may be facing.

The interim report has not been subject to an audit or a review.

Copenhagen, 13 August 2019

### Executive Management:

Gert R. Jonassen  
*CEO*

Jan W. Andersen  
*Executive Bank Director*

### Board of Directors:

Per Christensen  
*Chairman*

Claus Jensen  
*Vice Chairman*

Lizette Risgaard

Kim Lind Larsen

Ole Wehlast

Kim Simonsen

Lars Andersen

Torben Möger Pedersen

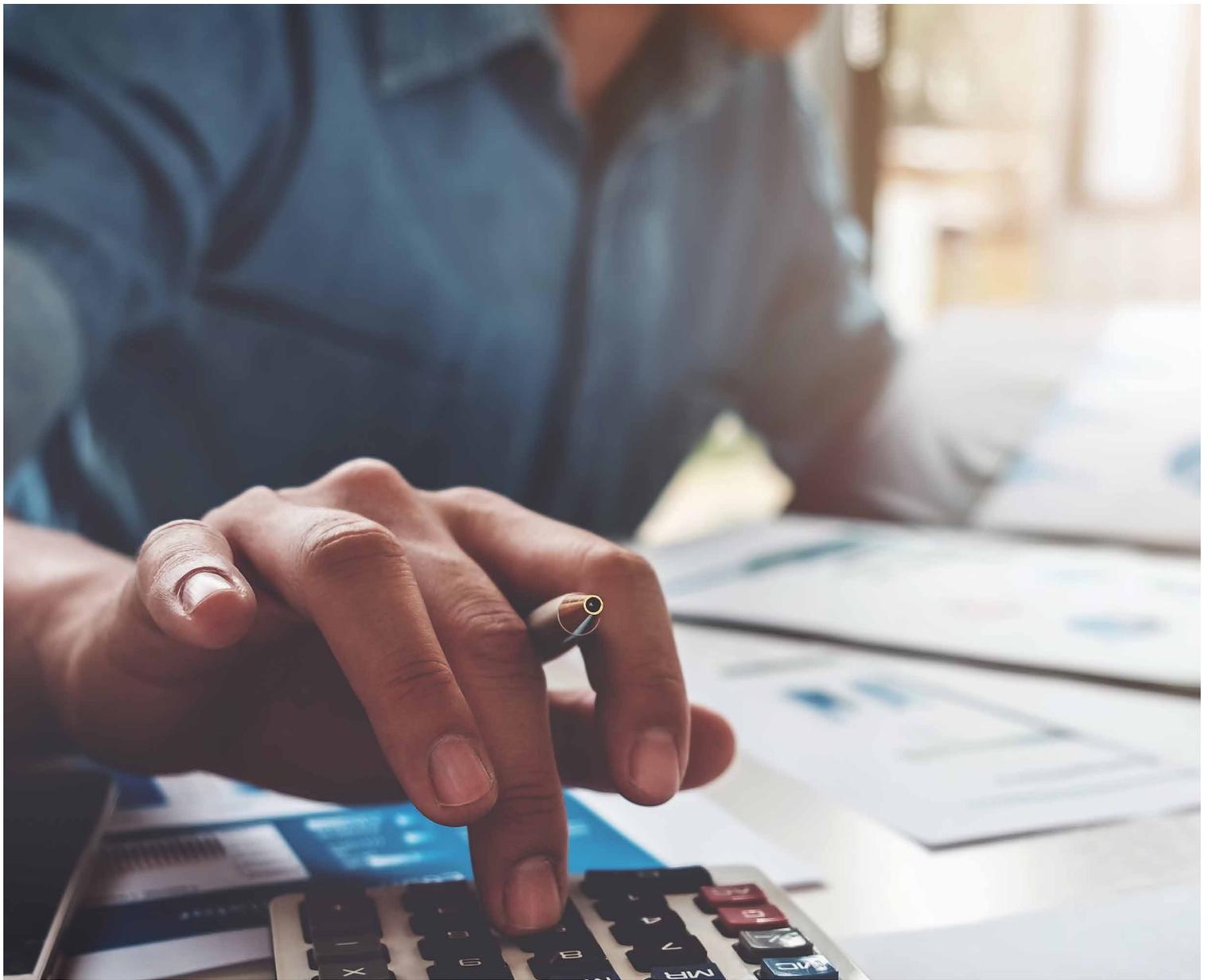
Christian Riewe

Lasse Thorn  
*Employee representative*

Jesper Pedersen  
*Employee representative*

Yvonne Hansen  
*Employee representative*

Nadja Lind Bøgh Karlsen  
*Employee representative*



# Interim financial statements



## Income statement and statement of comprehensive income

Note		Group First half-year 2019 DKK mill.	First half-year 2018 DKK mill.	Bank First half-year 2019 DKK mill.	First half-year 2018 DKK mill.
<b>Income statement</b>					
4	Interest income calculated using the effective interest method *)	516.1	551.8	465.9	504.8
4	Other interest income	50.8	25.7	50.8	25.7
5	Interest expenses **)	-28.1	-27.1	-27.7	-26.9
	<b>Net interest income</b>	<b>538.8</b>	<b>550.4</b>	<b>489.0</b>	<b>503.5</b>
	Dividends from shares etc.	37.8	54.4	37.8	54.4
6	Fees and commission income *)	369.6	324.2	344.5	296.2
6	Fees and commissions paid *)	-42.0	-39.3	-37.7	-33.2
	<b>Net interest and fee income</b>	<b>904.1</b>	<b>889.6</b>	<b>833.5</b>	<b>821.0</b>
7	Value adjustments	91.8	57.4	91.7	56.9
	Other operating income	36.0	34.1	17.7	17.1
8	Staff and administrative expenses **)	-748.7	-681.4	-700.2	-636.1
	Amortisation/depreciation as well as impairment charges on intangible assets and property, plant and equipment **)	-47.1	-27.3	-29.5	-10.6
	Other operating expenses	-20.7	-29.8	-18.7	-27.5
9	Impairments on loans and receivables etc.	37.2	23.9	42.9	24.8
	Profit from equity investments in associated companies and group companies	0.0	0.0	10.5	15.1
	<b>Profit before tax</b>	<b>252.5</b>	<b>266.5</b>	<b>248.0</b>	<b>260.8</b>
10	Tax	-16.2	-25.5	-11.6	-19.8
	<b>Profit for the period</b>	<b>236.4</b>	<b>241.0</b>	<b>236.4</b>	<b>241.0</b>
	Broken down by:				
	Shareholders of Arbejdernes Landsbank	206.5	208.3	206.5	208.3
	Holders of Additional Tier 1 instruments	29.8	32.7	29.8	32.7
	<b>Profit for the period</b>	<b>236.4</b>	<b>241.0</b>	<b>236.4</b>	<b>241.0</b>
11	<b>Earnings per share</b>				
	Earnings per share (DKK)	704	726	704	726
	Diluted earnings per share (DKK)	704	726	704	726
<b>Statement of comprehensive income</b>					
	<b>Profit for the period</b>	<b>236.4</b>	<b>241.0</b>	<b>236.4</b>	<b>241.0</b>
<b>Other comprehensive income</b>					
Items that cannot be reclassified to the income statement:					
14	Change in the revalued amount of owner-occupied properties	0.0	4.4	0.0	4.4
10	Tax	0.0	0.0	0.0	0.0
	<b>Total other comprehensive income</b>	<b>0.0</b>	<b>4.4</b>	<b>0.0</b>	<b>4.4</b>
	<b>Comprehensive income for the period</b>	<b>236.4</b>	<b>245.5</b>	<b>236.4</b>	<b>245.5</b>
	Broken down by:				
	Shareholders of Arbejdernes Landsbank	206.5	212.8	206.5	212.8
	Holders of Additional Tier 1 instruments	29.8	32.7	29.8	32.7
	<b>Comprehensive income for the period</b>	<b>236.4</b>	<b>245.5</b>	<b>236.4</b>	<b>245.5</b>

\*) Comparative figures have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.

\*\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

## Balance sheet

Note	Group		Bank		
	30.06.2019 DKK mill.	31.12.2018 DKK mill.	30.06.2019 DKK mill.	31.12.2018 DKK mill.	
<b>Assets</b>					
	Cash in hand and demand deposits with central banks	925.0	970.7	925.0	970.7
	Receivables from credit institutions and central banks	3,818.8	5,211.5	3,806.4	5,202.3
9, 12	Loans and other receivables at amortised cost	22,255.6	22,085.8	21,924.3	21,798.8
13	Bonds at fair value	21,244.8	18,834.3	21,244.8	18,834.3
	Shares etc.	1,331.7	1,446.9	1,331.7	1,446.9
	Equity investments in associated companies	655.9	0.0	655.9	0.0
	Equity investments in group companies	0.0	0.0	289.6	279.1
	Assets linked to pooled schemes	5,113.9	4,177.2	5,113.9	4,177.2
	Intangible assets	20.1	18.7	0.0	0.0
	Investment properties	36.4	36.4	36.4	36.4
	Owner-occupied properties *)	1,256.9	1,088.9	1,256.9	1,088.9
14	<b>Total land and buildings</b>	<b>1,293.3</b>	<b>1,125.3</b>	<b>1,293.3</b>	<b>1,125.3</b>
	Other property, plant and equipment	211.8	180.0	121.2	103.2
	Current tax assets	31.2	23.9	53.5	41.9
	Deferred tax assets	20.2	23.6	13.6	16.8
	Other assets	1,080.7	978.8	1,061.6	951.3
	Prepayments and accrued income	54.7	29.8	49.4	26.1
	<b>Total assets</b>	<b>58,057.6</b>	<b>55,106.5</b>	<b>57,884.2</b>	<b>54,973.8</b>
<b>Equity and liabilities</b>					
<b>Liabilities</b>					
<b>Debt</b>					
	Debt to credit institutions and central banks	1,563.8	1,622.3	1,563.8	1,622.3
15	Deposits and other debt	42,185.4	40,695.5	42,146.2	40,662.1
	Deposits in pooled schemes	5,113.9	4,177.2	5,113.9	4,177.2
	Other non-derivative financial liabilities at fair value	56.6	302.7	56.6	302.7
	Other liabilities *)	1,467.7	1,269.8	1,368.4	1,203.3
	Accruals and deferred income	69.0	73.2	38.1	43.3
	<b>Total debt</b>	<b>50,456.3</b>	<b>48,140.6</b>	<b>50,286.9</b>	<b>48,011.0</b>
<b>Provisions</b>					
9	Guarantee loss provisions	23.5	22.8	23.5	22.8
	Other provisions	61.4	69.8	57.3	66.8
	<b>Total provisions</b>	<b>84.9</b>	<b>92.7</b>	<b>80.9</b>	<b>89.6</b>
16	Subordinated debt	900.0	0.0	900.0	0.0
	<b>Total liabilities</b>	<b>51,441.2</b>	<b>48,233.3</b>	<b>51,267.8</b>	<b>48,100.6</b>
17-18	<b>Equity</b>				
	Share capital	300.0	300.0	300.0	300.0
	Revaluation reserves	454.0	454.0	454.0	454.0
	Reserve under the equity method	0.0	0.0	297.4	297.4
	Retained earnings	5,416.3	5,210.2	5,118.9	4,912.9
	Proposed dividend	0.0	60.0	0.0	60.0
	<b>Shareholders of Arbejdernes Landsbank</b>	<b>6,170.4</b>	<b>6,024.3</b>	<b>6,170.4</b>	<b>6,024.3</b>
20	Holders of Additional Tier 1 instruments	446.1	848.9	446.1	848.9
	<b>Total equity</b>	<b>6,616.4</b>	<b>6,873.2</b>	<b>6,616.4</b>	<b>6,873.2</b>
	<b>Total equity and liabilities</b>	<b>58,057.6</b>	<b>55,106.5</b>	<b>57,884.2</b>	<b>54,973.8</b>

