

Group Interim Report

1 January - 30 June 2021



Aktieselskabet Arbejdernes Landsbank | CVR-nr. 31 46 70 12 | Vesterbrogade 5, 1309 Copenhagen V.

Contents

Management's report	03
Statement by Management	13
Interim financial statements	15
Income statement	16
Statement of comprehensive income	17
Balance sheet	18
Statement of capital	20
Cash flow statement	24
Index of notes	25
Notes	26



GERT R. JONASSEN
CEO



JAN W. ANDERSEN
Deputy CEO



SVEND RANDERS
Executive Bank Director



SIMON S. JØRGENSEN
Executive Bank Director



FRANK MORTENSEN
Executive Bank Director

The image shows the exterior of a building with a brick upper section and a white lower section. A sign is mounted on the white section, featuring a red square logo with a white stylized 'A' on the left, followed by the text 'Arbejdernes Landsbank' in large, dark, 3D block letters. The sign is set against a clear glass background.

Arbejdernes Landsbank

Management's report



Financial highlights for the Group

	First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	2020 DKK mill.	
Income statement				
Net interest income	662.2	513.8	1,070.1	
Net fee and commission income	472.7	345.5	699.5	
Value adjustments and dividend	157.4	-81.6	284.9	
Other operating income	264.0	33.6	70.0	
Profit from equity investments in associates	89.2	42.7	103.1	
Total income	1,645.5	853.9	2,227.6	
Costs and depreciation/amortisation	-970.8	-828.5	-1,767.1	
Impairments on loans and receivables etc.	48.5	-115.8	-78.6	
Total costs	-922.3	-944.3	-1,845.7	
Profit/loss before tax	723.2	-90.3	382.0	
Tax	-87.9	26.2	-52.0	
Profit/loss for the period	635.3	-64.2	330.0	
Selected balance-sheet items				
Loans and other receivables at amortised cost	40,872.7	22,693.9	23,817.7	
Bonds at fair value	29,190.2	22,497.2	21,902.5	
Total assets	105,399.9	61,667.9	62,913.3	
Deposits incl. pooled schemes	87,207.7	50,950.3	52,044.6	
Equity	11,457.4	6,723.4	7,125.2	
Selected financial ratios and key figures				
Capital ratio	%	19.7	19.5	20.6
Common Equity Tier 1 capital ratio	%	16.1	15.9	17.0
Return on equity before tax	%	8.4	-1.3	5.5
Return on equity after tax	%	7.4	-0.9	4.7
Ratio of operating income to operating expenses per DKK	DKK	1.78	0.90	1.21
Liquidity coverage ratio (LCR)	%	288.2	321.3	274.1
Impairment ratio for the period	%	-0.1	0.3	0.2
Lending growth for the period	%	71.6	-0.3	4.6

See note 29 for definitions of ratios and key figures.

Highlights for the first half-year

General

In the first half-year of 2021, society continued to be influenced by COVID-19, and financial markets remained uncertain. The period was generally characterised by positive developments in the housing market, as well as lower unemployment than expected, and this had a positive influence on the private customer segment. However, there is still significant economic uncertainty for the business customer segment as a result of continued uncertainty regarding the consequences of COVID-19, including, in particular, consequences of expiry of the business aid packages.

In the first half-year of 2021 Arbejdernes Landsbank acquired a majority shareholding in Vestjysk Bank of DKK 60.8% as part of our strategy to become a more nationwide bank and to have a stronger position in the business segment. Vestjysk Bank has been included in the consolidated financial statements from 31 May 2021, after which the primary companies in the Group are Arbejdernes Landsbank, Vestjysk Bank and AL Finans. As Vestjysk Bank has not been included in the consolidated financial statements until from 31 May 2021, comparison with the previous year for the Group is difficult.

Earnings

Profit after tax for the Group amounted to DKK 635.3 mill. and this includes considerable one-off revenues and costs in connection with acquisition of the majority shareholding in Vestjysk Bank. Adjusted for these one-off items, the profit after tax for the Group was DKK 424.4 mill.

One-off revenues preliminarily calculated at DKK 222.4 mill. have been recognised as a positive difference (badwill) between the purchase price of the equity investment in Vestjysk Bank and the value of the net assets acquired. Costs in connection with the purchase of the shareholding amounted to DKK 11.5 mill.

The Group's net interest and fee income amounted to DKK 1,181.9 mill. This reflects generally positive developments in core business for the entire Group, and the positive effect of introducing negative interest rates on deposits, including private customers from 1 June 2020.

Impairments on loans and receivables were a write-back of previous impairments of DKK 48.5 mill. after the first-half of 2021 against a charge of DKK 115.8 mill. after the first half of 2020. The write-back in the first half-year is primarily attributable to cancelling previous COVID-19 provisions following the management estimates.

Designation as a SIFI

As expected, the Group was designated as a SIFI (systemically important financial institution) by the Danish FSA in June 2021, and this reflects the important societal role in the Danish banking market now played by the Group.

Designation as a SIFI also places greater demands on us, both administratively and in terms of capital, with stricter capital requirements.

Increased ownership interest in Vestjysk Bank

In March 2021, Arbejdernes Landsbank entered an agreement to purchase ownership interests in Vestjysk Bank held by AP Pension and Nykredit. The purchases were completed on 31 May, and Arbejdernes Landsbank became the official majority owner of Vestjysk Bank. Acquisition of the majority holding in Vestjysk Bank is part of realisation of our 2025 strategy to spread our geographical presence, increase our customer base and thereby take a stronger position in the business segment on the basis of growth in our own business and acquisitions. Furthermore, Arbejdernes Landsbank expects that a new, larger banking group will be able to achieve efficiency improvements through continued investments in IT and optimisation of staff and support functions. Consequently, Arbejdernes Landsbank expects to realise a synergy potential over time by developing and increasing cooperation within the Group, thereby forging a stronger foundation for both Vestjysk Bank and Arbejdernes Landsbank.

Capital increase

In order to raise capital for the purchase of Vestjysk Bank, on 14 April 2021 Arbejdernes Landsbank launched an increase in our share capital by offering DKK 1.8 bn. in new shares of DKK 1 nominal value. The capital increase was completed as a rights issue for the Bank's existing shareholders. When the period of subscription expired on 29 April, applications for 2,120,057,977 new shares had been received, corresponding to an over-subscription of 18%. The issue was therefore fully subscribed.

The capital increase was registered with the Danish Business Authority on 10 May, after which the Bank's total share capital was 2.1 bn. shares of nominal DKK 1, amounting to a nominal capital of DKK 2.1 bn. The gross proceeds from the issue amounted to DKK 1.8 bn., and the 1.8 bn. new shares subscribed for were distributed between 6,342 shareholders.

Mandatory purchase offer for shares in Vestjysk Bank

After the transfer of holdings in Vestjysk Bank owned by AP Pension and Nykredit, Arbejdernes Landsbank officially became the new majority owner of Vestjysk Bank with a shareholding of 60.8%. This obligated us to submit a purchase offer to the other shareholders in Vestjysk Bank. On 7 June, Arbejdernes Landsbank published a purchase document with an offer to all Vestjysk Bank's shareholders to buy their shares at a price of DKK 3.45 each. This was the same price as Arbejdernes Landsbank paid for the shares owned by AP Pension and Nykredit.

The purchase offer was open for acceptance for four weeks, and on 9 July Arbejdernes Landsbank could publish the final result.

Result of the purchase offer

After completing the purchase offer, Arbejdernes Landsbank have obtained around 72.7% of the share capital and voting rights in Vestjysk Bank. In addition to the 6.4% of the shares Arbejdernes Landsbank has obtained through the purchase offer, pending the completion of the purchase offer during June and July Arbejdernes Landsbank bought 5.4% of the shares in Vestjysk Bank. This brings our total equity interest up to 72.7%. With a future equity interest of more than 75% of the shares in Vestjysk Bank, our intention is to continue operating Vestjysk Bank as an independent bank with the continued strategic focus on customers, employees, shareholders and the local presence on which Vestjysk Bank brands itself in its current market area. In other words, the Group has no current plans to implement a merger.

The increase in our shareholding in Vestjysk Bank means that, in future, the Group will be able to play a larger role in the business customer market, increase overall banking services, and improve the balance between business and private, so that the Group is in a stronger position to face future capital requirements for financial institutions. We will also increase our presence in mid and west Jutland, where Arbejdernes Landsbank is not

very strongly represented. Thus, the Group has built the foundation for a new and stronger banking group to benefit both Vestjysk Bank and Arbejdernes Landsbank.

Danes' preferred bank for the 12th consecutive year

In January 2021, for the 12th consecutive year, Arbejdernes Landsbank was lauded as Danes' preferred bank in Voxmeter's major annual survey of customer satisfaction in the sector. Being number one among the 20 largest Danish banks for customer satisfaction, for the 12th consecutive year, once again confirms that a large part of society values the way we run our bank. Vestjysk Bank was ranked as number 9 in the same survey.

Launch of new business concept

Over the first half-year of 2021, Arbejdernes Landsbank has targeted work on implementing a new business concept to ensure that the Bank reaches its goals with its strong ambitions for the area. The new business concept is one of the major focus areas in the Group's 2025 strategy, and the main goal is to get a much stronger position in the business customer market for small and medium-sized enterprises. More specifically the goal is for corporate customers to comprise at least 40% of the Group's total customer services before the end of 2025.

As part of the ongoing implementation, in the first half-year of 2021 Arbejdernes Landsbank launched various initiatives focusing on improving the speed and quality of our processes and value chain. In order to strengthen our advisory skills in the area, in April Arbejdernes Landsbank launched a training scheme for business advisors in collaboration with Finanssektorens Uddannelsescenter (a consultancy owned by the Danish financial sector). The Bank has invested in a sales training system called Salesforce. Implementation of the system has commenced, and Arbejdernes Landsbank expects that, together with the introduction of NPS scores for business customers, this will mean even better dialogue with our customers, with consequential higher customer satisfaction.

With the increase in shareholding in Vestjysk Bank, the Group expects to forge synergies in the business area, as Vestjysk Bank has extensive experience and historical focus on the business segment.

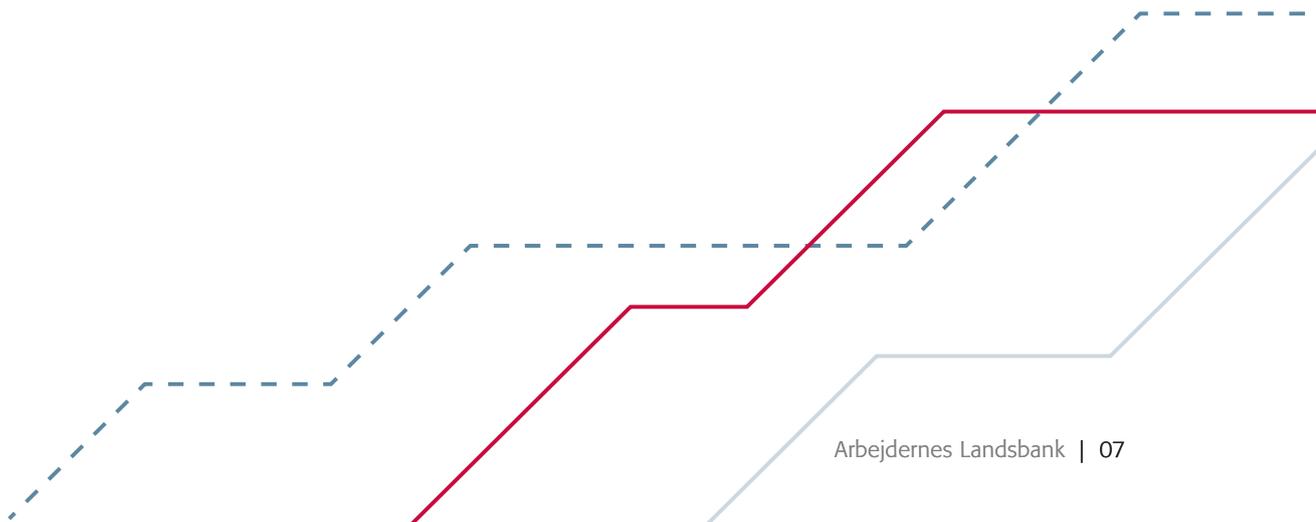
Outlook

The impact of the corona crisis on the Danish economy was lower than expected in the first half-year. The positive trend is evident both in the high level of activity in the

housing market and in developments on the financial markets. However, there is still great uncertainty associated with the corona crisis, as a backlash from new virus mutations cannot be ruled out, and the consequences of the expiry of the business aid packages are unknown.