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

# Statement of capital

## Shareholders of Arbejdernes Landsbank

	Share capital	Revaluation reserves	Retained earnings	Proposed dividend	Total	Additional Tier 1 capital	Total equity
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.
<b>Group first half-year 2019</b>							
Equity brought forward	300.0	454.0	5,210.2	60.0	<b>6,024.3</b>	848.9	<b>6,873.2</b>
Profit for the period	0.0	0.0	206.5	0.0	<b>206.5</b>	29.8	<b>236.4</b>
Other comprehensive income	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.0</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>206.5</b>	<b>0.0</b>	<b>206.5</b>	<b>29.8</b>	<b>236.4</b>
Redemption of Additional Tier 1 capital	0.0	0.0	0.0	0.0	<b>0.0</b>	-400.0	<b>-400.0</b>
Dividend paid for 2018	0.0	0.0	0.0	-60.0	<b>-60.0</b>	0.0	<b>-60.0</b>
Dividends on own shares received	0.0	0.0	0.9	0.0	<b>0.9</b>	<b>0.0</b>	<b>0.9</b>
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	<b>0.0</b>	-32.7	<b>-32.7</b>
Purchase of own shares	0.0	0.0	-1.5	0.0	<b>-1.5</b>	0.0	<b>-1.5</b>
Sale of own shares	0.0	0.0	0.2	0.0	<b>0.2</b>	0.0	<b>0.2</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>206.1</b>	<b>-60.0</b>	<b>146.1</b>	<b>-402.9</b>	<b>-256.8</b>
<b>Equity carried forward</b>	<b>300.0</b>	<b>454.0</b>	<b>5,416.3</b>	<b>0.0</b>	<b>6,170.4</b>	<b>446.1</b>	<b>6,616.4</b>
<b>Group first half-year 2018</b>							
Equity brought forward	300.0	326.7	5,135.9	150.0	<b>5,912.6</b>	848.9	<b>6,761.5</b>
Change in accounting policies, IFRS 9 *)	0.0	0.0	-147.9	0.0	<b>-147.9</b>	0.0	<b>-147.9</b>
Tax effect, IFRS 9 *)	0.0	0.0	32.5	0.0	<b>32.5</b>	0.0	<b>32.5</b>
<b>Adjusted equity brought forward</b>	<b>300.0</b>	<b>326.7</b>	<b>5,020.5</b>	<b>150.0</b>	<b>5,797.2</b>	<b>848.9</b>	<b>6,646.1</b>
Profit for the period	0.0	0.0	208.3	0.0	<b>208.3</b>	32.7	<b>241.0</b>
Other comprehensive income	0.0	4.4	0.0	0.0	<b>4.4</b>	0.0	<b>4.4</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>4.4</b>	<b>208.3</b>	<b>0.0</b>	<b>212.8</b>	<b>32.7</b>	<b>245.5</b>
Other additions and disposals **)	0.0	-4.4	4.4	0.0	<b>0.0</b>	0.0	<b>0.0</b>
Dividend paid for 2017	0.0	0.0	0.0	-150.0	<b>-150.0</b>	0.0	<b>-150.0</b>
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	<b>0.0</b>	-32.7	<b>-32.7</b>
Purchase of own shares	0.0	0.0	-6.0	0.0	<b>-6.0</b>	0.0	<b>-6.0</b>
Tax	0.0	0.0	7.2	0.0	<b>7.2</b>	0.0	<b>7.2</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>214.0</b>	<b>-150.0</b>	<b>64.0</b>	<b>0.0</b>	<b>64.0</b>
<b>Equity carried forward</b>	<b>300.0</b>	<b>326.7</b>	<b>5,234.5</b>	<b>0.0</b>	<b>5,861.2</b>	<b>848.9</b>	<b>6,710.1</b>

\*) Comparative figures have been adjusted to the final opening balance sheet on pages 44-45 in the 2018 Annual Report.

\*\*) Realised revaluation reserves in connection with property sales.

## Statement of capital

### Shareholders of Arbejdernes Landsbank

	Share capital	Revaluation reserves	Reserve under the equity method	Retained earnings	Proposed dividend	Total	Additional Tier 1 capital	Total equity
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.
<b>Bank first half-year 2019</b>								
Equity brought forward	300.0	454.0	297.4	4,912.9	60.0	<b>6,024.3</b>	848.9	<b>6,873.2</b>
Profit for the period	0.0	0.0	0.0	206.5	0.0	<b>206.5</b>	29.8	<b>236.4</b>
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.0</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>206.5</b>	<b>0.0</b>	<b>206.5</b>	<b>29.8</b>	<b>236.4</b>
Redemption of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	-400.0	<b>-400.0</b>
Dividend paid for 2018	0.0	0.0	0.0	0.0	-60.0	<b>-60.0</b>	0.0	<b>-60.0</b>
Dividends on own shares received	0.0	0.0	0.0	0.9	0.0	<b>0.9</b>	0.0	<b>0.9</b>
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	-32.7	<b>-32.7</b>
Purchase of own shares	0.0	0.0	0.0	-1.5	0.0	<b>-1.5</b>	0.0	<b>-1.5</b>
Sale of own shares	0.0	0.0	0.0	0.2	0.0	<b>0.2</b>	0.0	<b>0.2</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>206.1</b>	<b>-60.0</b>	<b>146.1</b>	<b>-402.9</b>	<b>-256.8</b>
<b>Equity carried forward</b>	<b>300.0</b>	<b>454.0</b>	<b>297.4</b>	<b>5,118.9</b>	<b>0.0</b>	<b>6,170.4</b>	<b>446.1</b>	<b>6,616.4</b>
<b>Bank first half-year 2018</b>								
Equity brought forward	300.0	326.7	266.0	4,869.9	150.0	<b>5,912.6</b>	848.9	<b>6,761.5</b>
Change in accounting policies, IFRS 9 *)	0.0	0.0	0.0	-139.1	0.0	<b>-139.1</b>	0.0	<b>-139.1</b>
Tax effect, IFRS 9 *)	0.0	0.0	0.0	23.8	0.0	<b>23.8</b>	0.0	<b>23.8</b>
<b>Adjusted equity brought forward</b>	<b>300.0</b>	<b>326.7</b>	<b>266.0</b>	<b>4,754.6</b>	<b>150.0</b>	<b>5,797.2</b>	<b>848.9</b>	<b>6,646.1</b>
Profit for the period	0.0	0.0	0.0	208.3	0.0	<b>208.3</b>	32.7	<b>241.0</b>
Other comprehensive income	0.0	4.4	0.0	0.0	0.0	<b>4.4</b>	0.0	<b>4.4</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>4.4</b>	<b>0.0</b>	<b>208.3</b>	<b>0.0</b>	<b>212.8</b>	<b>32.7</b>	<b>245.5</b>
Other additions and disposals **)	0.0	-4.4	0.0	4.4	0.0	<b>0.0</b>	0.0	<b>0.0</b>
Dividend paid for 2017	0.0	0.0	0.0	0.0	-150.0	<b>-150.0</b>	0.0	<b>-150.0</b>
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	-32.7	<b>-32.7</b>
Purchase of own shares	0.0	0.0	0.0	-6.0	0.0	<b>-6.0</b>	0.0	<b>-6.0</b>
Tax	0.0	0.0	0.0	7.2	0.0	<b>7.2</b>	0.0	<b>7.2</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>214.0</b>	<b>-150.0</b>	<b>64.0</b>	<b>0.0</b>	<b>64.0</b>
<b>Equity carried forward</b>	<b>300.0</b>	<b>326.7</b>	<b>266.0</b>	<b>4,968.5</b>	<b>0.0</b>	<b>5,861.2</b>	<b>848.9</b>	<b>6,710.1</b>

\*) Comparative figures have been adjusted to the final opening balance sheet on pages 44-45 in the 2018 Annual Report.

\*\*) Realised revaluation reserves in connection with property sales.