The positive developments in the Danish economy, and the acquisition of the majority shareholding in Vestjysk Bank are also reflected in the Group's expectations for the year, and general better earnings from the core business and from the subsidiary, Vestjysk Bank, as well as lower impairments on loans and receivables, etc., also influence positively.

The expected profit before tax for 2021 has been adjusted upwards to DKK 1,100-1,300 mill. against DKK 400-450 mill. announced in the 2020 Annual Report.



Financial review

Profit for the period

In the first half-year of 2021, the Group earned a profit before tax of DKK 723.2 mill. against a loss in the same period last year of DKK 90.3 mill. The profit after tax was DKK 635.3 mill. against a loss of last year of DKK 64.2 mill. The results have been impacted positively by one-off items in connection with the acquisition of the majority shareholding in Vestjysk Bank amounting to DKK 210.9 mill. Profit after tax provides an average return on equity of 7.4%.

The result for the first half-year of 2021 adjusted for one-off items, as well as the effect of Vestjysk Bank, is higher than expected at the beginning of the year. This is primarily due to lower impairments on loans as a result of fewer adverse effects of COVID-19, as well as a general positive trend in core-business earnings. The results are deemed satisfactory.

The Group has been generally affected by recognition of Vestjysk Bank in all items from and including 31 May 2021, as the new subsidiary was not previously included in the consolidated financial statements. Vestjysk Bank has been included in the consolidated financial statements with earnings for June, which amounted to DKK 23.9 mill. before tax.

The result includes the following:

- Increased earnings from net interest and fee income of DKK 1,134.9 mill. against DKK 859.3 mill. in the first half of 2020. The increase is attributable to positive developments in customer activity.
- Value adjustments and dividends amounted to DKK 157.4 mill., and are primarily attributable positive developments on the financial markets.
- Other operating income of DKK 264.0 mill. was influenced by one-off income in the form of goodwill of DKK 222.4 mill. from the purchase of a majority shareholding in Vestjysk Bank.
- The increase in costs and impairment charges of DKK 970.8 mill. against DKK 828.5 mill. in the first half of 2020. Adjusted for the new subsidiary, the increase is attributable to higher IT costs and one-off costs in connection with the acquisition of shares in Vestjysk Bank.
- Impairments on loans and receivables etc. provide an income at DKK 48.5 mill., mainly as a result of positive developments in property values, including write-backs of management estimates relating to COVID-19.

Income

Total income for the Group amounted to DKK 1,645.5 mill. and is thus at a significantly higher level than for the first half of 2020.

	First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Change DKK mill.
Group			
Net interest income	662.2	513.8	148.4
Net fee and commission income	472.7	345.5	127.2
Value adjustments and dividend	157.4	-81.6	239.0
Other operating income	264.0	33.6	230.3
Profit from equity investments in associates	89.2	42.7	46.6
Total income	1,645.5	853.9	791.6

Net interest income for the first half-year increased by DKK 148.4 mill. to DKK 662.2 mill. In addition to the effects of the recognition of the new subsidiary, the increase is due to a continued increase in the level of activity in our core business, and introduction of negative interest rates on larger deposits for private customers. The Bank has decided to follow interest rates on deposits from Danmarks Nationalbank, i.e. not to introduce a margin on deposits.

Net fee and commission income was DKK 472.7 mill., an increase of DKK 127.2 mill. in relation to the first half of 2020. This increase is primarily due to increased activity in the provision of mortgage-credit loans.

Value adjustments have been better than expected, with higher returns on bonds, incl. derivatives and value adjustments on shares. Value adjustments and dividends in the first half of 2021 showed gains of DKK 157.4 mill.

The increase in other operating income of DKK 264.0 mill. is primarily due to one-off income in the form of goodwill, i.e. the difference between the purchase price of the shares in Vestjysk Bank and the value of the net assets taken over. Goodwill in connection with the purchase amounted to DKK 222.4 mill.

Profit on equity investments in associated undertakings includes income from Vestjysk Bank for the period from January up to and including May; i.e. from before the company became a group company. The increase in the amount compared with the previous year is due to timing differences in recognition as a result of the transition from associated to group company.

Costs and depreciation/amortisation

Total Group costs and depreciation/amortisation were DKK 970.8 mill., an increase of DKK 142.3 mill. in relation to the first half of 2020.

	First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Change DKK mill.
Group			
Staff expenses	492.7	438.6	54.1
Administrative expenses	397.7	318.9	78.8
Amortisation/depreciation as well as impairments on intangible assets and property, plant and equipment	61.1	49.6	11.5
Other operating expenses	19.3	21.4	-2.1
Total costs and depreciation/amortisation	970.8	828.5	142.3

Staff expenses showed an increase in the first half of 2021 of DKK 54.1 mill., of which DKK 47.0 mill. is attributable to the new subsidiary, Vestjysk Bank. After this, the increase corresponds to 1.2%, reflecting the general increases in pay. The number of employees increased as a result of continued customer growth and stricter regulative requirements.

Administrative expenses increased by DKK 78.8 mill. compared with the first half of 2020. Adjusted for the share of costs attributable to the new subsidiary, this corresponds to an increase of 8.4%. Most of this increase is attributable to one-off costs relating to the acquisition of shares in Vestjysk Bank and higher IT costs.

Impairments on loans and receivables etc.

Impairments in the first half of 2021 amounted to a write-back of DKK 48.5 mill. against a charge of DKK 115.8 mill. after the first half of 2020, when the effects of COVID-19 had a significant effect on loss provisions. The write-back of impairments in the first half of 2021 is due to lower management estimates related to the expected economic effects of COVID-19. The estimates are based on expected developments in real estate collateral and the general positive macro-economic developments.

Results by segment

Income and costs by segment are described in note 4.

Customer activities together with the new segment, Vestjysk Bank, will in future constitute the majority of the business activities of the Group. However, in this interim

report, Vestjysk Bank is only included with earnings for June.

Both segments are continuing to grow in customer numbers and in business scope, and there was a smaller need for impairments on customer loans etc. further to COVID-19. This has had a positive impact and both the profit incl. and excl. impairment charges is therefore much better than the first half of 2020.

Investment activities were better than expected in the first half of 2021, compared with the first half-year 2020, when COVID-19 had a significant negative impact and led to major losses on the bonds portfolio.

Other activities include the Bank's properties, certain sector-related shares and associated undertakings, including Vestjysk Bank until 31 May 2021. Furthermore, goodwill of DKK 222.4 mill. in connection with the acquisition of the majority shareholding in Vestjysk Bank was a major one-off income item in the half-year.

Balance sheet

Over the first half of 2021, the balance-sheet total increased by DKK 42.5 bn. to DKK 105.4 bn. The addition of Vestjysk Bank to the Group amounted to DKK 41.0 bn. and the remaining increase is attributable to a continued increase in the scope of customer business in the Group.

At the end of the first half-year of 2021, deposits amounted to DKK 70.8 bn. against DKK 45.1 bn. at the start of the year. This increase is primarily due to additions from Vestjysk Bank of around DKK 24.5 bn., but it also covers an increase in deposits in Arbejdernes Landsbank of approx. DKK 1.2 bn. during the first half-year.

Group lending increased by DKK 17.1 bn., primarily as a consequence of additions from Vestjysk Bank of around DKK 40.9 bn. for the entire Group. Besides the additions from Vestjysk Bank, there was also growth in lending by Arbejdernes Landsbank of 3% in the first half-year of 2021. Deposits in pooled schemes increased by DKK 9.4 bn., and the portfolio of securities in the form of bonds and shares increased by DKK 7.9 bn. The increase in both items is primarily attributable to Vestjysk Bank.

There has been a shift between demand deposits with central banks and receivables from central banks, and this is primarily due to deposits on current accounts rather than certificates of deposit, as a consequence of interest rates being equalised between these two types of deposit.

Equity amounted to DKK 11.5 bn., and besides the additions of minority interests in Vestjysk Bank, there was a capital increase in the first half-year of 2021 of DKK 1.8 bn. in the parent company to purchase shares in Vestjysk Bank. The increase is also due to an increase in comprehensive income for the period of DKK 637.5 mill., as well as a revaluation of DKK 16.5 mill. on purchases of additional shares from minority shareholders in the period after the acquisition of control of Vestjysk Bank. The fall in the equity capital is attributable to interest paid on Additional Tier 1 capital of DKK 23.2 mill., as well as costs incurred in connection with the share issue by the Bank of DKK 23.1 mill.

Capital management

The Group capital ratio was 19.7% as at 30 June 2021 against 20.6% at the end of 2020. The Group has an excess cover of 6.9 percentage points relative to the current capital requirement of 12.8%. The Group capital requirement comprises a solvency need of 10.3% and the combined capital buffer requirement of 2.5% which currently only comprises the capital preservation buffer of 2.5%. There is no current need for a countercyclical capital buffer.

The Group excess cover on the capital and MREL requirements compared with the risk-weighted exposures are described in the table below.

	30.06.2021	Statutory requirement	Excess cover
	%	%	% points
Group			
Common Equity Tier 1 capital ratio	16.1	8.3	7.8
Tier 1 capital ratio	17.3	10.2	7.1
Capital ratio	19.7	12.8	6.9
MREL (%)	19.7	14.7	5.0

The designation of Arbejdernes Landsbank as a SIFI means that the Group is subject to a SIFI capital buffer of 1.0 percentage point from the end of 2022. The SIFI capital buffer must be met with Common Equity Tier 1 capital. The Systemic Risk Council has recommended that the countercyclical capital buffer be activated again and the Minister for Industry, Business and Financial Affairs has decided to activate the countercyclical capital buffer at 1.0 percentage point with effect from 30 September 2022.

The Group has to meet a requirement for own funds and eligible liabilities (MREL) calculated as the solvency need plus a MREL add-on of 8.0% set by the Danish FSA in December 2020. The MREL add-on is being phased-in up to 1 July 2023. The MREL add-on amounted to 1.9% as at 30 June 2021, and the Group MREL requirement is therefore 14.7%. Phase-in of the Group MREL add-on up to 1 July 2023 is shown in the table below.

	01.07.2021	01.07.2022	01.07.2023
Group			
MREL add-on as % of risk exposures	3.1	4.4	8.0

The Group expects that there will not be significant adjustments for the phase-in of the current MREL add-on of 8% up to 1 July 2023. The designation as a SIFI means that the Group will be subject to a MREL add-on corresponding to the sum of the solvency need, the capital preservation buffer and the SIFI buffer, which, with the current solvency need of 10.3%, corresponds to 13.8%. The increase from the current known requirement of 8% is expected to be phased in equally on 1 July 2024 and 1 July 2025. The MREL requirement can be met from Common Equity Tier 1 instruments and Senior-Non-Preferred (SNP) instruments. The Group expects that the requirement for the MREL add-on will primarily be met by issuing SNP instruments.