## Cash flow statement

Note	Group First half-year 2019 DKK mill.	First half-year 2018 DKK mill.
<b><i>Profit before tax</i></b>	<b>252.5</b>	<b>266.5</b>
Adjustment for non-cash operating items		
Amortisation and impairment charges on intangible assets	4.9	4.5
Depreciation, impairment charges and revaluations of property, plant and equipment *)	42.2	22.8
9     Impairments on loans and receivables etc.	-37.2	-23.9
Change in working capital		
Loans and receivables with credit institutions, etc.	-102.5	-243.1
Bonds and shares	-2,295.2	-4,267.1
Deposits and debt to credit institutions, etc.	2,368.1	2,022.3
Other non-derivative financial liabilities at fair value	-246.1	338.5
Other assets and liabilities	-1,078.9	-656.5
Corporation tax paid	-20.0	-35.3
<b><i>Cash flows from operating activities</i></b>	<b>-1,112.3</b>	<b>-2,571.2</b>
Acquisition of associated companies	-655.9	0.0
Acquisition of intangible assets	-6.3	-4.6
Acquisition of property, plant and equipment	-67.2	-130.1
Sale of property, plant and equipment	8.1	19.6
<b><i>Cash flows from investment activities</i></b>	<b>-721.3</b>	<b>-115.0</b>
Paid on lease commitments *)	-11.6	0.0
16   Raising of Tier 2 capital	900.0	0.0
20   Redemption of Additional Tier 1 capital	-400.0	0.0
Dividend paid, excluding dividend from own shares	-59.1	-150.0
Interest paid on Additional Tier 1 capital	-32.7	-32.7
17   Purchase of own shares	-1.5	-6.0
17   Sale of own shares	0.2	0.0
<b><i>Cash flows from financing activities</i></b>	<b>395.3</b>	<b>-188.7</b>
<b><i>Cash flows for the period</i></b>	<b>-1,438.3</b>	<b>-2,874.9</b>
Cash and cash equivalents brought forward	6,182.2	6,924.0
<b><i>Cash and cash equivalents carried forward</i></b>	<b>4,743.9</b>	<b>4,049.1</b>
Cash and cash equivalents carried forward include:		
Cash in hand and demand deposits with central banks	925.0	878.3
Receivables from credit institutions and central banks with a term to maturity of less than three months	3,818.8	3,170.8
<b><i>Cash and cash equivalents carried forward</i></b>	<b>4,743.9</b>	<b>4,049.1</b>

The cash flow statement cannot directly be derived from other components of the consolidated financial statements.

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

## Notes

Note	Page
1 Accounting policies	19
2 Significant accounting estimates and assessments	20
3 Segment information	21
4 Interest income	23
5 Interest expenses	23
6 Net fee and commission income	24
7 Value adjustments	24
8 Staff and administrative expenses	24
9 Impairments on loans and receivables, etc.	25
10 Tax	33
11 Earnings per share	33
12 Loans and guarantees broken down by sectors and industries	34
13 Bonds at fair value	34
14 Land and buildings	34
15 Deposits and other debt	35
16 Subordinated debt	36
17 Own shares	36
18 Dividends	36
19 Own funds	37
20 Additional Tier 1 capital	37
21 Contingent liabilities, etc.	38
22 Fair value measurement of financial instruments	39
23 Transactions with related parties	41
24 Group overview	42
25 Financial and operating data and financial ratios	43
26 Definitions of ratios and key figures	47

## Note 1

**Accounting policies**

The interim report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting as approved by the EU as well as further Danish disclosure requirements stipulated in the IFRS Executive Order on Financial Undertakings issued in accordance with the Danish Financial Business Act. The financial part of the interim report follows the provisions in IAS 34 for condensed interim financial statements.

The interim report for the Bank has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., as well as guidelines issued by the Danish FSA.

Apart from the information provided below, the accounting policies are unchanged in relation to the consolidated financial statements and the financial statements for the Bank for year ended 31 December 2018. The annual report for 2018 contains a full description of accounting policies.

**Equity investments in associated companies**

As a result of further investments in Vestjysk Bank, in the interim financial statements for the first half-year 2019, shareholdings are classified as equity investments in associated companies and follow the accounting policies described below.

Associated companies are businesses in which the Group holds equity investments and has significant, but not controlling influence. Equity investments in associated companies are recognised and measured on the basis of the proportionate share of the equity value of the companies on the balance sheet date plus the carrying amount of goodwill acquired. The proportionate share of the profit or loss after tax of associated companies is recognised in the income statement under profit from equity investments in associated companies and group companies

**Subordinated debt**

The raising of Tier 2 capital in 2019 resulted in accounting policies as described below.

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. 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.

**Changes in accounting policies**

With effect from 1 January 2019, the Group has implemented the following new or changed standards:

- IFRS 16 *Leases*
- IAS 12 *Income Taxes*

**IFRS 16 Leases**

IFRS 16 is a new standard approved for use in the EU. It entered into force on 1 January 2019. The standard entails that leases must be recognised in the balance sheet of the lessee as a liability and an asset representing the lessee's right to use the underlying asset. A distinction is no longer made between operating and finance leases for the lessee. The accounting treatment of leases in the lessor's financial statements is largely unchanged.

For Arbejdernes Landsbank, IFRS 16 entails that leases on properties used as branches, where the Bank is the lessee as at 1 January 2019, are recognised as lease assets under land and buildings at DKK 166.2 mill. and as lease liabilities under other liabilities.

In the 2018 financial statements, operating lease commitments were included under contingent liabilities at DKK 110.0 mill. The primary reason for the DKK 56.2 mill. increase as at 1 January is that the term of the lease is longer under IFRS 16 because the Group has to recognise any expected exercise of option rights.

Lease assets are depreciated on a straight-line basis over the expected periods of use of 5-10 years, and lease liabilities are settled in accordance with the annuity principle, with a similar remaining maturity and an alternative lending rate based on a reference interest rate plus an estimated credit margin on the Bank.

Until now, rent has been recognised as an administrative expense in the income statement. In the future, this expense will instead be recognised as depreciation of the lease asset and as interest on the lease liability. Compared

with existing practice, the effect of this change on the profit for the period will be insignificant.

Comparative figures for previous periods have not been adjusted.

#### **IAS 12 Income Taxes**

IAS 12 has been changed with effect from 1 January 2019 as part of the IASB's Annual Improvements to IFRS Standards (IFRS 2015-2017 Cycle). The change entails that from 1 January 2019, the tax base for deductions of interest on Additional Tier 1 capital must be recognised in the income statement, and not in equity.

#### **Note 2**

### **Significant accounting estimates and assessments**

Measurement of certain assets and liabilities requires management estimates for how future events affect the value of these assets and liabilities. Estimates that are significant for the financial statements are made in connection with the calculation of impairments on loans etc., fair values of unlisted financial instruments as well as provisions, see the description in the 2018 Annual Report. The estimates made are based on assumptions that the Management considers reasonable but which are inherently uncertain. Furthermore, the Group is subject to risks and uncertainties which may result in actual results deviating from these estimates.

Note	Group First half-year 2019 DKK mill.	First half-year 2018 DKK mill.
3 Segment information		
The Group only operates from locations in Denmark.		
Revenue	972.5	935.7
The revenue is defined as interest income, fee and commission income as well as other operating income.		

	Customer activities DKK mill.	Investment activities DKK mill.	Other activities DKK mill.	Total DKK mill.
Group first half-year 2019				
<b>Income statement</b>				
Net interest income	494.6	46.4	-2.2	<b>538.8</b>
Net fee and commission income	327.5	0.0	0.0	<b>327.5</b>
Value adjustments and dividend	15.5	3.2	110.8	<b>129.6</b>
Other operating income	18.4	0.0	17.6	<b>36.0</b>
<b>Total income</b>	<b>856.1</b>	<b>49.6</b>	<b>126.2</b>	<b>1,031.9</b>
Costs and depreciation/amortisation	-743.0	-27.1	-46.4	<b>-816.5</b>
Impairments on loans and receivables etc.	37.2	0.0	0.0	<b>37.2</b>
<b>Total costs</b>	<b>-705.9</b>	<b>-27.1</b>	<b>-46.4</b>	<b>-779.3</b>
<b>Profit before tax</b>	<b>150.3</b>	<b>22.5</b>	<b>79.8</b>	<b>252.5</b>
<b>Assets</b>				
Loans and other receivables at amortised cost	22,255.6	0.0	0.0	<b>22,255.6</b>
Bonds at fair value	0.0	21,244.8	0.0	<b>21,244.8</b>
Equity investments in associated companies	0.0	0.0	655.9	<b>655.9</b>
Other assets	6,383.8	3,957.2	3,560.5	<b>13,901.4</b>
<b>Total assets</b>	<b>28,639.3</b>	<b>25,201.9</b>	<b>4,216.4</b>	<b>58,057.6</b>
<b>Equity and liabilities</b>				
Deposits and other debt	42,185.4	0.0	0.0	<b>42,185.4</b>
Allocated equity	3,632.1	1,233.7	1,750.6	<b>6,616.4</b>
Other equity and liabilities	5,323.9	2,136.0	1,795.8	<b>9,255.8</b>
<b>Total equity and liabilities</b>	<b>51,141.5</b>	<b>3,369.7</b>	<b>3,546.4</b>	<b>58,057.6</b>
<b>Ratios and key figures</b>				
Average allocated equity	3,486.7	1,334.0	1,924.0	<b>6,744.8</b>
Return on equity before tax (%)	4.3	1.7	4.1	<b>3.7</b>
Ratio of operating income to operating expenses per DKK (DKK)	1.21	1.83	2.72	<b>1.32</b>

Note	Customer activities DKK mill.	Investment activities DKK mill.	Other activities DKK mill.	Total DKK mill.
<b>3 Segment information (continued)</b>				
Group first half-year 2018				
<b>Income statement</b>				
Net interest income *)	511.1	27.6	11.7	<b>550.4</b>
Net fee and commission income *)	284.8	0.0	0.0	<b>284.8</b>
Value adjustments and dividend	89.3	-35.8	58.3	<b>111.8</b>
Other operating income	17.2	0.0	16.9	<b>34.1</b>
<b>Total income</b>	<b>902.4</b>	<b>-8.2</b>	<b>86.9</b>	<b>981.1</b>
Costs and depreciation/amortisation	-674.0	-23.7	-40.7	<b>-738.4</b>
Impairments on loans and receivables etc.	23.9	0.0	0.0	<b>23.9</b>
<b>Total costs</b>	<b>-650.1</b>	<b>-23.7</b>	<b>-40.7</b>	<b>-714.5</b>
<b>Profit before tax</b>	<b>252.2</b>	<b>-31.9</b>	<b>46.2</b>	<b>266.5</b>
<b>Assets</b>				
Loans and other receivables at amortised cost	22,214.6	0.0	0.0	<b>22,214.6</b>
Bonds at fair value	0.0	15,872.7	0.0	<b>15,872.7</b>
Equity investments in associated companies	0.0	0.0	0.0	<b>0.0</b>
Other assets	4,227.3	3,944.9	3,540.7	<b>11,712.9</b>
<b>Total assets</b>	<b>26,442.0</b>	<b>19,817.6</b>	<b>3,540.7</b>	<b>49,800.3</b>
<b>Equity and liabilities</b>				
Deposits and other debt	36,210.2	0.0	0.0	<b>36,210.2</b>
Allocated equity *)	3,588.2	1,125.5	1,996.5	<b>6,710.1</b>
Other equity and liabilities *)	3,438.3	2,803.5	638.1	<b>6,879.9</b>
<b>Total equity and liabilities</b>	<b>43,236.7</b>	<b>3,929.0</b>	<b>2,634.6</b>	<b>49,800.3</b>
<b>Ratios and key figures</b>				
Average allocated equity *) **)	3,525.5	1,206.7	1,946.0	<b>6,678.1</b>
Return on equity before tax (%) *) **)	7.2	-2.6	2.4	<b>4.0</b>
Ratio of operating income to operating expenses per DKK (DKK)	1.39	-0.34	2.14	<b>1.37</b>
*) Comparative figures have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.				
**) Comparative figures have been adjusted to the final opening balance sheet on pages 44-45 in the 2018 Annual Report.				

Note	Group	First half-year	Bank	First half-year	
	First half-year 2019	2018	First half-year 2019	2018	
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	
4	<b>Interest income</b>				
	Certificates of deposit	-10.2	-10.3	-10.2	-10.3
	Other receivables from credit institutions and central banks	-1.4	-0.2	-1.4	-0.2
	Loans and other receivables *)	527.7	549.4	477.5	502.5
	Other interest income	0.0	12.9	0.0	12.9
	<b>Total interest income calculated using the effective interest method</b>	<b>516.1</b>	<b>551.8</b>	<b>465.9</b>	<b>504.8</b>
	Bonds	102.2	75.3	102.2	75.3
	Derivative financial instruments				
	Currency contracts	-15.9	-10.4	-15.9	-10.4
	Interest-rate contracts	-35.4	-39.2	-35.4	-39.2
	<b>Total derivative financial instruments</b>	<b>-51.4</b>	<b>-49.6</b>	<b>-51.4</b>	<b>-49.6</b>
	<b>Total other interest income</b>	<b>50.8</b>	<b>25.7</b>	<b>50.8</b>	<b>25.7</b>
	<b>Total interest income</b>	<b>566.9</b>	<b>577.4</b>	<b>516.7</b>	<b>530.5</b>
	Of which, reverse transactions recognised under:				
	Other receivables from credit institutions and central banks	-0.6	-0.7	-0.6	-0.7

Negative interest income arisen as a consequence of negative interest rates have been offset in the respective interest income items. Negative interest income primarily derives from certificates of deposit.

\*) Comparative figures have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.

5	<b>Interest expenses</b>				
	Debt to credit institutions and central banks	-0.8	-0.5	-0.8	-0.5
	Deposits and other debt	-23.5	-26.5	-23.1	-26.4
	Subordinated debt	-3.4	0.0	-3.4	0.0
	Other interest expenses *)	-0.4	0.0	-0.4	0.0
	<b>Total interest expenses</b>	<b>-28.1</b>	<b>-27.1</b>	<b>-27.7</b>	<b>-26.9</b>
	Of which, repo transactions recognised under:				
	Debt to credit institutions and central banks	0.1	0.0	0.1	0.0

Positive interest expenses arisen as a consequence of negative interest rates have been offset in the respective interest expense items. Positive interest expenses only derive from debt to credit institutions and central banks.

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

Note	Group	First half-year	Bank	First half-year
	First half-year 2019	2018	First half-year 2019	2018
	DKK mill.	DKK mill.	DKK mill.	DKK mill.
<b>6</b>	<b>Net fee and commission income</b>			
Securities trading and custody accounts *)	66.6	53.8	66.6	53.8
Money transmission services *)	73.1	60.3	72.4	59.6
Loan fees **)	164.8	153.7	147.8	132.6
Guarantee commission	28.7	26.6	28.8	26.8
Other fees and commissions *)	36.4	29.8	28.9	23.4
<b>Total fees and commission income</b>	<b>369.6</b>	<b>324.2</b>	<b>344.5</b>	<b>296.2</b>
AL-BoligBonus	-26.2	-25.1	-26.2	-25.1
Other fees and commissions paid **)	-15.8	-14.3	-11.4	-8.2
<b>Total fees and commissions paid</b>	<b>-42.0</b>	<b>-39.3</b>	<b>-37.7</b>	<b>-33.2</b>
<b>Net fee and commission income</b>	<b>327.5</b>	<b>284.8</b>	<b>306.8</b>	<b>263.0</b>

\*) Comparative figures have been adjusted in accordance with the changed classification as at 01.01.2018, see the description on page 59 of the 2018 Annual Report. Reclassified deposit fees amounted to DKK 7.0 mill., and reclassified money transmission service fees amounted to DKK 8.5 mill. Consequently, a total of DKK 15.5 mill. have been transferred from other fees and commissions.

\*\*) Comparative figures have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report

<b>7</b>	<b>Value adjustments</b>			
Bonds	188.7	-34.9	188.7	-34.9
Shares etc.	129.8	112.7	129.8	112.7
Currency	12.1	6.9	12.0	6.5
Derivative financial instruments				
Currency contracts	0.9	2.9	0.9	2.9
Interest-rate contracts	-240.2	-30.8	-240.2	-30.8
<b>Total derivative financial instruments</b>	<b>-239.3</b>	<b>-27.9</b>	<b>-239.3</b>	<b>-27.9</b>
Assets linked to pooled schemes	363.3	-16.7	363.3	-16.7
Deposits in pooled schemes	-363.3	16.7	-363.3	16.7
Other assets	0.5	0.6	0.5	0.6
<b>Total value adjustments</b>	<b>91.8</b>	<b>57.4</b>	<b>91.7</b>	<b>56.9</b>
<b>8</b>	<b>Staff and administrative expenses</b>			
Management emoluments				
Board of Directors	-1.3	-1.2	-1.3	-1.2
Executive Management	-3.7	-3.7	-3.7	-3.7
<b>Total management emoluments</b>	<b>-5.0</b>	<b>-4.9</b>	<b>-5.0</b>	<b>-4.9</b>
Staff expenses				
Remuneration	-344.6	-329.3	-317.1	-302.7
Pensions (contribution-based)	-37.7	-34.7	-34.8	-31.9
Social security expenses	-3.3	-2.9	-3.1	-2.7
Payroll tax	-45.7	-43.6	-42.3	-40.4
<b>Total staff expenses</b>	<b>-431.3</b>	<b>-410.4</b>	<b>-397.3</b>	<b>-377.7</b>
Administrative expenses				
IT costs	-193.6	-169.5	-186.5	-163.4
Other administrative expenses *)	-118.8	-96.5	-111.5	-90.1
<b>Total administrative expenses</b>	<b>-312.4</b>	<b>-266.0</b>	<b>-297.9</b>	<b>-253.5</b>
<b>Total staff and administrative expenses</b>	<b>-748.7</b>	<b>-681.4</b>	<b>-700.2</b>	<b>-636.1</b>

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

Note	Group		Bank		
	First half-year 2019	First half-year 2018	First half-year 2019	First half-year 2018	
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	
9	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	-1.9	22.0	-1.9	22.0
	Loans and other receivables at amortised cost	69.2	-8.6	68.2	-12.7
	Guarantees	-0.7	14.9	-0.7	14.9
	Unutilised credit lines and commitments	7.9	17.4	8.9	17.4
	<b>Total net movements on impairment and provision accounts</b>	<b>74.5</b>	<b>45.7</b>	<b>74.4</b>	<b>41.6</b>
	Interest adjustment	10.4	9.6	10.4	9.6
	Ascertained losses covered by previous impairment charges and provisions *)	-46.4	-36.7	-44.3	-34.0
	Ascertained losses not covered by previous impairment charges and provisions *)	-12.6	-7.9	-8.8	-5.4
	Recognised in claims previously subject to impairment charges	8.8	6.4	8.6	6.3
	Reversed reserve for losses on lending which was credit-impaired at initial recognition	2.5	6.8	2.5	6.8
	<b>Net impact recognised in the income statement</b>	<b>37.2</b>	<b>23.9</b>	<b>42.9</b>	<b>24.8</b>
*) Out of the Group's ascertained losses in the first half-year of 2019 steps are still being taken to recover DKK 32.1 mill.					

## Note

## 9 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total
	First half-year 2019 DKK mill	First half-year 2019 DKK mill			
<i>Accumulated impairments and provisions, broken down by stages</i>					
Receivables from credit institutions and central banks	1.0	0.0	8.0	0.0	<b>9.0</b>
Loans and other receivables at amortised cost	49.6	134.6	1,075.1	40.6	<b>1,299.9</b>
Guarantees	1.3	0.8	20.8	0.0	<b>22.8</b>
Unutilised credit lines and commitments	10.8	3.6	34.0	0.0	<b>48.4</b>
<b>Total impairments and provisions brought forward</b>	<b>62.7</b>	<b>138.9</b>	<b>1,137.8</b>	<b>40.6</b>	<b>1,380.0</b>
Receivables from credit institutions and central banks	2.9	0.0	8.0	0.0	<b>10.9</b>
Loans and other receivables at amortised cost	53.4	125.6	1,010.9	40.8	<b>1,230.7</b>
Guarantees	0.7	1.7	21.1	0.0	<b>23.5</b>
Unutilised credit lines and commitments	10.1	4.5	25.8	0.0	<b>40.4</b>
<b>Total impairments and provisions carried forward</b>	<b>67.0</b>	<b>131.9</b>	<b>1,065.8</b>	<b>40.8</b>	<b>1,305.6</b>

Of accumulated impairment charges, DKK 60.3 mill. represent management estimates based on information not incorporated in the models as well forward-looking information based on macroeconomic forecasts and projections. The additional impairments by management are primarily related to uncertainty concerning price developments on the market for residential property.