Up to the final phase-in of the MREL add-on on 1 July 2025, the Group expects to have to issue a minimum of DKK 8 bn. in SNP instruments to cover the MREL requirement, depending on changes in risk exposures, solvency need and requirements for the countercyclical capital buffer. The Group expects to commence issuing SNP instruments in Q2 2022. To support the future issues of SNP instruments, the Group will commence a rating process in which the objective is for the Group to have a rating in 2022.

Acquisition of Vestjysk Bank and designation as a SIFI has led to an adjustment of the Group's capital target, which as at 30 June 2021 has been set as the solvency need plus capital preservation buffer and excess cover of 5.5 percentage points. The excess cover has been set to absorb future capital requirements in the form of a fully phased-in countercyclical capital buffer and a SIFI buffer of 1.0 percentage point. Note that the part of the minority interests' capital, which may not be included in the own

funds, see note 22, but which is included in the capital target in Vestjysk Bank has been included to cover the Group's targets for capital buffers.

With a solvency need of 10.3% as at 30 June 2021, the capital targets are:

	Capital ratio	Common Equity Tier 1 capital ratio
Group		
Target	18.3	13.8
Minority interests	-1.1	-0.8
Adjusted target	17.2	13.0
Balance sheet 30 June 2021	19.7	16.1
Excess cover	2.5	3.1

The Group has a solid capital buffer in relation to the capital requirements, as well as its own targets.

After 30 June 2021, Arbejdernes Landsbank acquired further shares in Vestjysk Bank of DKK 327.2 mill. The acquisition means an adjustment in capital ratios as well as minority interests, and, all else being equal, the Group's excess cover can be calculated at 2.7 percentage points in Common Equity Tier 1 capital and 1.9 percentage points in own funds.

Arbejdernes Landsbank has issued nom. DKK 429 mill. in Additional Tier 1 capital, which is expected to be realised on 24 January 2022, subject to approval from the Danish FSA. The Bank also expects to issue new capital with at least the same quality and the same scope.

Liquidity management

The Group's largest source of financing is deposits from customers, amounting to DKK 70.8 bn. and 67% of the balance sheet as at 30 June 2021. A large percentage of the deposits are from small and medium-sized enterprises and private customers.

Over the years, the deposits base has been stable, thus securing the Group's financing bank loans. A deposits surplus is also an objective for the Group, and it is defined as the difference between deposits and loans. At the end of first half of 2021, the deposits surplus amounted to DKK 29.9 bn., and this is DKK 8.7 bn. higher than at the end of 2020. The increase is primarily attributable to recognition of the deposits surplus in Vestjysk Bank.

Maintaining ongoing dialogue with players in the capital market in order to support access to alternative sources of funding is an integral part of the Group's strategic liquidity management.

The Group's target is that its Liquidity Coverage Ratio (LCR), calculated according to the rules in EU Regulation no. 61/2015, amounts to at least 130.0%. The LCR has been calculated at 288.2% as at 30 June 2021 against 274.1% as at 31 December 2020.

Risk management

The Board of Directors is responsible for ensuring effective risk management, across companies in the Group, including identifying, measuring and reporting significant risks, and developing robust systems for risk management. Further to Arbejdernes Landsbank's acquisition of the majority of shares in Vestjysk Bank, the Board of Directors has adopted a Group risk strategy that sets the overall framework for risk assumption in the Group, including a risk appetite to allocate the capital consumption to Arbejdernes Landsbank and Vestjysk Bank. Via risk policies and instructions applicable for the Group as well as individually for Arbejdernes Landsbank and Vestjysk Bank risks are limited so that they align with the strategy of the Board of Directors in the various risk areas.

In the second half of 2021, Arbejdernes Landsbank will increase focus on integrating Vestjysk Bank's current risk management into the policies and instructions adopted by the Group, as well as into operational risk management across defence lines.

Reporting significant risks, including risks from COVID-19 is part of the regular reporting to the Board of Directors. For a more detailed description of risk management at Arbejdernes Landsbank before acquisition of the majority shareholding in Vestjysk Bank in the first half of 2021, see note 47 in the 2020 Annual Report, https://www.al-bank.dk/media/132806/al_annual-report_2020_final.pdf, in which the most important risk factors are described.

Every year, the Group issues a separate Group risk report describing risk management and the individual risk areas. As in the 2020 Annual Report, the Group risk report for 2020 describes risk management at Arbejdernes Landsbank before acquisition of the majority shareholding in Vestjysk Bank. This is available in English on the bank's website at <https://www.al-bank.dk/en/in-english/about-the-bank/financial-statements-etc.pdf>. For a more detailed description of risk management

at Vestjysk Bank, see their risk report for 2020: <https://www.vestjyskbank.dk/english/reports>.

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.

	Limit values	Bank
Benchmarks from the Danish FSA *)		
Large exposures	< 175	38.7
Lending growth	< 20	9.2
Commercial property exposure	< 25	2.5
Funding ratio	< 1	0.4
Liquidity benchmark	> 100	271.9

*) The definition of the ratios and key figures is explained in note 29.



The Bank comfortably meets all the benchmarks. Note that the ratio for 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.

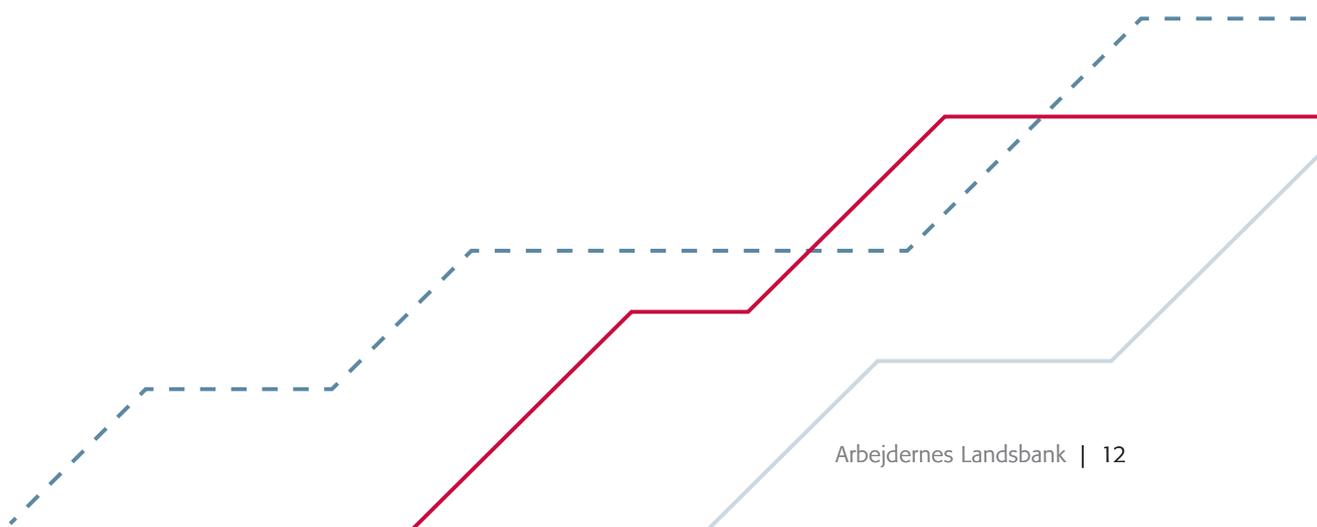
Outlook

Profit before tax is expected to be at a higher level than announced in the 2020 Annual Report, primarily as a

consequence of the acquisition of Vestjysk Bank, which is included in the Group from 31 May 2021. The general rapid recovery of the economy has led to a better result for impairment charges, commission income, and other items, and this is already evident in the interim financial statements for the first half-year of 2021.

Expectations for the profit before tax for the year are now around DKK 1.1-1.3 bn.

Due to COVID-19, these expectations are associated with great uncertainty, as a backlash from new virus mutations cannot be ruled out.





Statement by Management



Statement by 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 2021.

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 2021, 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 2021.

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 half-year interim report has not been subject to audit or review, but external auditors have carried out verification of the profit and comprehensive procedures that correspond to the requirements for a review, and, thus, ensured that the conditions for ongoing recognition in the own funds of the profit for the period have been met.

Copenhagen, 18 August 2021

Executive Management:

Gert R. Jonassen
CEO

Jan W. Andersen
Deputy CEO

Svend Randers
Executive Bank Director

Simon S. Jørgensen
Executive Bank Director

Frank Mortensen
Executive Bank Director

Board of Directors:

Per Christensen
Chairman

Claus Jensen
Vice Chairman

Lizette Risgaard

Ulla Sørensen

Ole Wehlast

Kim Simonsen

Lars Andersen

Torben Möger Pedersen

Christian Riewe

Tina Holm
Employee representative

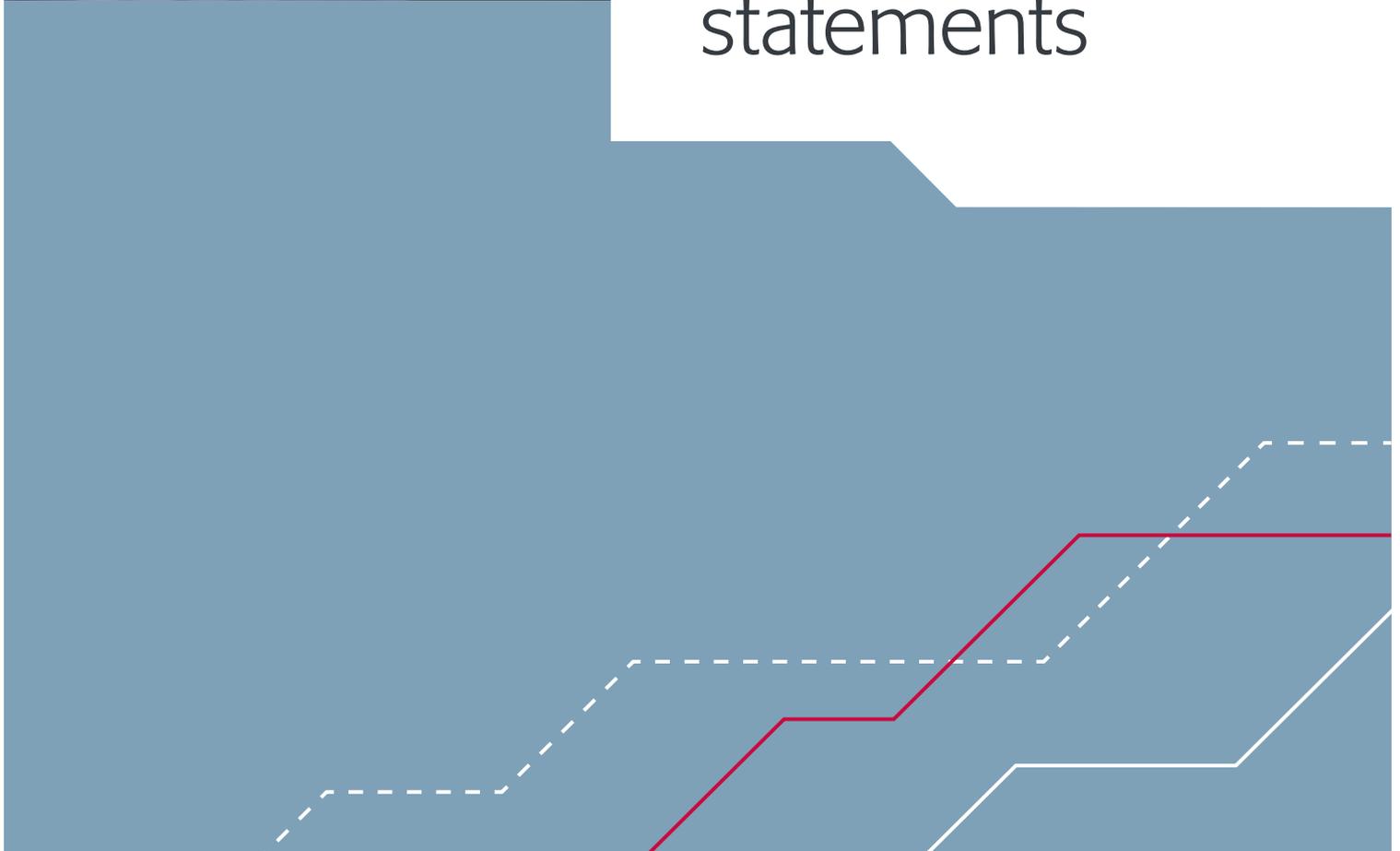
Jesper Pedersen
Employee representative

Yvonne Hansen
Employee representative

Nadja Lind Bøgh Karlsen
Employee representative



Interim financial statements



Income statement

Note	Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Bank First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	
5	Interest income calculated using the effective interest-rate method	597.8	503.4	433.0	448.4
5	Other interest income	48.3	43.3	46.8	43.3
5	Positive interest expenses on financial liabilities	62.9	19.4	55.0	19.4
6	Interest expenses	-27.3	-29.9	-22.0	-29.4
6	Negative interest income on financial assets	-19.6	-22.5	-17.5	-22.5
	Net interest income	662.2	513.8	495.2	459.3
	Dividends from shares etc.	47.0	36.7	41.6	36.7
7	Fee and commission income	509.4	393.5	422.3	369.0
7	Fees and commissions paid	-36.6	-47.9	-27.5	-43.6
	Net interest and fee income	1,181.9	896.0	931.6	821.3
8	Value adjustments	110.4	-118.3	103.4	-117.8
	Other operating income	264.0	33.6	243.1	17.1
9	Staff and administrative expenses	-890.4	-757.5	-734.0	-708.5
	Amortisation/depreciation as well as impairments on intangible assets and property, plant and equipment	-61.1	-49.6	-37.1	-31.1
	Other operating expenses	-19.3	-21.4	-16.5	-19.8
10	Impairments on loans and receivables etc.	48.5	-115.8	115.8	-105.3
	Profit from equity investments in associated companies and group companies	89.2	42.7	105.8	49.6
	Profit/loss before tax	723.2	-90.3	712.0	-94.5
11	Tax	-87.9	26.2	-89.3	30.3
	Profit/loss for the period	635.3	-64.2	622.7	-64.2
	Broken down by:				
	Shareholders of Arbejdernes Landsbank	606.8	-83.6	606.8	-83.6
	Holders of Additional Tier 1 instruments	17.7	19.4	15.9	19.4
	Minority interests	10.8	0.0	0.0	0.0
	Profit/loss for the period	635.3	-64.2	622.7	-64.2
12	Earnings per share				
	Earnings per share (DKK *)	0.58	-285.71	0.58	-285.71
	Diluted earnings per share (DKK *)	0.58	-285.71	0.58	-285.71

*) The denomination of the share has been changed from DKK 1,000 to DKK 1 in connection with the capital increase in the first half of 2021.

Statement of comprehensive income

Note	Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Bank First half-year 2021 DKK mill.	First half-year 2020 DKK mill.
	635.3	-64.2	622.7	-64.2
<i>Profit/loss for the period</i>				
Other comprehensive income				
Items that cannot be reclassified to the income statement				
Other comprehensive income after tax concerning associated and group companies	0.4	-4.5	1.2	-4.5
16 Changes in the revalued amount of owner-occupied properties	1.2	0.4	0.0	0.4
11 Tax	0.6	0.0	0.6	0.0
Total other comprehensive income	2.2	-4.1	1.7	-4.1
Comprehensive income for the period	637.5	-68.2	624.4	-68.2
Broken down by:				
Shareholders of Arbejdernes Landsbank	608.5	-87.7	608.5	-87.7
Holders of Additional Tier 1 instruments	17.7	19.4	15.9	19.4
Minority interests	11.2	0.0	0.0	0.0
Comprehensive income for the period	637.5	-68.2	624.4	-68.2

Balance sheet

Note	Group		Bank		
	30.06.2021 DKK mill.	31.12.2020 DKK mill.	30.06.2021 DKK mill.	31.12.2020 DKK mill.	
Assets					
	Cash in hand and demand deposits with central banks	11,918.1	1,135.9	7,238.9	1,135.9
10	Receivables from credit institutions and central banks	973.3	4,488.2	684.5	4,471.9
10, 13	Loans and other receivables at amortised cost	40,872.7	23,817.7	24,358.8	23,474.8
14	Bonds at fair value	29,190.2	21,902.5	20,634.9	21,902.5
	Shares etc.	1,826.5	1,179.4	996.9	1,179.4
	Equity investments in associated companies	135.5	1,000.5	13.8	1,000.5
	Equity investments in group companies	0.0	0.0	3,355.7	320.6
	Assets linked to pooled schemes	16,393.9	6,970.7	7,697.6	6,970.7
	Intangible assets	265.5	15.5	0.0	0.0
	Investment properties	143.9	63.3	36.6	36.6
	Owner-occupied properties	1,696.6	1,279.5	1,305.6	1,279.5
16	Total land and buildings	1,840.5	1,342.8	1,342.3	1,316.1
	Other property, plant and equipment	194.1	214.7	111.2	130.5
	Deferred tax assets	205.9	0.0	0.0	0.0
	Other assets	1,471.6	806.4	842.9	766.6
	Prepayments and accrued income	112.2	39.1	74.6	34.3
	Total assets	105,399.9	62,913.3	67,352.0	62,703.9

Balance sheet (cont.)

Note	Group		Bank		
	30.06.2021 DKK mill.	31.12.2020 DKK mill.	30.06.2021 DKK mill.	31.12.2020 DKK mill.	
Equity and liabilities					
Liabilities					
Debt					
	Debt to credit institutions and central banks	915.3	406.6	549.3	406.6
17	Deposits and other debt	70,813.8	45,073.8	46,247.7	44,988.8
	Deposits in pooled schemes	16,393.9	6,970.7	7,697.6	6,970.7
18	Issued bonds at amortised cost	348.1	0.0	0.0	0.0
	Other non-derivative financial liabilities at fair value	175.7	0.0	175.7	0.0
	Current tax liabilities	113.8	26.1	23.0	8.7
	Other equity and liabilities	3,344.7	2,213.0	2,072.3	2,127.7
	Prepayments and accrued income	95.4	72.2	19.2	28.4
	Total debt	92,200.7	54,762.4	56,784.8	54,530.9
Provisions					
	Provisions for pensions and similar obligations	26.8	0.0	0.0	0.0
	Provisions for deferred tax	4.4	15.3	43.6	41.7
10	Guarantee loss provisions	51.0	22.5	22.8	22.5
	Other provisions	162.6	87.9	77.7	83.6
	Total provisions	244.8	125.8	144.1	147.8
19	Subordinated debt	1,496.9	900.0	900.0	900.0
	Total liabilities	93,942.4	55,788.2	57,828.8	55,578.7
Equity					
20	Share capital	2,100.0	300.0	2,100.0	300.0
	Revaluation reserves	409.6	405.7	408.9	405.7
	Reserve under the equity method	0.0	0.0	607.6	460.5
	Reserves provided for by the articles of association	452.3	0.0	0.0	0.0
	Retained earnings	6,188.8	5,973.4	5,964.2	5,512.8
	Shareholders of Arbejdernes Landsbank	9,080.6	6,679.1	9,080.6	6,679.1
23	Holders of Additional Tier 1 instruments	749.5	446.1	442.5	446.1
	Minority interests	1,627.3	0.0	0.0	0.0
	Total equity	11,457.4	7,125.2	9,523.2	7,125.2
	Total equity and liabilities	105,399.9	62,913.3	67,352.0	62,703.9

Statement of capital

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserves provided for by the articles of association (**) DKK mill.	Retained earnings DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Minority interests DKK mill.	Equity total DKK mill.
Group first half-year 2021								
Equity brought forward	300.0	405.7	0.0	5,973.4	6,679.1	446.1	0.0	7,125.2
Comprehensive income								
Profit for the period	0.0	0.0	0.0	606.8	606.8	17.7	10.8	635.3
Other comprehensive income								
Other comprehensive income after tax concerning associated companies	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.4
Changes in the revalued amount of owner-occupied properties	0.0	0.7	0.0	0.0	0.7	0.0	0.5	1.2
Other additions and disposals *)	0.0	2.6	0.0	-2.6	0.0	0.0	0.0	0.0
Tax	0.0	0.6	0.0	0.0	0.6	0.0	0.0	0.6
Total other comprehensive income	0.0	3.9	0.0	-2.1	1.7	0.0	0.5	2.1
Total comprehensive income	0.0	3.9	0.0	604.7	608.5	17.7	11.2	637.4
Transactions with owners								
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	-23.2	0.0	-23.2
Share issue	1,800.0	0.0	0.0	0.0	1,800.0	0.0	0.0	1,800.0
Costs of share issue	0.0	0.0	0.0	-23.1	-23.1	0.0	0.0	-23.1
Additions on acquisition of subsidiary	0.0	0.0	423.2	-423.2	0.0	308.9	1,666.9	1,975.9
Shares acquired from minorities	0.0	0.0	29.0	-12.6	16.5	0.0	-50.8	-34.4
Purchase of own shares	0.0	0.0	0.0	-0.5	-0.5	0.0	0.0	-0.5
Sale of own shares	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1
Total transactions with owners	1,800.0	0.0	452.3	-459.3	1,793.0	285.7	1,616.1	3,694.8
Equity carried forward	2,100.0	409.6	452.3	6,118.8	9,080.6	749.5	1,627.3	11,457.4

*) Depreciation of revalued owner-occupied properties.

***) Reserves provided for by the articles of association totalling DKK 695.7 mill. consist of DKK 568.7 mill. from the conversion of Den Jyske Sparekasse to a limited company in 2018, and DKK 127.0 mill. that, in connection with a change in the articles of association in 2015, was transferred from guarantor capital to reserves provided for by the articles of association. The reserves provided for by the articles of association may not be used for dividends, but can be used to cover losses that are not covered by the elements that can be used for dividends. The minority interests' share of the reserves provided for by the articles of association amounted to DKK 243.4 mill.