## Note

## 9 Impairments on loans and receivables etc. (continued)

	Bank				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total
	First half-year 2019 DKK mill	First half-year 2019 DKK mill			
Accumulated impairments and provisions, broken down by stages					
Receivables from credit institutions and central banks	1.0	0.0	8.0	0.0	9.0
Loans and other receivables at amortised cost	43.9	131.0	1,062.2	40.6	1,277.8
Guarantees	1.3	0.8	20.8	0.0	22.8
Unutilised credit lines and commitments	10.3	1.9	33.9	0.0	46.0
<b>Total impairments and provisions brought forward</b>	<b>56.4</b>	<b>133.7</b>	<b>1,124.9</b>	<b>40.6</b>	<b>1,355.6</b>
Receivables from credit institutions and central banks	2.9	0.0	8.0	0.0	10.9
Loans and other receivables at amortised cost	47.6	122.6	998.6	40.8	1,209.7
Guarantees	0.7	1.7	21.1	0.0	23.5
Unutilised credit lines and commitments	9.1	2.3	25.7	0.0	37.1
<b>Total impairments and provisions carried forward</b>	<b>60.3</b>	<b>126.6</b>	<b>1,053.5</b>	<b>40.8</b>	<b>1,281.2</b>

Of accumulated impairment charges, DKK 60.0 mill. represent management estimates based on information not incorporated in the models as well forward-looking information based on macroeconomic forecasts and projections. The additional impairments by management are primarily related to uncertainty concerning price developments on the market for residential property.

## Note

## 9 Impairments on loans and receivables etc. (continued)

	Group						
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total gross value	Total impairment charges etc.	Carrying amount
	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.			
Gross carrying amounts broken down by stages							
Receivables from credit institutions and central banks	5,212.5	0.0	8.0	0.0	5,220.5	-9.0	5,211.5
Loans and other receivables at amortised cost	15,985.6	5,359.8	1,957.2	83.0	23,385.6	-1,299.9	22,085.8
Guarantees	5,099.0	676.3	146.9	0.0	5,922.2	-22.8	5,899.3
Unutilised credit lines and commitments	5,188.8	1,443.2	328.4	0.0	6,960.4	-48.4	6,912.0
<b>Total exposures brought forward</b>	<b>31,485.9</b>	<b>7,479.3</b>	<b>2,440.5</b>	<b>83.0</b>	<b>41,488.7</b>	<b>-1,380.0</b>	<b>40,108.7</b>
Receivables from credit institutions and central banks	3,821.7	0.0	8.0	0.0	3,829.7	-10.9	3,818.8
Loans and other receivables at amortised cost	16,144.2	5,488.5	1,777.6	75.9	23,486.3	-1,230.7	22,255.6
Guarantees	5,712.4	793.1	132.8	0.0	6,638.3	-23.5	6,614.8
Unutilised credit lines and commitments	5,200.6	1,633.5	262.4	0.0	7,096.5	-40.4	7,056.1
<b>Total exposures carried forward</b>	<b>30,878.9</b>	<b>7,915.1</b>	<b>2,180.9</b>	<b>75.9</b>	<b>41,050.8</b>	<b>-1,305.6</b>	<b>39,745.3</b>
Bank							
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total gross value	Total impairment charges etc.	Carrying amount
	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.			
Gross carrying amounts broken down by stages							
Receivables from credit institutions and central banks	5,203.3	0.0	8.0	0.0	5,211.3	-9.0	5,202.3
Loans and other receivables at amortised cost	17,583.9	3,630.1	1,779.6	83.0	23,076.6	-1,277.8	21,798.8
Guarantees	5,099.0	676.3	146.9	0.0	5,922.2	-22.8	5,899.3
Unutilised credit lines and commitments	5,020.4	409.2	135.6	0.0	5,565.2	-46.0	5,519.2
<b>Total exposures brought forward</b>	<b>32,906.6</b>	<b>4,715.5</b>	<b>2,070.1</b>	<b>83.0</b>	<b>39,775.2</b>	<b>-1,355.6</b>	<b>38,419.6</b>
Receivables from credit institutions and central banks	3,809.3	0.0	8.0	0.0	3,817.3	-10.9	3,806.4
Loans and other receivables at amortised cost	17,552.2	3,867.2	1,638.6	75.9	23,133.9	-1,209.7	21,924.3
Guarantees	5,712.4	793.1	132.8	0.0	6,638.3	-23.5	6,614.8
Unutilised credit lines and commitments	5,096.6	432.0	120.1	0.0	5,648.7	-37.1	5,611.6
<b>Total exposures carried forward</b>	<b>32,170.5</b>	<b>5,092.3</b>	<b>1,899.6</b>	<b>75.9</b>	<b>39,238.3</b>	<b>-1,281.2</b>	<b>37,957.1</b>

## Note

## 9 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total impairment charges
	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.			
<b>The impairment account for receivables from credit institutions and central banks</b>					
Total impairment charges brought forward	1.0	0.0	8.0	0.0	<b>9.0</b>
Impairment charges during the period as a consequence of changes in credit risk	1.1	0.0	0.0	0.0	<b>1.1</b>
Impairment charges on new exposures	1.1	0.0	0.0	0.0	<b>1.1</b>
Reversed impairment charges for redeemed exposures	-0.2	0.0	0.0	0.0	<b>-0.2</b>
<b>Total impairment charges carried forward</b>	<b>2.9</b>	<b>0.0</b>	<b>8.0</b>	<b>0.0</b>	<b>10.9</b>
<b>The impairment account for loans and other receivables at amortised cost</b>					
Total impairment charges brought forward	49.6	134.6	1,075.1	40.6	<b>1,299.9</b>
Transfers to stage 1	21.1	-17.1	-4.0	0.0	<b>0.0</b>
Transfers to stage 2	-9.6	35.7	-26.1	0.0	<b>0.0</b>
Transfers to stage 3	-0.2	-4.4	4.6	0.0	<b>0.0</b>
Impairment charges during the period as a consequence of changes in credit risk	-20.2	-22.9	9.2	0.6	<b>-33.3</b>
Impairment charges on new exposures	17.5	11.8	17.3	0.0	<b>46.7</b>
Reversed impairment charges for redeemed exposures	-4.9	-12.0	-29.4	-0.2	<b>-46.5</b>
Interest adjustment	0.0	0.0	9.7	0.7	<b>10.4</b>
Ascertained losses covered by previous impairment charges	0.0	0.0	-45.6	-0.9	<b>-46.5</b>
<b>Total impairment charges carried forward</b>	<b>53.4</b>	<b>125.6</b>	<b>1,010.9</b>	<b>40.8</b>	<b>1,230.7</b>

## Note

## 9 Impairments on loans and receivables etc. (continued)

	Group			
	Stage 1	Stage 2	Stage 3	Total provisions
	First half-year 2019	First half-year 2019	First half-year 2019	First half-year 2019
	DKK mill.	DKK mill.	DKK mill.	DKK mill.
<b>The provision account for guarantees</b>				
Total provisions brought forward	1.3	0.8	20.8	22.8
Transfers to stage 1	0.1	-0.1	0.0	0.0
Transfers to stage 2	-0.6	0.9	-0.3	0.0
Provisions during the period as a consequence of changes in credit risk	-0.2	0.1	3.5	3.4
Provisions for new exposures	0.3	0.1	0.1	0.5
Reversed provisions for redeemed exposures	-0.2	-0.1	-2.9	-3.2
<b>Total provisions carried forward</b>	<b>0.7</b>	<b>1.7</b>	<b>21.1</b>	<b>23.5</b>
<b>The provision account for unutilised credit lines and commitments</b>				
Total provisions brought forward	10.8	3.6	34.0	48.4
Transfers to stage 1	1.2	-0.5	-0.7	0.0
Transfers to stage 2	-0.3	1.1	-0.8	0.0
Provisions during the period as a consequence of changes in credit risk	-1.4	-0.1	-2.2	-3.7
Provisions for new exposures	1.1	0.6	0.2	1.9
Reversed provisions for redeemed exposures	-1.3	-0.2	-4.6	-6.1
<b>Total provisions carried forward</b>	<b>10.1</b>	<b>4.5</b>	<b>25.8</b>	<b>40.4</b>

The figures for new and redeemed exposures on pages 29 and 30 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

## 9 Impairments on loans and receivables etc. (continued)

	Bank				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total impairment charges
	First half-year 2019	First half-year 2019	First half-year 2019	First half-year 2019	First half-year 2019
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.
The impairment account for receivables from credit institutions and central banks					
Total impairment charges brought forward	1.0	0.0	8.0	0.0	9.0
Impairment charges during the period as a consequence of changes in credit risk	1.1	0.0	0.0	0.0	1.1
Impairment charges on new exposures	1.1	0.0	0.0	0.0	1.1
Reversed impairment charges on redeemed exposures	-0.2	0.0	0.0	0.0	-0.2
<b>Total impairment charges carried forward</b>	<b>2.9</b>	<b>0.0</b>	<b>8.0</b>	<b>0.0</b>	<b>10.9</b>
The impairment account for loans and other receivables at amortised cost					
Total impairment charges brought forward	43.9	131.0	1,062.2	40.6	1,277.8
Transfers to stage 1	20.6	-17.0	-3.6	0.0	0.0
Transfers to stage 2	-9.4	34.6	-25.2	0.0	0.0
Transfers to stage 3	-0.2	-4.3	4.4	0.0	0.0
Impairment charges during the period as a consequence of changes in credit risk	-18.5	-20.8	8.2	0.6	-30.5
Impairment charges on new exposures	16.1	11.0	15.6	0.0	42.7
Reversed impairment charges on redeemed exposures	-4.9	-12.0	-29.4	-0.2	-46.5
Interest adjustment	0.0	0.0	9.7	0.7	10.4
Ascertained losses covered by previous impairment charges	0.0	0.0	-43.4	-0.9	-44.3
<b>Total impairment charges carried forward</b>	<b>47.6</b>	<b>122.6</b>	<b>998.6</b>	<b>40.8</b>	<b>1,209.7</b>

## Note

## 9 Impairments on loans and receivables etc. (continued)

	Bank			
	Stage 1	Stage 2	Stage 3	Total provisions
	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.	First half-year 2019 DKK mill.
<b>The provision account for guarantees</b>				
Total provisions brought forward	1.3	0.8	20.8	<b>22.8</b>
Transfers to stage 1	0.1	-0.1	0.0	<b>0.0</b>
Transfers to stage 2	-0.6	0.9	-0.3	<b>0.0</b>
Provisions during the period as a consequence of changes in credit risk	-0.2	0.1	3.5	<b>3.4</b>
Provisions for new exposures	0.3	0.1	0.1	<b>0.5</b>
Reversed provisions for redeemed exposures	-0.2	-0.1	-2.9	<b>-3.2</b>
<b>Total provisions carried forward</b>	<b>0.7</b>	<b>1.7</b>	<b>21.1</b>	<b>23.5</b>
<b>The provision account for unutilised credit lines and commitments</b>				
Total provisions brought forward	10.3	1.9	33.9	<b>46.0</b>
Transfers to stage 1	1.1	-0.4	-0.7	<b>0.0</b>
Transfers to stage 2	-0.3	1.1	-0.8	<b>0.0</b>
Provisions during the period as a consequence of changes in credit risk	-1.8	-0.5	-2.2	<b>-4.5</b>
Provisions for new exposures	1.1	0.4	0.2	<b>1.7</b>
Reversed provisions for redeemed exposures	-1.3	-0.2	-4.6	<b>-6.1</b>
<b>Total provisions carried forward</b>	<b>9.1</b>	<b>2.3</b>	<b>25.7</b>	<b>37.1</b>

The figures for new and redeemed exposures on pages 31 and 32 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		Group	31.12.2018 DKK mill.	Bank	31.12.2018 DKK mill.
		30.06.2019 DKK mill.		30.06.2019 DKK mill.	
12	Loans and guarantees broken down by sectors and industries				
	Public authorities	12.5	114.5	12.2	87.1
	Business				
	Agriculture, hunting, forestry and fisheries	37.5	40.9	6.1	4.4
	Industry and extraction of raw materials	547.2	941.3	188.3	200.3
	Energy supply	9.7	25.8	5.6	5.6
	Building and construction	583.0	602.6	275.6	271.3
	Trade	1,228.8	839.8	420.9	318.6
	Transport, hotels and restaurants	320.7	352.4	200.9	224.7
	Information and communication	55.4	85.4	21.6	11.7
	Financing and insurance	775.2	821.8	5,075.9	5,144.4
	Real property	891.6	888.8	863.6	859.4
	Other business	1,816.0	1,688.3	1,222.3	1,135.7
	<b>Total business</b>	<b>6,265.0</b>	<b>6,287.1</b>	<b>8,280.7</b>	<b>8,176.1</b>
	Private	22,592.9	21,583.5	20,246.2	19,434.9
	<b>Total loans and guarantees</b>	<b>28,870.4</b>	<b>27,985.1</b>	<b>28,539.1</b>	<b>27,698.1</b>
13	Bonds at fair value				
	Government bonds	2,602.0	2,563.9	2,602.0	2,563.9
	Mortgage-credit bonds	15,805.7	13,768.8	15,805.7	13,768.8
	Other bonds	2,837.1	2,501.6	2,837.1	2,501.6
	<b>Total bonds at fair value</b>	<b>21,244.8</b>	<b>18,834.3</b>	<b>21,244.8</b>	<b>18,834.3</b>

Note		Group	2018 DKK mill.	Bank	2018 DKK mill.
		First half-year 2019 DKK mill.		First half-year 2019 DKK mill.	
14	Land and buildings				
	Investment properties				
	Fair value brought forward	36.4	37.6	36.4	37.6
	Improvements	0.0	1.2	0.0	1.2
	Value adjustments	0.0	-2.4	0.0	-2.4
	<b>Fair value carried forward</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>
	Rental income	1.1	2.0	1.1	2.0
	Operating expenses for rented-out areas	-0.5	-2.0	-0.5	-2.0

Investment properties are measured at fair value (non-observable input). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 4.1% (2018: 4.1%), determined on the basis of the interest-rate level and the location of the property. All other things being equal, an increase in the required rate of return of 0.5 percentage points will reduce the fair value by approx. DKK 3.9 mill. (2018: DKK 3.9 mill.). The valuation was carried out by an independent assessor in 2018.

## Note

## 14 Land and buildings (continued)

	Group First half-year 2019 DKK mill.	2018 DKK mill.	Bank First half-year 2019 DKK mill.	2018 DKK mill.
Owner-occupied properties				
Revalued amount brought forward	1,088.9	857.3	1,088.9	857.3
Additions	0.0	84.6	0.0	84.6
Improvements	0.0	25.5	0.0	25.5
Disposals	0.0	-11.5	0.0	-11.5
Depreciation	-3.3	-5.7	-3.3	-5.7
Value adjustments recognised in the income statement	0.0	-3.8	0.0	-3.8
Value adjustments recognised in other comprehensive income	0.0	142.5	0.0	142.5
<b>Revalued amount carried forward</b>	<b>1,085.7</b>	<b>1,088.9</b>	<b>1,085.7</b>	<b>1,088.9</b>

Owner-occupied properties are measured at revalued amount (non-observable input). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 3.3–7.5% (2018: 3.3–7.5%), determined on the basis of the interest-rate level and the location of the property. All other things being equal, an increase in the required rate of return of 0.5 percentage points will reduce the fair value by approx. DKK 112.3 mill. (2018: DKK 112.3 mill.). The valuation of selected properties was carried out by an independent assessor in 2018.

In addition to recognising owner-occupied properties that the Bank owns, the Bank has recognised rented domicile properties (right-of-use assets) with a carrying amount of DKK 171.2 mill. as at 30.06.2019.

## Note

## 15 Deposits and other debt

	Group 30.06.2019 DKK mill.	31.12.2018 DKK mill.	Bank 30.06.2019 DKK mill.	31.12.2018 DKK mill.
On demand	37,934.7	36,949.5	37,895.5	36,916.1
Amounts with notice period	2,536.4	2,141.8	2,536.4	2,141.8
Time deposits	0.0	0.6	0.0	0.6
Special types of deposit	1,714.3	1,603.6	1,714.3	1,603.6
<b>Total deposits and other debt</b>	<b>42,185.4</b>	<b>40,695.5</b>	<b>42,146.2</b>	<b>40,662.1</b>

Note				Group	31.12.2018	Bank	31.12.2018
	Nom. in DKK mill.	Interest rate	Maturity	30.06.2019 DKK mill.	DKK mill.	30.06.2019 DKK mill.	DKK mill.
16	Subordinated debt						
	900.0	3.32% (var.)	21.05.2031 *)	900.0	0.0	900.0	0.0
	<b>Total Tier 2 capital</b>			<b>900.0</b>	<b>0.0</b>	<b>900.0</b>	<b>0.0</b>
	Tier 2 capital included when calculating own funds			900.0	0.0	900.0	0.0
	Costs of raising Tier 2 capital in the year of establishment			0.1	0.0	0.1	0.0
	*) Can be redeemed before maturity from 21.05.2026.						

Note			First half-year	2018	First half-year	2018
			2019 pcs	pcs	2019 DKK mill.	DKK mill.
17	Own shares					
	Holding at the beginning of the year		6,000	0	6.0	0.0
	Purchases		1,512	6,000	1.5	6.0
	Sales		-184	0	-0.2	0.0
	<b>Holding at the end of the year</b>		<b>7,328</b>	<b>6,000</b>	<b>7.3</b>	<b>6.0</b>
	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 mill. corresponding to DKK 3.3% of the share capital, up to and including 12 March 2023.					
	As at 30.06.2019, the holding of own shares amounted to nominally DKK 7.3 mill. (2018: DKK 6.0 mill.), corresponding to 2.4%. (2018: 2.0%) of the share capital.					
	The Bank primarily acquired the shares as part of the agreement on divestment of the Bank's shares in ALKA.					
18	Dividend					
	On 12 March 2019, the Bank distributed ordinary dividend to the shareholders of DKK 60 mill. (2018: DKK 150 mill.), corresponding to DKK 200 per share (2018: DKK 500 per share).					

Note	Group		Bank	
	30.06.2019 DKK mill.	31.12.2018 DKK mill.	30.06.2019 DKK mill.	31.12.2018 DKK mill.
<b>19 Own funds</b>				
<b>Transformation from equity to own funds</b>				
Equity	6,616.4	6,873.2	6,616.4	6,873.2
Non-recognised result (shareholders' share)	-206.5	0.0	-206.5	0.0
Reserved/proposed dividend	0.0	-60.0	0.0	-60.0
Intangible assets, incl. goodwill, recognised in equity investments in associated companies	-55.5	-18.7	-35.4	0.0
Additional Tier 1 capital, including interest payable	-446.1	-848.9	-446.1	-848.9
Deductions for prudent valuation	-23.2	-20.7	-23.2	-20.7
Capital instruments in financial entities	-709.7	-160.6	-706.2	-158.7
<b>Common Equity Tier 1 capital</b>	<b>5,175.4</b>	<b>5,764.3</b>	<b>5,199.0</b>	<b>5,784.8</b>
Additional Tier 1 capital	429.0	829.0	429.0	829.0
Capital instruments in financial entities	-54.1	-12.6	-53.6	-12.6
<b>Tier 1 capital</b>	<b>5,550.2</b>	<b>6,580.6</b>	<b>5,574.4</b>	<b>6,601.2</b>
Tier 2 capital	900.0	0.0	900.0	0.0
Capital instruments in financial entities	-26.9	0.0	-26.7	0.0
<b>Own funds</b>	<b>6,423.4</b>	<b>6,580.6</b>	<b>6,447.7</b>	<b>6,601.2</b>
<b>20 Additional Tier 1 capital</b>				
<b>Nom. in DKK mill.</b>	<b>Interest rate</b>	<b>Maturity</b>		
0.0	6.602% (var.)	Indefinite *)	0.0	402.9
429.0	9.059% (var.)	Indefinite *)	446.1	446.1
<b>Total Additional Tier 1 capital</b>			<b>446.1</b>	<b>848.9</b>
Additional Tier 1 capital included when calculating Tier 1 capital/own funds			420.0	829.0

\*) Redeemed on 23 May 2019.

\*\*) Can be redeemed before maturity from 22 January 2021.