Statement of capital

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Minority interests DKK mill.	Equity total DKK mill.
Group first half-year 2020								
Equity brought forward	300.0	385.3	5,678.8	45.0	6,409.2	446.1	0.0	6,855.2
Comprehensive income								
Profit for the period	0.0	0.0	-83.6	0.0	-83.6	19.4	0.0	-64.2
Other comprehensive income								
Other comprehensive income after tax concerning associated companies	0.0	0.0	-4.5	0.0	-4.5	0.0	0.0	-4.5
Changes in the revalued amount of owner-occupied properties	0.0	0.4	0.0	0.0	0.4	0.0	0.0	0.4
Other additions and disposals *)	0.0	-3.3	3.3	0.0	0.0	0.0	0.0	0.0
Total other comprehensive income	0.0	-2.8	-1.2	0.0	-4.1	0.0	0.0	-4.1
Total comprehensive income	0.0	-2.8	-84.8	0.0	-87.7	19.4	0.0	-68.2
Transactions with owners								
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	-19.4	0.0	-19.4
Dividend paid for 2019	0.0	0.0	0.0	-45.0	-45.0	0.0	0.0	-45.0
Dividend on own shares received	0.0	0.0	1.1	0.0	1.1	0.0	0.0	1.1
Purchase of own shares	0.0	0.0	-0.6	0.0	-0.6	0.0	0.0	-0.6
Sale of own shares	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.3
Total transactions with owners	0.0	0.0	0.8	-45.0	-44.2	-19.4	0.0	-63.6
Equity carried forward	300.0	382.5	5,594.9	0.0	6,277.3	446.1	0.0	6,723.4

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

Statement of capital

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserve under the equity method DKK mill.	Retained earnings DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Equity total DKK mill.
Bank first half-year 2021							
Equity brought forward	300.0	405.7	460.5	5,512.8	6,679.1	446.1	7,125.2
Comprehensive income							
Profit for the period	0.0	0.0	129.5	477.3	606.8	15.9	622.7
Other comprehensive income							
Other comprehensive income after tax concerning associated and group companies	0.0	0.0	1.2	0.0	1.2	0.0	1.2
Other additions and disposals *)	0.0	2.6	0.0	-2.6	0.0	0.0	0.0
Tax	0.0	0.6	0.0	0.0	0.6	0.0	0.6
Total other comprehensive income	0.0	3.1	1.2	-2.6	1.7	0.0	1.7
Total comprehensive income	0.0	3.1	130.6	474.7	608.5	15.9	624.4
Transactions with owners							
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	-19.4	-19.4
Share issue	1,800.0	0.0	0.0	0.0	1,800.0	0.0	1,800.0
Costs of share issue	0.0	0.0	0.0	-23.1	-23.1	0.0	-23.1
Shares acquired from minorities	0.0	0.0	16.5	0.0	16.5	0.0	16.5
Purchase of own shares	0.0	0.0	0.0	-0.5	-0.5	0.0	-0.5
Sale of own shares	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Total transactions with owners	1,800.0	0.0	16.5	-23.5	1,793.0	-19.4	1,773.6
Equity carried forward	2,100.0	408.9	607.6	5,964.2	9,080.6	442.5	9,523.1

*) Depreciation of revalued owner-occupied properties.

Statement of capital

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserves according to the equity method DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Equity total DKK mill.
Bank first half-year 2020								
Equity brought forward	300.0	385.3	339.8	5,339.0	45.0	6,409.2	446.1	6,855.2
Comprehensive income								
Profit for the period	0.0	0.0	49.6	-133.2	0.0	-83.6	19.4	-64.2
Other comprehensive income								
Other comprehensive income after tax concerning associated companies	0.0	0.0	-4.5	0.0	0.0	-4.5	0.0	-4.5
Changes in the revalued amount of owner-occupied properties	0.0	0.4	0.0	0.0	0.0	0.4	0.0	0.4
Other additions and disposals *)	0.0	-3.3	0.0	3.3	0.0	0.0	0.0	0.0
Total other comprehensive income	0.0	-2.8	-4.5	3.3	0.0	-4.1	0.0	-4.1
Total comprehensive income	0.0	-2.8	45.1	-129.9	0.0	-87.7	19.4	-68.2
Transactions with owners								
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	0.0	-19.4	-19.4
Dividend paid for 2019	0.0	0.0	0.0	0.0	-45.0	-45.0	0.0	-45.0
Dividend on own shares received	0.0	0.0	0.0	1.1	0.0	1.1	0.0	1.1
Purchase of own shares	0.0	0.0	0.0	-0.6	0.0	-0.6	0.0	-0.6
Sale of own shares	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.3
Total transactions with owners	0.0	0.0	0.0	0.8	-45.0	-44.2	-19.4	-63.6
Equity carried forward	300.0	382.5	384.9	5,210.0	0.0	6,277.3	446.1	6,723.4

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

Cash flow statement

Note		Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.
	Profit/loss before tax	723.2	-90.3
	Adjustment for non-cash operating items		
15	Badwill	-222.4	0.0
	Amortisation and impairments on intangible assets	13.3	5.3
	Depreciation, impairments and revaluations of property, plant and equipment	47.8	44.3
10	Impairments on loans and receivables etc.	-48.5	115.8
	Profit from equity investments in associated companies	-89.2	-42.7
	Change in working capital		
	Loans and receivables with credit institutions etc.	-957.8	100.9
	Bonds and shares	1,472.5	-1,683.9
	Deposits and debt to credit institutions etc.	1,273.6	2,710.5
	Other non-derivative financial liabilities at fair value	175.7	-42.5
	Other assets and liabilities	16.4	239.2
	Corporation tax paid	-72.6	-44.5
	Cash flows from operating activities	2,332.0	1,312.1
	Acquisition of associated companies	-316.9	-4.0
	Purchase of subsidiaries	3,327.7	0.0
	Acquisition of intangible assets	-3.3	-3.6
	Acquisition of property, plant and equipment	-18.8	-35.2
	Sale of property, plant and equipment	29.0	9.8
	Cash flows from investment activities	3,017.8	-33.1
18	Proceeds of the issue of bonds	178.7	0.0
	Repayment of lease commitments	-14.5	-12.1
	Interest paid on Additional Tier 1 capital	-23.2	-19.4
	Dividend paid, excluding dividend from own shares	0.0	-43.9
20	Proceeds of share issue	1,776.9	0.0
21	Purchase of own shares	-0.5	-0.6
21	Sale of own shares	0.1	0.3
	Cash flows from financing activities	1,917.5	-75.7
	Cash flows for the period	7,267.3	1,203.4
	Cash and cash equivalents brought forward	5,624.1	4,960.0
	Cash and cash equivalents carried forward	12,891.4	6,163.3
	Cash and cash equivalents carried forward include:		
	Cash in hand and demand deposits with central banks	11,918.1	1,084.6
	Receivables from credit institutions and central banks with a term to maturity of less than three months	973.3	5,078.8
	Cash and cash equivalents carried forward	12,891.4	6,163.3

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

Index of notes

Note	Page
1 Accounting policies	26
2 Significant accounting estimates and assessments	27
3 Events after expiry of the accounting period	28
4 Segment information	29
5 Interest income	31
6 Interest expenses	31
7 Net fee and commission income	32
8 Value adjustments	32
9 Staff and administrative expenses	32
10 Impairments on loans and receivables etc.	33
11 Tax	46
12 Earnings per share	46
13 Loans and guarantees broken down by sectors and industries	47
14 Bonds at fair value	47
15 Purchase of subsidiaries	47
16 Land and buildings	50
17 Deposits and other debt	51
18 Issued bonds at amortised cost	51
19 Subordinated debt	51
20 Share capital	51
21 Own shares	52
22 Own funds	52
23 Additional Tier 1 capital	53
24 Contingent liabilities etc.	54
25 Fair value measurement of financial instruments	55
26 Transactions with related parties	57
27 Group overview	58
28 Financial and operating data and financial ratios	59
29 Definitions of ratios and key figures	63

Note 1

Accounting policies

The interim report for the Group for the period 1 January to 30 June 2021 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 application of IAS 34 entails that the presentation is limited compared with the preparation of an annual report, and that the principles for recognition and measurement in the International Financial Reporting Standards (IFRS) have been complied with.

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.

Figures in the interim financial statements are presented in whole DKK mill. unless otherwise indicated. This means that there may be rounding differences because the totals are rounded off, and the underlying decimals are not visible to the reader of the financial statements.

With effect from 1 January 2021, the Group has changed its accounting policies applied in a number of areas as a consequence of the new subsidiary in the Group from 31 May 2021. The changes are described in the following section. Otherwise, the accounting policies are unchanged in relation to the consolidated financial statements and the financial statements for the Bank for the year ended 31 December 2020. The 2020 Annual Report contains a full description of accounting policies.

Consolidated financial statements

The consolidated financial statements include the parent company Aktieselskabet Arbejdernes Landsbank as well as the subsidiaries AL Finans A/S, Ejendomsselskabet Sluseholmen A/S and Vestjysk Bank A/S, in which Aktieselskabet Arbejdernes Landsbank has a controlling influence.

From 31 May 2021, Vestjysk Bank A/S has been transferred from being an associate to being a subsidiary.

Business combinations

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

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

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

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

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

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

An associated undertaking transitioning to a subsidiary is not considered as a sale. Profits or losses are calculated as the difference between the sales price at fair value and the carrying amount of the participating interest on the sales date.

Minority interests

At initial recognition, minority interests are measured as the proportionate share of the minority interests in the fair value of the identifiable assets, liabilities and contingent

liabilities of the undertaking acquired. Therefore, goodwill is not recognised in the minority interests' share in the financial year.

Intangible assets

Acquired customer relations are measured at cost less accumulated amortisation and impairments.

Customer relations are amortised on a straight-line basis over the expected average period in which the customer relation is expected to enter into agreements with the Group, corresponding to 7-10 years.

Financial liabilities

Issued bonds are recognised initially at fair value, less directly attributable and incurred transaction costs.

Subsequent measurement of issued bonds at amortised cost is by applying the effective interest-rate method so that the difference between the net proceeds and the nominal value is recognised in the income statement under interest expenses over the term of the loan.

Increase in share capital

Transaction costs in connection with obtaining new capital are recognised directly in the free reserves under equity.

Segment information

The segment information has been prepared in accordance with Group accounting policies and follows the internal management reporting. As a consequence of the new subsidiary in the Group, a new segment has been implemented containing this one subsidiary, in addition to the three segments already established. The accounting policies for segment information are otherwise unchanged.

Hedge accounting

The Group uses the special regulations regarding hedge accounting to avoid the inconsistency that arises when some financial assets are measured at amortised cost, while derivative financial instruments are measured at fair value, if the requirements for documentation and efficiency have been met. The hedging relationship is established on fixed-interest loans.

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

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, for example, in connection with calculation of impairment on loans and fair values of unlisted financial instruments, see the description in note 2 of the 2020 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.

The most significant estimates by the management when applying the Group accounting policies and the uncertainties related to these have, in the first half of 2021, primarily related to initial recognition of the lending portfolios taken over from the subsidiary, Vestjysk Bank A/S. The management estimates also relate to calculation of the allocation of the purchase price in connection with Arbejdernes Landsbank acquiring additional shares in Vestjysk Bank A/S and thus obtaining control. See note 15 of the Interim Report for a description of the allocation of the purchase price in connection with the acquisition. As a result of the late date on which control of the subsidiary, Vestjysk Bank A/S, was obtained, work is still ongoing, and therefore this review has not yet been finalised.

Otherwise, the estimates in this interim report are essentially the same as in the 2020 Annual Report.

Accounting estimates and assessments related to Group impairment charges

The first half of 2021 has generally been characterised by positive developments in the macro-economic indicators, and this has also had a positive effect on the Group's exposures to customers, etc. The positive developments in the housing market, in combination with lower unemployment than expected, mean that parts of the management estimates related to COVID-19 set by the Group at the end of 2020 can be written back. However, there remains uncertainty with regard to the impacts of expiry of the business aid packages, meaning that management estimates on business customers have been maintained.

Note 3

Events after expiry of the accounting period

In connection with acquisition of control of the subsidiary, Arbejdernes Landsbank has since submitted statutory purchase offers to other shareholders in the subsidiary. At the end of this purchase offer, 6.4% of the other shareholders had accepted, which then gives a total shareholding in Vestjysk Bank A/S of 72.7% .

Other than this, no 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.

Note		Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.
4	Segment information		
	The Group only operates from locations in Denmark.		
	Revenue	1,482.4	993.2

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.	Vestjysk Bank DKK mill.	Total DKK mill.
Group first half-year 2021					
Income statement					
Net interest income	478.2	84.8	-5.7	104.9	662.2
Net fee and commission income	413.2	0.0	0.0	59.5	472.7
Value adjustments and dividend	74.5	52.1	18.5	12.4	157.4
Other operating income	24.5	0.0	236.1	3.3	264.0
Profit from equity investments in associated companies	0.0	0.0	76.7	12.5	89.2
Total income	990.4	136.8	325.6	192.7	1,645.5
Costs and depreciation/amortisation	-773.0	-25.9	-65.2	-106.6	-970.8
Impairments on loans and receivables etc.	110.7	0.0	0.0	-62.2	48.5
Total costs	-662.4	-25.9	-65.2	-168.8	-922.3
Profit/loss before tax	328.0	110.9	260.4	23.9	723.2
Assets					
Loans and other receivables at amortised cost	24,703.9	0.0	0.0	16,168.8	40,872.7
Bonds at fair value	0.0	20,605.0	0.0	8,585.2	29,190.2
Equity investments in associated companies	13.8	0.0	0.0	121.7	135.5
Other assets	8,773.6	7,805.7	2,599.7	16,022.5	35,201.5
Total assets	33,491.3	28,410.7	2,599.7	40,898.1	105,399.9
Equity and liabilities					
Deposits and other debt	46,301.0	0.0	0.0	24,512.8	70,813.8
Allocated equity	3,702.4	1,168.2	1,629.2	4,957.6	11,457.4
Other equity and liabilities	7,848.7	927.8	2,883.8	11,468.3	23,128.6
Total equity and liabilities	57,852.1	2,096.0	4,513.1	40,938.6	105,399.9
Key figures					
Average allocated equity	3,742.0	1,221.2	1,849.4	2,478.8	9,291.3
Ratio of operating income to operating expenses per DKK (DKK)	1.50	5.28	4.99	1.14	1.78

Since the presentation of the most recent annual report, the Group has established a further segment consisting of activity in the newly acquired subsidiary, Vestjysk Bank A/S, of which control was obtained on 31 May 2021. Figures for last year have not been adjusted as control had not been obtained at this time. Arbejdernes Landsbank's share of the earnings of Vestjysk Bank A/S has therefore been included in Other activities under the item Profit/(loss) on investments in associated enterprises until 31 May 2021, at respectively DKK 76.7 mill. for the first half-year of 2021 and DKK 42.7 mill. for the first half of 2020.

Individual income statement and balance sheet items, including goodwill, have not been allocated to the business areas, but have been included under Other activities.

Note

4 Segment information (continued)

	Customer activities DKK mill.	Investment activities DKK mill.	Other activities DKK mill.	Total DKK mill.
Group first half-year 2020				
Income statement				
Net interest income	453.7	66.2	-6.2	513.8
Net fee and commission income	345.5	0.0	0.0	345.5
Value adjustments and dividend	48.0	-133.3	3.7	-81.6
Other operating income	16.7	0.0	17.0	33.6
Profit from equity investments in associated companies	0.0	0.0	42.7	42.7
Total income	863.9	-67.1	57.1	853.9
Costs and depreciation/amortisation	-755.5	-24.3	-48.7	-828.5
Impairments on loans and receivables etc.	-115.8	0.0	0.0	-115.8
Total costs	-871.2	-24.3	-48.7	-944.3
Profit/loss before tax	-7.3	-91.4	8.4	-90.3
Assets				
Loans and other receivables at amortised cost	22,693.9	0.0	0.0	22,693.9
Bonds at fair value	0.0	22,497.2	0.0	22,497.2
Equity investments in associated companies	12.5	0.0	926.3	938.8
Other assets	6,937.4	6,060.0	2,540.6	15,538.0
Total assets	29,643.8	28,557.2	3,466.8	61,667.9
Equity and liabilities				
Deposits and other debt	45,096.7	0.0	0.0	45,096.7
Allocated equity	3,205.9	1,305.7	2,211.8	6,723.4
Other equity and liabilities	6,112.0	1,887.4	1,848.4	9,847.8
Total equity and liabilities	54,414.6	3,193.2	4,060.1	61,667.9
Key figures				
Average allocated equity	3,262.7	1,348.5	2,178.1	6,789.3
Ratio of operating income to operating expenses per DKK (DKK)	0.99	-2.75	1.17	0.90

Note	Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Bank First half-year 2021 DKK mill.	First half-year 2020 DKK mill.
5 Interest income				
Receivables from credit institutions and central banks	0	0.1	0.0	0.1
Loans and other receivables	597.8	503.3	432.9	448.3
Total interest income calculated using the effective interest-rate method	597.8	503.4	433.0	448.4
Bonds	75.6	83.9	74.5	83.9
Derivative financial instruments				
Currency contracts	0.4	-11.8	0.4	-11.8
Interest-rate contracts	-27.7	-28.7	-28.1	-28.7
Total derivative financial instruments	-27.2	-40.6	-27.7	-40.6
Total other interest income	48.3	43.3	46.8	43.3
Debt to credit institutions and central banks	0.7	1.0	0.7	1.0
Deposits and other debt	62.2	18.5	54.3	18.5
Total positive interest expenses on financial liabilities	62.9	19.4	55.0	19.4
6 Interest expenses				
Debt to credit institutions and central banks	-0.1	-1.2	-0.1	-1.2
Deposits and other debt	-7.3	-13.1	-5.4	-12.5
Issued bonds	-0.4	0.0	0.0	0.0
Subordinated debt	-18.2	-15.1	-15.3	-15.1
Other interest expenses	-1.4	-0.5	-1.3	-0.5
Total interest expenses	-27.3	-29.9	-22.0	-29.4
Receivables from credit institutions and central banks	-15.1	-14.8	-13.5	-14.8
Loans and other receivables	0.0	-0.1	0.0	-0.1
Bonds	-4.5	-7.5	-4.0	-7.5
Total negative interest income on financial assets	-19.6	-22.5	-17.5	-22.5
Of which, reverse transactions recognised under:				
Receivables from credit institutions and central banks	-0.3	-0.6	-0.3	-0.6
Loans and other receivables	0.0	-0.1	0.0	-0.1

Note	Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Bank First half-year 2021 DKK mill.	First half-year 2020 DKK mill.
7	Net fee and commission income			
Securities trading and custody accounts	107.4	74.6	90.2	74.6
Money transmission services	88.2	65.3	76.5	64.7
Loan fees	203.4	177.8	176.0	161.3
Guarantee commission	50.3	36.3	41.5	36.5
Other fees and commissions	60.1	39.4	38.1	31.8
Total fee and commission income	509.4	393.5	422.3	369.0
AL-BoligBonus	-12.6	-32.1	-12.6	-32.1
Other fees and commissions paid	-24.1	-15.9	-15.0	-11.6
Total fees and commissions paid	-36.6	-47.9	-27.5	-43.6
Net fee and commission income	472.7	345.5	394.8	325.3
8	Value adjustments			
Bonds	-70.5	-95.3	-72.3	-95.3
Shares etc.	58.1	-10.4	51.6	-10.4
Currency	21.7	6.0	19.2	6.5
Derivative financial instruments				
Currency contracts	0.2	0.5	0.1	0.5
Interest-rate contracts	103.8	-18.8	105.1	-18.8
Share contracts	-3.1	0.0	-0.3	0.0
Total derivative financial instruments	100.9	-18.4	104.9	-18.4
Assets linked to pooled schemes	627.5	-197.2	498.3	-197.2
Deposits in pooled schemes	-627.5	197.2	-498.3	197.2
Other assets	-0.1	0.0	0.0	0.0
Other liabilities	0.3	-0.3	0.0	-0.3
Total value adjustments	110.4	-118.3	103.4	-117.8
9	Staff and administrative expenses			
Management emoluments				
Board of Directors	-1.5	-1.5	-1.5	-1.5
Executive Management	-6.3	-4.2	-6.3	-4.1
Total management emoluments	-7.8	-5.6	-7.8	-5.6
Staff expenses				
Remuneration	-385.5	-346.1	-320.8	-318.1
Pensions (contribution-based)	-38.9	-33.6	-31.7	-30.7
Social security expenses	-5.5	-3.5	-3.4	-3.4
Payroll tax	-55.0	-49.8	-43.8	-46.6
Total staff expenses	-484.9	-433.0	-399.7	-398.7
Administrative expenses				
IT expenses	-282.3	-218.3	-233.5	-211.0
Other administrative expenses	-115.3	-100.6	-93.0	-93.2
Total administrative expenses	-397.7	-318.9	-326.5	-304.1
Total staff and administrative expenses	-890.4	-757.5	-734.0	-708.5

Note	Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Bank First half-year 2021 DKK mill.	First half-year 2020 DKK mill.
10	Impairments on loans and receivables etc.			
Net impact recognised in the income statement				
Net movements on impairment and provision accounts				
	1.6	-3.7	1.6	-3.7
	123.3	-107.8	170.8	-103.5
	-10.3	-1.1	-0.2	-1.1
	1.9	-19.3	5.9	-18.4
	116.5	-132.0	178.0	-126.7
	6.1	7.5	6.1	7.5
	-81.9	-20.0	-79.8	-17.9
	-19.0	-5.2	-13.4	-1.7
	17.4	33.2	15.4	32.8
	9.4	0.7	9.4	0.7
	48.5	-115.8	115.8	-105.3

The positive operating profit on impairments on loans, etc. in the first half-year of 2021 is attributable to a reduction in management estimates and healthy developments in the lending and guarantee portfolio, which is reflected in increasing collateral values, improved ratings and positive shifts in the gross carrying amounts to stage 1, see page 36. Group operations have been affected by the Bank's acquisition of a majority shareholding in Vestjysk Bank A/S.

*) Out of the Group's ascertained losses in the first half of 2021 steps are still being taken to recover DKK 38.7 mill.

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Total DKK mill.
Accumulated impairments and provisions, broken down by stages as at 30 June 2021					
Receivables from credit institutions and central banks	1.0	0.0	8.0	0.0	9.0
Loans and other receivables at amortised cost	160.6	113.6	440.8	0.0	715.0
Guarantees	19.1	1.9	11.8	0.0	32.9
Unutilised credit lines and commitments	34.1	7.9	25.2	0.0	67.2
Total impairments and provisions	214.8	123.4	485.9	0.0	824.0
Accumulated impairments and provisions, broken down by stages as at 31 December 2020					
Receivables from credit institutions and central banks	2.5	0.0	8.0	0.0	10.5
Loans and other receivables at amortised cost	153.3	169.4	499.9	15.7	838.3
Guarantees	7.2	1.0	14.3	0.0	22.5
Unutilised credit lines and commitments	34.9	8.5	25.7	0.0	69.1
Total impairments and provisions	197.9	178.9	548.0	15.7	940.5

The increase in stage 1 is attributable to the Bank's takeover of a majority shareholding in Vestjysk Bank A/S, but it is limited by reductions in management estimates of DKK 27.5 mill. and a positive development in the loan portfolio. The latter factors are also the reason for the fall in stage 2. The drop in stage 3 is primarily attributable to a large write-off on one individual major customer. A total of DKK 100.8 mill. was written off in the first half-year of 2021, of which DKK 81.9 mill. had previously been recognised as impairments. The Group has acquired impairment charges relating to Vestjysk Bank A/S totalling DKK 2,341.4 mill., and in addition, Vestjysk Bank A/S had acquired impairment charges from the merger with Den Jyske Sparekasse A/S totalling DKK 667.1 mill.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank				Total DKK mill.
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	
Accumulated impairments and provisions, broken down by stages as at 30 June 2021					
Receivables from credit institutions and central banks	1.0	0.0	8.0	0.0	9.0
Loans and other receivables at amortised cost	105.1	109.4	429.1	0.0	643.6
Guarantees	9.1	1.9	11.8	0.0	22.8
Unutilised credit lines and commitments	28.3	6.1	25.2	0.0	59.6
Total impairments and provisions	143.4	117.4	474.1	0.0	734.9
Accumulated impairments and provisions, broken down by stages as at 31 December 2020					
Receivables from credit institutions and central banks	2.5	0.0	8.0	0.0	10.5
Loans and other receivables at amortised cost	144.4	165.2	489.0	15.7	814.4
Guarantees	7.2	1.0	14.3	0.0	22.5
Unutilised credit lines and commitments	33.0	6.7	25.7	0.0	65.4
Total impairments and provisions	187.2	173.0	537.0	15.7	912.9

The drop in stages 1 and 2 impairments is attributable to reductions in management estimates of DKK 27.9 mill. and a positive development in the loan portfolio. The drop in stage 3 is primarily attributable to a large write-off on one individual major customer. A total of DKK 93.1 mill. was written off in the first half-year of 2021, of which DKK 79.8 mill. had previously been recognised as impairments.