Both 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		Bank		
	30.06.2019 DKK mill.	31.12.2018 DKK mill.	30.06.2019 DKK mill.	31.12.2018 DKK mill.	
21	Contingent liabilities, etc.				
	<b>Contingent liabilities</b>				
	Financial guarantees	2,267.9	1,572.8	2,267.9	1,572.8
	Guarantees for losses on mortgage-credit loans	2,879.3	2,656.1	2,879.3	2,656.1
	Land registration and conversion guarantees	839.2	997.0	839.2	997.0
	Collateral for group companies	0.0	0.0	38.0	35.5
	Other contingent liabilities	628.4	673.4	590.4	637.9
	<b>Total contingent liabilities</b>	<b>6,614.8</b>	<b>5,899.3</b>	<b>6,614.8</b>	<b>5,899.3</b>
	<b>Other binding commitments</b>				
	Irrevocable credit commitments less than 1 year	922.3	830.1	0.0	0.0
	Unutilised commitments regarding payment of pension contributions	14.6	14.6	14.6	14.6
	Additional binding commitments *)	168.0	291.5	168.0	293.9
	<b>Total other binding commitments</b>	<b>1,104.9</b>	<b>1,136.1</b>	<b>182.6</b>	<b>308.5</b>

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

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.

Participation in the statutory Guarantee Fund for Depositors and Investors (indskydergarantiordningen) entails that 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 1.3%.

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 31.12.2024. In 2019, the Bank's contribution will amount to DKK 3.3 mill. (2018: DKK 2.9 mill.), corresponding to 0.45% (2018: 0.47%) of the sector's total contribution of DKK 724.1 mill. (2018: DKK 617.5 mill.).

The Bank is taxed jointly with other Danish companies in the Group. As a management company, the Bank is jointly and severally liable with the other consolidated companies for Danish corporation tax and withholding tax on dividends, interest and royalties within the joint taxation group. As a consequence of tax paid on account, there are no outstanding taxes as at 30 June 2019. Corporation tax receivable at group level amounted to DKK 31.2 mill. as at 30.06.2019 (2018: DKK 23.9 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 Bank is a member of BEC (Bankernes EDB Central), and withdrawal as a going concern would entail a liability to pay compensation to remaining members of BEC corresponding to about 2.5 times the payment for the previous year for IT services from BEC. 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****22 Fair value measurement of financial instruments****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 undertaking-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.

Instruments 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 Bank 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 103.4 mill. (2018: DKK 99.3 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.

With regard to derivative financial instruments, the Bank 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 Bank 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 1.2 mill. as at 30.06.2019 (2018: DKK 1.4 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 the first half-year of 2019, the Bank transferred DKK 2,608.5 mill. (2018: DKK 3,949.9 mill.), of bonds at fair value from level 1 to level 2 as a result of infrequent price updates. Conversely, DKK 1,718.8 mill. (2018: DKK 100.6 mill.) was transferred from level 2 to level 1.

Apart from the above, there have been no significant transfers between the three fair value levels in the first half-year of 2019.

## Note

## 22 Fair value measurement of financial instruments (continued)

	Group			Total DKK mill.
	Listed prices (level 1) DKK mill.	Observable input (level 2) DKK mill.	Non-observable input (level 3) DKK mill.	
Fair value hierarchy as at 30.06.2019				
<b>Financial assets</b>				
Bonds at fair value	11,857.1	9,333.1	54.7	<b>21,244.8</b>
Shares etc.	297.6	0.0	1,034.1	<b>1,331.7</b>
Assets linked to pooled schemes	4,508.2	605.7	0.0	<b>5,113.9</b>
Derivative financial instruments and spot transactions	0.2	63.6	0.0	<b>63.8</b>
Interest and commissions receivable	42.1	39.7	0.4	<b>82.1</b>
<b>Total financial assets</b>	<b>16,705.0</b>	<b>10,042.0</b>	<b>1,089.1</b>	<b>27,836.2</b>
<b>Financial liabilities</b>				
Deposits in pooled schemes	0.0	5,113.9	0.0	<b>5,113.9</b>
Other non-derivative financial liabilities at fair value	56.6	0.0	0.0	<b>56.6</b>
Derivative financial instruments and spot transactions	28.7	486.9	0.0	<b>515.7</b>
Interest and commissions due	1.6	0.3	0.0	<b>1.9</b>
<b>Total financial liabilities</b>	<b>87.0</b>	<b>5,601.1</b>	<b>0.0</b>	<b>5,688.1</b>
Fair value hierarchy as at 31.12.2018				
<b>Financial assets</b>				
Bonds at fair value	11,527.7	7,257.0	49.6	<b>18,834.3</b>
Shares etc.	454.1	0.0	992.8	<b>1,446.9</b>
Assets linked to pooled schemes	3,720.4	456.8	0.0	<b>4,177.2</b>
Derivative financial instruments and spot transactions	0.6	50.3	0.0	<b>50.9</b>
Interest and commissions receivable	55.3	31.2	0.3	<b>86.9</b>
<b>Total financial assets</b>	<b>15,758.1</b>	<b>7,795.3</b>	<b>1,042.8</b>	<b>24,596.2</b>
<b>Financial liabilities</b>				
Deposits in pooled schemes	0.0	4,177.2	0.0	<b>4,177.2</b>
Other non-derivative financial liabilities at fair value	302.7	0.0	0.0	<b>302.7</b>
Derivative financial instruments and spot transactions	21.4	305.7	0.0	<b>327.1</b>
Interest and commissions due	2.6	0.0	0.0	<b>2.6</b>
<b>Total financial liabilities</b>	<b>326.7</b>	<b>4,482.8</b>	<b>0.0</b>	<b>4,809.6</b>

## Note

## 22 Fair value measurement of financial instruments (continued)

	Group First half-year 2019 DKK mill.	2018 DKK mill.
Non-observable input (level 3)		
Fair value brought forward	1,042.8	1,901.1
Value adjustments recognised in the income statement *)	10.8	136.4
Net change in interest and commissions receivable	0.0	0.3
Purchases	37.6	20.3
Sales	-7.2	-874.6
Transfers to level 1	0.0	-190.3
Transfers from level 2	5.0	49.6
<b>Fair value carried forward</b>	<b>1,089.1</b>	<b>1,042.8</b>

\*) Of which DKK 11.7 mill. (2018: DKK 105.6 mill.) is attributable to assets held at the end of the accounting period.

## 23 Transactions with related parties

The AL Finans A/S subsidiary has had its credit framework increased by DKK 0.1 bn. in response to an increased funding need.

Since 31.12.2018, the Bank has gradually acquired more shares in Vestjysk Bank, and this has led to a change in the classification from shares etc. to equity investments in associated companies, and thus Vestjysk Bank has become a related party. Throughout the period, the Bank held Tier 2 capital in Vestjysk Bank in the form of issued bonds amounting to DKK 12.6 mill.

Apart from the above, no new significant transactions have been conducted with related parties.

See the Group's annual report for 2018 for a more detailed definition and description of transactions with related parties.

Note	First half-year 2019 DKK mill.	2018 DKK mill.
24 Group overview		
<b>Parent Company: Aktieselskabet Arbejdernes Landsbank, Copenhagen</b>		
Group companies		
<b>AL Finans A/S, Copenhagen</b>		
Share capital	6.0	6.0
Equity	276.9	266.4
Voting share and ownership interest (%)	100	100
Profit	10.5	31.4
Average number of employees during the accounting period converted to full-time equivalents	82	81
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.		
<b>Handels ApS Panoptikon, Copenhagen</b>		
Share capital	0.5	0.5
Equity	12.7	12.7
Voting share and ownership interest (%)	100	100
Profit	0.0	0.0
Average number of employees during the accounting period converted to full-time equivalents	0	0
The subsidiary is currently inactive.		

Note	First half-year 2019 DKK mill.	First half-year 2018 DKK mill.	2018 DKK mill.
25 Financial and operating data for the Group			
<b>Income statement</b>			
Net interest income *) **)	538.8	550.4	1,104.4
Net fee and commission income **)	327.5	284.8	580.3
Value adjustments and dividend	129.6	111.8	45.5
Other operating income	36.0	34.1	68.8
<b>Total income</b>	<b>1,031.9</b>	<b>981.1</b>	<b>1,799.0</b>
Costs and depreciation/amortisation *)	-816.5	-738.4	-1,529.5
Impairments on loans and receivables etc.	37.2	23.9	69.5
<b>Total costs</b>	<b>-779.3</b>	<b>-714.5</b>	<b>-1,460.0</b>
<b>Profit before tax</b>	<b>252.5</b>	<b>266.5</b>	<b>339.0</b>
Tax	-16.2	-25.5	-40.1
<b>Profit for the period</b>	<b>236.4</b>	<b>241.0</b>	<b>298.9</b>
<b>Selected balance sheet items</b>			
Loans and other receivables at amortised cost	22,255.6	22,214.6	22,085.8
Bonds at fair value	21,244.8	15,872.7	18,834.3
Total assets *)	58,057.6	49,800.3	55,106.5
Deposits incl. pooled schemes	47,299.3	39,500.9	44,872.7
Equity **)	6,616.4	6,710.1	6,873.2
<b>Other financial and operating data</b>			
Net interest and fee income *)	904.1	889.6	1,745.0
Value adjustments	91.8	57.4	-14.8
Staff and administrative expenses *)	-748.7	-681.4	-1,405.9
Own funds **)	6,423.4	5,431.3	6,580.6
Tier 1 capital **)	5,550.2	5,431.3	6,580.6
Common Equity Tier 1 capital **)	5,175.4	4,614.9	5,764.3
Exposures with credit risk	24,527.8	23,745.5	23,895.0
Exposures with market risk	6,163.2	4,529.0	5,267.4
Exposures with operational risk	3,660.0	3,665.9	3,660.0
<b>Total risk exposure</b>	<b>34,351.0</b>	<b>31,940.4</b>	<b>32,822.4</b>

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

\*\*) Comparative figures for the first half of 2018 have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.