Note

10 Impairments on loans and receivables etc. (continued)

	Group						
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total gross value	Impairments etc. total	Carrying amount
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.
Gross carrying amounts broken down by stages as at 30 June 2021							
Receivables from credit institutions and central banks	968.2	6.1	8.0	0.0	982.3	-9.0	973.3
Loans and other receivables at amortised cost	34,585.1	4,078.7	1,294.7	1,643.2	41,601.7	-715.0	40,886.7
Guarantees	15,438.0	707.1	108.2	274.3	16,527.7	-32.9	16,494.8
Unutilised credit lines and commitments	21,937.6	1,006.4	174.8	279.7	23,398.5	-67.2	23,331.3
Total exposures	72,929.0	5,798.3	1,585.7	2,197.1	82,510.2	-824.0	81,686.1
Gross carrying amounts broken down by stages as at 31 December 2020							
Receivables from credit institutions and central banks	4,490.7	0.0	8.0	0.0	4,498.7	-10.5	4,488.2
Loans and other receivables at amortised cost	18,488.1	4,951.8	1,180.5	35.7	24,656.1	-838.3	23,817.7
Guarantees	7,450.9	653.5	111.7	0.0	8,216.1	-22.5	8,193.6
Unutilised credit lines and commitments	7,195.0	1,048.1	172.0	0.0	8,415.0	-69.1	8,346.0
Total exposures	37,624.7	6,653.5	1,472.1	35.7	45,785.9	-940.5	44,845.5
<p>Expected credit losses at initial recognition of Vestjysk Bank A/S are included at a total amount of DKK 59.8 mill. for the Group under lending. The total amount is made up of DKK 45.8 mill. on lending, DKK 10.1 mill. on guarantees and DKK 3.9 mill. on unutilised credit lines and commitments. Unspecified guarantees of DKK 2,913.0 mill. from Vestjysk Bank A/S have not been included in the calculation of total exposures.</p>							

Note

10 Impairments on loans and receivables etc. (continued)

	Bank						
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recogni- tion DKK mill.	Total gross value DKK mill.	Impair- ments etc. total DKK mill.	Carrying amount DKK mill.
Gross carrying amounts broken down by stages as at 30 June 2021							
Receivables from credit institutions and central banks	679.4	6.1	8.0	0.0	693.4	-9.0	684.5
Loans and other receivables at amortised cost	20,908.8	2,976.0	1,117.6	0.0	25,002.4	-643.6	24,358.8
Guarantees	8,827.1	707.1	108.2	0.0	9,642.4	-22.8	9,619.6
Unutilised credit lines and commitments	6,305.1	579.3	75.9	0.0	6,960.3	-59.6	6,900.7
Total exposures	36,720.3	4,268.5	1,309.7	0.0	42,298.5	-734.9	41,563.6
Gross carrying amounts broken down by stages as at 31 December 2020							
Receivables from credit institutions and central banks	4,474.4	0.0	8.0	0.0	4,482.4	-10.5	4,471.9
Loans and other receivables at amortised cost	19,415.5	3,776.2	1,061.8	35.7	24,289.2	-814.4	23,474.8
Guarantees	7,499.4	653.5	111.7	0.0	8,264.6	-22.5	8,242.1
Unutilised credit lines and commitments	6,546.7	517.0	88.9	0.0	7,152.7	-65.4	7,087.2
Total exposures	37,936.1	4,946.8	1,270.4	35.7	44,188.9	-912.9	43,276.0

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Impairments total DKK mill.
Impairment account for receivables from credit institutions and central banks for the first half of 2021					
Total impairments brought forward	2.5	0.0	8.0	0.0	10.5
Impairment charges during the period as a consequence of changes in credit risk	-2.1	0.0	0.0	0.0	-2.1
Impairments on new exposures	0.6	0.0	0.0	0.0	0.6
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	0.0	-0.1
Total impairments carried forward	1.0	0.0	8.0	0.0	9.0
Impairment account for receivables from credit institutions and central banks in 2020					
Total impairments brought forward	1.6	0.0	8.0	0.0	9.6
Impairments during the financial year as a consequence of changes in credit risk	2.0	0.0	0.0	0.0	2.0
Impairments on new exposures	0.1	0.0	0.0	0.0	0.1
Reversed impairments on redeemed exposures	-1.2	0.0	0.0	0.0	-1.2
Total impairments carried forward	2.5	0.0	8.0	0.0	10.5

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

Note

10 Impairments on loans and receivables etc. (continued)

	Group				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Impairments total DKK mill.
Impairment account for loans and other receivables at amortised cost in the first half of 2021					
Total impairments brought forward	153.3	169.4	499.9	15.7	838.3
Transfers to stage 1	24.0	-21.1	-2.9	0.0	0.0
Transfers to stage 2	-9.9	15.0	-5.1	0.0	0.0
Transfers to stage 3	-0.8	-14.3	15.1	0.0	0.0
Impairment charges during the period as a consequence of changes in credit risk	-49.2	-22.5	24.6	-15.7	-62.9
Impairments on new exposures	63.2	6.6	7.6	0.0	77.4
Reversed impairments on redeemed exposures	-19.9	-19.6	-22.7	0.0	-62.1
Interest adjustment	0.0	0.0	6.1	0.0	6.1
Ascertained losses covered by previous impairments	0.0	0.0	-81.9	0.0	-81.9
Total impairments carried forward	160.6	113.6	440.8	0.0	715.0
Impairment account for loans and other receivables at amortised cost in 2020					
Total impairments brought forward	95.8	135.2	558.5	19.2	808.7
Transfers to stage 1	32.6	-16.6	-16.0	0.0	0.0
Transfers to stage 2	-10.6	33.8	-23.2	0.0	0.0
Transfers to stage 3	-0.8	-12.9	13.7	0.0	0.0
Impairments during the financial year as a consequence of changes in credit risk	-11.1	13.7	2.3	-0.9	4.0
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	10.0	9.9	0.6	0.0	20.5
Impairments on new exposures	57.1	26.9	82.8	0.0	166.8
Reversed impairments on redeemed exposures	-19.8	-20.6	-71.4	-0.4	-112.3
Interest adjustment	0.0	0.0	11.3	0.0	11.3
Ascertained losses covered by previous impairments	0.0	0.0	-58.7	-2.1	-60.8
Total impairments carried forward	153.3	169.4	499.9	15.7	838.3

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

Note

10 Impairments on loans and receivables etc. (continued)

	Group			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Provisions total DKK mill.
Provision account for guarantees in the first half of 2021				
Total provisions brought forward	7.2	1.0	14.3	22.5
Transfers to stage 1	0.5	-0.2	-0.3	0.0
Transfers to stage 2	-0.4	0.6	-0.2	0.0
Provisions during the period as a consequence of changes in credit risk	-1.2	-0.3	1.7	0.2
Provisions for new exposures	16.7	1.1	0.3	18.1
Reversed provisions for redeemed exposures	-3.8	-0.3	-4.0	-8.1
Total provisions carried forward	19.1	1.9	11.8	32.9
Provision account for guarantees in 2020				
Total provisions brought forward	1.2	0.5	18.7	20.5
Transfers to stage 1	0.1	0.0	-0.1	0.0
Transfers to stage 2	0.0	1.0	-0.9	0.0
Provisions during the financial year as a consequence of changes in credit risk	1.0	-0.8	1.9	2.1
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	0.1	0.1	0.0	0.3
Provisions for new exposures	5.0	0.4	0.2	5.5
Reversed provisions for redeemed exposures	-0.2	-0.2	-5.5	-5.8
Total provisions carried forward	7.2	1.0	14.3	22.5

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

Note

10 Impairments on loans and receivables etc. (continued)

	Group			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Provisions total DKK mill.
Provision account for unutilised credit lines and commitments in the first half of 2021				
Total provisions brought forward	34.9	8.5	25.7	69.1
Transfers to stage 1	3.0	-2.5	-0.5	0.0
Transfers to stage 2	-1.6	5.1	-3.5	0.0
Transfers to stage 3	-0.1	-0.7	0.7	0.0
Provisions during the period as a consequence of changes in credit risk	-3.1	-3.7	8.6	1.8
Provisions for new exposures	6.2	1.6	0.2	8.0
Reversed provisions for redeemed exposures	-5.2	-0.4	-6.1	-11.7
Total provisions carried forward	34.1	7.9	25.2	67.2
Provision account for unutilised credit lines and commitments in 2020				
Total provisions brought forward	21.1	5.0	25.4	51.4
Transfers to stage 1	3.4	-1.2	-2.1	0.0
Transfers to stage 2	-1.0	2.0	-0.9	0.0
Transfers to stage 3	0.0	-0.2	0.3	0.0
Provisions during the financial year as a consequence of changes in credit risk	2.0	1.5	4.6	8.1
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	1.5	1.2	0.0	2.7
Provisions for new exposures	9.4	1.2	1.1	11.8
Reversed provisions for redeemed exposures	-1.5	-0.9	-2.6	-4.9
Total provisions carried forward	34.9	8.5	25.7	69.1

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

The reduction in the Group allowance account is attributable to reductions in management estimates and a positive development in the loan and guarantee portfolio. However, the Group allowance account has been adversely affected by the Bank's acquisition of a majority shareholding in Vestjysk Bank A/S.