Note		First half-year 2019	First half-year 2018	2018
25	Ratios and key figures for the Group			
	<b>Solvency</b>			
	Capital ratio *)	% 18.7	17.0	20.0
	Tier 1 capital ratio *)	% 16.2	17.0	20.0
	Common Equity Tier 1 capital ratio *)	% 15.1	14.4	17.6
	<b>Earnings</b>			
	Return on equity before tax *) **)	% 3.7	4.0	5.0
	Return on equity after tax *) **)	% 3.5	3.6	4.4
	Ratio of operating income to operating expenses per DKK	DKK 1.32	1.37	1.23
	Earnings per share	DKK 704	726	834
	Diluted earnings per share	DKK 704	726	834
	Return on capital employed **) ***)	% 0.4	0.5	0.6
	<b>Market risk</b>			
	Interest-rate risk	% 0.5	-1.0	0.5
	Currency position	% 2.4	3.2	2.2
	Currency risk	% 0.0	0.0	0.0
	<b>Liquidity</b>			
	Loans plus impairments in relation to deposits	% 49.7	59.7	52.1
	Liquidity coverage ratio (LCR)	% 272.0	195.5	268.1
	<b>Credit</b>			
	Sum of large exposures ****)	% 71.9	92.1	59.1
	Impairment ratio for the period	% -0.1	0.0	-0.2
	Lending growth for the period **)	% 0.8	1.5	0.8
	Loans in relation to equity *)	3.4	3.3	3.2
	<b>Equity</b>			
	Net asset value per share *) *****)	DKK 21,083	19,936	20,491
	Proposed dividend per share	DKK 0	0	200
	<b>Employees</b>			
	Average number of employees during the accounting period converted to full-time equivalents	1,112	1,072	1,088

See note 26 for definitions of ratios and key figures.

\*) Comparative figures for the first half of 2018 have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.

\*\*) Comparative figure for the first half of 2018 have been recalculated, taking into account the final opening balance sheet on pages 44-45 in the 2018 Annual Report.

\*\*\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

\*\*\*\*\*) The financial ratio for sum of large exposures in the first half-year of 2018 has been recalculated as a result of the changed definition.

\*\*\*\*\*) Comparative figures have been recalculated, taking own shares into account.

Note	First half-year 2019 DKK mill.	First half-year 2018 DKK mill.	2018 DKK mill.
25 Financial and operating data for the Bank			
<b>Income statement</b>			
Net interest income *) **)	489.0	503.5	1,002.9
Net fee and commission income **)	306.8	263.0	541.3
Value adjustments and dividend	129.5	111.4	45.0
Other operating income	17.7	17.1	34.5
Profit from equity investments in associated companies and group companies	10.5	15.1	31.4
<b>Total income</b>	<b>953.5</b>	<b>910.1</b>	<b>1,655.1</b>
Costs and depreciation/amortisation *)	-748.4	-674.1	-1,399.3
Impairments on loans and receivables etc.	42.9	24.8	71.1
<b>Total costs</b>	<b>-705.5</b>	<b>-649.3</b>	<b>-1,328.2</b>
<b>Profit before tax</b>	<b>248.0</b>	<b>260.8</b>	<b>326.8</b>
Tax	-11.6	-19.8	-28.0
<b>Profit for the period</b>	<b>236.4</b>	<b>241.0</b>	<b>298.9</b>
<b>Selected balance sheet items</b>			
Loans and other receivables at amortised cost	21,924.3	21,935.0	21,798.8
Bonds at fair value	21,244.8	15,872.7	18,834.3
Total assets *)	57,884.2	49,690.6	54,973.8
Deposits incl. pooled schemes	47,260.1	39,472.6	44,839.3
Equity **)	6,616.4	6,710.1	6,873.2
<b>Other financial and operating data</b>			
Net interest and fee income *)	833.5	821.0	1,604.4
Value adjustments	91.7	56.9	-15.3
Staff and administrative expenses *)	-700.2	-636.1	-1,313.3
Own funds **)	6,447.7	5,449.7	6,601.2
Tier 1 capital **)	5,574.4	5,449.7	6,601.2
Common Equity Tier 1 capital **)	5,199.0	4,633.3	5,784.8
Exposures with credit risk	25,283.6	24,540.5	24,647.5
Exposures with market risk	6,162.0	4,521.7	5,266.0
Exposures with operational risk	3,311.8	3,312.0	3,311.8
<b>Total risk exposure</b>	<b>34,757.4</b>	<b>32,374.2</b>	<b>33,225.2</b>

\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

\*\*) Comparative figures have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.

Note		First half-year 2019	First half-year 2018	2018	
25	Ratios and key figures for the Bank				
	<b>Solvency</b>				
	Capital ratio *)	%	18.6	16.8	19.9
	Tier 1 capital ratio *)	%	16.0	16.8	19.9
	Common Equity Tier 1 capital ratio *)	%	15.0	14.3	17.4
	<b>Earnings</b>				
	Return on equity before tax *) **)	%	3.7	3.9	4.8
	Return on equity after tax *) **)	%	3.5	3.6	4.4
	Ratio of operating income to operating expenses per DKK	DKK	1.35	1.40	1.25
	Earnings per share	DKK	704	726	834
	Diluted earnings per share	DKK	704	726	834
	Return on capital employed **) ***)	%	0.4	0.5	0.6
	<b>Market risk</b>				
	Interest-rate risk	%	0.5	-1.0	0.5
	Currency position	%	2.4	3.0	2.2
	Currency risk	%	0.0	0.0	0.0
	<b>Liquidity</b>				
	Loans plus impairments in relation to deposits	%	49.0	59.0	51.5
	Liquidity coverage ratio (LCR)	%	272.0	195.5	268.1
	<b>Credit</b>				
	Sum of large exposures ****)	%	55.8	77.1	53.0
	Impairment ratio for the period	%	-0.1	0.0	-0.2
	Lending growth for the period **)	%	0.6	1.4	0.7
	Loans in relation to equity *)		3.3	3.3	3.2
	<b>Equity</b>				
	Net asset value per share *) *****)	DKK	21,083	19,936	20,491
	Proposed dividend per share	DKK	0	0	200
	<b>Employees</b>				
	Average number of employees during the accounting period converted to full-time equivalents		1,030	992	1,007

See note 26 for definitions of ratios and key figures.

\*) Comparative figures for the first half of 2018 have been adjusted in accordance with the changed amortisation practice as at 01.01.2018, see the description on page 43 of the 2018 Annual Report.

\*\*) Comparative figure for the first half of 2018 have been recalculated, taking into account the final opening balance sheet on pages 44-45 in the 2018 Annual Report.

\*\*\*) Comparative figures have not been adjusted for the effect of implementing IFRS 16.

\*\*\*\*\*) The financial ratio for sum of large exposures in the first half-year of 2018 has been recalculated as a result of the changed definition.

\*\*\*\*\*) Comparative figures have been recalculated, taking own shares into account.

## Note

## 26 Definitions of 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 5 of the reporting guideline.

**Solvency**

Capital ratio =	$\frac{\text{Own funds} \times 100}{\text{Total risk exposure}}$
Tier 1 capital ratio =	$\frac{\text{Tier 1 capital} \times 100}{\text{Total risk exposure}}$
Common Equity Tier 1 capital ratio =	$\frac{\text{Common Equity Tier 1 capital} \times 100}{\text{Total risk exposure}}$

**Earnings**

Return on equity before tax =	$\frac{\text{Profit before tax} \times 100}{\text{Equity (average)}}$
Return on equity after tax =	$\frac{\text{Profit after tax} \times 100}{\text{Equity (average)}}$
Ratio of operating income to operating expenses per DKK =	$\frac{\text{Income}}{\text{Costs (excl. tax)}}$
Earnings per share =	$\frac{\text{Arbejdernes Landsbank's shareholders' share of the profit for the period, incl. tax base of return on Additional Tier 1 capital}}{\text{Number of shares issued (average)}}$
Diluted earnings per share =	$\frac{\text{Arbejdernes Landsbank's shareholders' share of the profit for the period, incl. tax base of return on Additional Tier 1 capital}}{\text{Diluted number of shares issued (average)}}$
Return on capital employed =	$\frac{\text{Profit after tax} \times 100}{\text{Total assets (average)}}$

**Market risk**

Interest-rate risk =	$\frac{\text{Interest-rate risk} \times 100}{\text{Tier 1 capital}}$
Currency position =	$\frac{\text{Currency indicator 1} \times 100}{\text{Tier 1 capital}}$
Currency risk =	$\frac{\text{Currency indicator 2} \times 100}{\text{Tier 1 capital}}$

**Liquidity**

Loans plus impairments in relation to deposits =	$\frac{\text{Gross loans}}{\text{Deposits}}$
Liquidity coverage ratio (LCR) =	$\frac{\text{Liquid assets and easily realisable assets} \times 100}{\text{Payment obligations for the coming 30 days}}$

**Credit**

Sum of large exposures *) =	$\frac{\text{Sum of the 20 largest exposures after deductions, excl. credit institutions and jointly-owned data centres} \times 100}{\text{Common Equity Tier 1 capital}}$
Impairment ratio for the period =	$\frac{\text{Impairments on loans and guarantees for the period} \times 100}{\text{Gross loans and guarantees}}$
Lending growth for the period =	$\frac{(\text{Loans, excl. reverse transactions carried forward} - \text{Loans, excl. reverse transactions brought forward}) \times 100}{\text{Loans, excl. reverse transactions brought forward}}$
Loans in relation to equity =	$\frac{\text{Loans}}{\text{Equity}}$

**Equity**

Net asset value per share =	$\frac{\text{Arbejdernes Landsbank's shareholders' share of equity}}{\text{Number of shares issued}}$
Proposed dividend per share =	$\frac{\text{Proposed dividend} \times 1,000}{\text{Share capital}}$

## Note

26 Definitions of ratios and key figures (continued)

**Other financial ratios and key figures**

	Loans
Funding ratio *) =	$\frac{\text{Sum of deposits, including pooled schemes + Debt to Danmarks Nationalbank with remaining term > 1 year + Issued bonds with remaining term > 1 year + Subordinated debt + Equity}}{\text{Loans}}$
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.
Lending growth *) =	$\frac{(\text{Loans, excl. reverse transactions carried forward - Loans, excl. reverse transactions carried forward 1 year before}) \times 100}{\text{Loans, excl. reverse transactions carried forward 1 year before}}$
Commercial property exposure *) =	$\frac{(\text{Gross loans and guarantees within the sectors "Completion of building projects" and "Real property"}) \times 100}{\text{Gross loans and guarantees}}$

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

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