Note

10 Impairments on loans and receivables etc. (continued)

	Bank				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Impairments total DKK mill.
Impairment account for receivables from credit institutions and central banks for the first half of 2021					
Total impairments brought forward	2.5	0.0	8.0	0.0	10.5
Impairment charges during the period as a consequence of changes in credit risk	-2.1	0.0	0.0	0.0	-2.1
Impairments on new exposures	0.6	0.0	0.0	0.0	0.6
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	0.0	-0.1
Total impairments carried forward	1.0	0.0	8.0	0.0	9.0
Impairment account for receivables from credit institutions and central banks in 2020					
Total impairments brought forward	1.6	0.0	8.0	0.0	9.6
Impairments during the financial year as a consequence of changes in credit risk	2.0	0.0	0.0	0.0	2.0
Impairments on new exposures	0.1	0.0	0.0	0.0	0.1
Reversed impairments on redeemed exposures	-1.2	0.0	0.0	0.0	-1.2
Total impairments carried forward	2.5	0.0	8.0	0.0	10.5

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

Note

10 Impairments on loans and receivables etc. (continued)

	Bank				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Impairments total DKK mill.
Impairment account for loans and other receivables at amortised cost in the first half of 2021					
Total impairments brought forward	144.4	165.2	489.0	15.7	814.4
Transfers to stage 1	22.8	-20.3	-2.5	0.0	0.0
Transfers to stage 2	-9.5	14.5	-5.0	0.0	0.0
Transfers to stage 3	-0.8	-14.1	14.9	0.0	0.0
Impairment charges during the period as a consequence of changes in credit risk	-46.9	-21.5	23.1	-15.7	-61.0
Impairments on new exposures	15.0	5.0	5.9	0.0	26.0
Reversed impairments on redeemed exposures	-19.9	-19.6	-22.7	0.0	-62.1
Interest adjustment	0.0	0.0	6.1	0.0	6.1
Ascertained losses covered by previous impairments	0.0	0.0	-79.8	0.0	-79.8
Total impairments carried forward	105.1	109.4	429.1	0.0	643.6
Impairment account for loans and other receivables at amortised cost in 2020					
Total impairments brought forward	88.3	133.1	545.5	19.2	786.1
Transfers to stage 1	30.0	-15.9	-14.2	0.0	0.0
Transfers to stage 2	-9.8	32.3	-22.5	0.0	0.0
Transfers to stage 3	-0.7	-12.7	13.4	0.0	0.0
Impairments during the financial year as a consequence of changes in credit risk	-6.6	14.6	2.4	-0.9	9.5
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	10.0	9.9	0.6	0.0	20.5
Impairments on new exposures	53.0	24.6	79.3	0.0	156.8
Reversed impairments on redeemed exposures	-19.8	-20.6	-71.4	-0.4	-112.3
Interest adjustment	0.0	0.0	11.3	0.0	11.3
Ascertained losses covered by previous impairments	0.0	0.0	-55.5	-2.1	-57.6
Total impairments carried forward	144.4	165.2	489.0	15.7	814.4

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

Note

10 Impairments on loans and receivables etc. (continued)

	Bank			Provisions total DKK mill.
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	
Provision account for guarantees in the first half of 2021				
Total provisions brought forward	7.2	1.0	14.3	22.5
Transfers to stage 1	0.5	-0.2	-0.3	0.0
Transfers to stage 2	-0.4	0.6	-0.2	0.0
Provisions during the period as a consequence of changes in credit risk	-1.2	-0.3	1.7	0.2
Provisions for new exposures	6.7	1.1	0.3	8.1
Reversed provisions for redeemed exposures	-3.8	-0.3	-4.0	-8.1
Total provisions carried forward	9.1	1.9	11.8	22.8
Provision account for guarantees in 2020				
Total provisions brought forward	1.2	0.5	18.7	20.5
Transfers to stage 1	0.1	0.0	-0.1	0.0
Transfers to stage 2	0.0	1.0	-0.9	0.0
Provisions during the financial year as a consequence of changes in credit risk	1.0	-0.8	1.9	2.1
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	0.1	0.1	0.0	0.3
Provisions for new exposures	5.0	0.4	0.2	5.5
Reversed provisions for redeemed exposures	-0.2	-0.2	-5.5	-5.8
Total provisions carried forward	7.2	1.0	14.3	22.5

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

Note

10 Impairments on loans and receivables etc. (continued)

	Bank			Provisions total DKK mill.
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	
Provision account for unutilised credit lines and commitments in the first half of 2021				
Total provisions brought forward	33.0	6.7	25.7	65.4
Transfers to stage 1	2.6	-2.1	-0.5	0.0
Transfers to stage 2	-1.5	5.0	-3.5	0.0
Transfers to stage 3	-0.1	-0.5	0.6	0.0
Provisions during the period as a consequence of changes in credit risk	-2.7	-4.1	8.7	1.9
Provisions for new exposures	2.2	1.5	0.2	3.9
Reversed provisions for redeemed exposures	-5.2	-0.4	-6.1	-11.7
Total provisions carried forward	28.3	6.1	25.2	59.6
Provision account for unutilised credit lines and commitments in 2020				
Total provisions brought forward	19.1	3.8	25.3	48.2
Transfers to stage 1	2.8	-0.7	-2.1	0.0
Transfers to stage 2	-0.5	1.5	-0.9	0.0
Transfers to stage 3	0.0	-0.2	0.2	0.0
Provisions during the financial year as a consequence of changes in credit risk	2.3	1.1	4.7	8.0
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	1.5	1.2	0.0	2.7
Provisions for new exposures	9.4	0.9	1.1	11.4
Reversed provisions for redeemed exposures	-1.5	-0.9	-2.6	-4.9
Total provisions carried forward	33.0	6.7	25.7	65.4

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

The reduction in the Bank allowance account is attributable to reductions in management estimates and a positive development in the loan and guarantee portfolio. On the basis of a materiality principle, it has been decided that, from the beginning of 2021, the Bank's remaining transactions from the takeover of portfolios from Østjysk Bank A/S and Roskilde Bank A/S will be treated as transactions in the Bank's other portfolios.

Note	Group First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	Bank First half-year 2021 DKK mill.	First half-year 2020 DKK mill.
11 Tax				
Tax for the period may be broken down as follows:				
Tax on profit/loss for the period	-87.9	26.2	-89.3	30.3
Tax on other comprehensive income	0.6	0.0	0.6	0.0
Total tax	-87.3	26.2	-88.8	30.3
Tax on profit/loss for the period is calculated as follows:				
Current tax for the period	-103.9	-3.9	-79.6	0.0
Adjustment of deferred tax for the period	24.2	32.3	-2.4	32.5
Adjustment of current tax concerning previous years	-8.1	-2.2	-7.3	-2.2
Total tax on profit/loss for the period	-87.9	26.2	-89.3	30.3
Tax on profit/loss for the period can be explained as follows:				
Calculated tax on profit/loss for the period before tax at 22%	-159.1	19.9	-156.6	20.8
Tax base of income not subject to tax	51.7	3.9	59.1	6.5
Tax base of non-deductible expenses	-1.5	-4.8	-1.4	-4.1
Tax base of profit/loss in associated companies	16.9	9.4	16.9	9.4
Tax value of losses brought forward in Vestjysk Bank A/S	12.3	0.0	0.0	0.0
Adjustment of current tax concerning previous years	-8.1	-2.2	-7.3	-2.2
Total tax on profit/loss for the period	-87.9	26.2	-89.3	30.3
Effective tax rate	12.2	29.0	12.5	32.1

In addition to significant tax-exempt gains from capital gains on investment securities, including associated companies and subsidiaries, the effective tax rate is particularly affected by one-off income in the form of goodwill stemming from the purchase of Vestjysk Bank A/S.

12 Earnings per share				
<i>Arbejdernes Landsbank's shareholders' share of the profit/loss for the period</i>	606.8	-83.6	606.8	-83.6
Average number of shares issued	1,050,150,000	300,000	1,050,150,000	300,000
Average number of own shares, see note 21	-3,891,535	-7,425	-3,891,535	-7,425
Average number of shares in issue	1,046,258,465	292,575	1,046,258,465	292,575
Earnings per share (DKK)	0.58	-285.71	0.58	-285.71
Diluted earnings per share (DKK *)	0.58	-285.71	0.58	-285.71

The issued share capital is divided into shares of nominally DKK 1. (2020: 1,000 kr.). The Bank has only one class of shares.

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

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

Note	Group		Bank		
	30.06.2021 DKK mill.	31.12.2020 DKK mill.	30.06.2021 DKK mill.	31.12.2020 DKK mill.	
13	Loans and guarantees broken down by sectors and industries				
	Public authorities	5.1	25.2	5.1	25.2
	Business				
	Agriculture, hunting, forestry and fisheries	4,016.1	34.1	1.9	2.2
	Industry and extraction of raw materials	1,145.3	464.7	176.3	156.0
	Energy supply	756.6	5.3	6.9	1.4
	Building and construction	1,176.2	484.4	159.1	165.8
	Trade	2,941.1	1,526.7	476.6	391.9
	Transport, hotels and restaurants	942.0	277.1	144.3	161.1
	Information and communication	169.6	60.0	14.9	23.6
	Financing and insurance	2,023.0	946.3	6,988.7	6,404.4
	Real property	3,501.5	856.6	794.7	847.0
	Other business	3,489.4	1,997.4	1,763.7	1,359.9
	Total business	20,160.8	6,652.6	10,527.0	9,513.1
	Private	37,215.6	25,333.4	23,446.3	22,178.6
	Total loans and guarantees	57,381.5	32,011.3	33,978.4	31,716.9

Unspecified guarantees of DKK 2,913.0 mill. from Vestjysk Bank A/S have not been included in the calculation of total loans and guarantees.

14	Bonds at fair value				
	Government bonds	3,438.0	2,159.2	3,025.0	2,159.2
	Mortgage-credit bonds	23,321.8	16,886.1	15,149.6	16,886.1
	Other bonds	2,430.3	2,857.2	2,460.2	2,857.2
	Total bonds at fair value	29,190.2	21,902.5	20,634.9	21,902.5

15 Purchase of subsidiaries

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

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

In the period after 31 May 2021, the Group has carried out further purchases of Vestjysk Bank A/S shares, and the ownership interest and voting rights at the end of June were 65.0%. The Group has acquired a further 7.7% of the shares since 30 June 2021.

The purchase price for 28.4% of the shares in Vestjysk Bank A/S was DKK 1,208.0 mill., corresponding to a price of DKK 3.45 per share. The purchase was settled in cash. The purchase price for 60.8% of the shares was DKK 2,588.7 mill., corresponding to a price of DKK 3.45 per share. In connection with the acquisition, cash funds of DKK 4,761.9 mill. were added to the Group.

The Group has incurred transaction costs for the acquisition of DKK 11.5 mill. for legal and financial advisors. The amount has been recognised in the income statement under other administrative expenses.

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

The distribution of the purchase price between net assets is shown in the table on the following page.

Note

15 Purchase of subsidiaries (continued)

	31.05.2021 DKK mill.
Statement of fair value	
Assets	
Cash in hand and demand deposits with central banks	4,397.4
Receivables from credit institutions and central banks	364.6
Loans and other receivables	16,031.3
Bonds	8,586.1
Shares etc.	821.2
Equity investments in associated companies	109.2
Assets linked to pooled schemes	8,555.1
Intangible assets (customer relations)	260.0
Investment properties	80.8
Owner-occupied properties	337.9
Right-of-use assets	56.3
Other property, plant and equipment	5.5
Deferred tax assets	192.1
Assets held temporarily	3.2
Other assets	659.7
Prepayments and accrued income	45.8
Total assets	40,506.2
Liabilities	
Debt to credit institutions and central banks	453.3
Deposits and other debt	24,521.8
Deposits in pooled schemes	8,555.1
Issued bonds	199.3
Current tax liabilities	48.2
Other equity and liabilities	1,069.6
Prepayments and accrued income	27.5
Provisions for pensions and similar obligations	26.7
Guarantee loss provisions	30.3
Other provisions	47.6
Subordinated debt	596.7
Additional Tier 1 capital	308.9
Total liabilities	35,885.0
Equity (net assets acquired)	4,621.3
Minority interests' share of net assets (39.2%)	1,666.9
Equity excluding minority interests (Arbejdernes Landsbank's share)	2,954.3
Cash purchase price including previous holdings of 32.4%	2,588.7
Badwill including minority interests' share	365.6

Note

15 Purchase of subsidiaries (continued)

With the purchase of Vestjysk Bank A/S, Arbejdernes Landsbank obtained an accounting profit and a capital benefit by recognising goodwill of DKK 222.4 mill., as the purchase price for the acquired company was lower than the net asset value. The reason for this is that banks are generally traded at a price below the net asset value. Goodwill has been posted under other operating income in the income statement, and the amount is not taxable.

The shares that the Group owned prior to obtaining control with a value of DKK 1,513.4 mill., have been remeasured at fair value, and this resulted in a loss of DKK 149.5 mill. that has been recognised in the income statement under income from associates.

The acquisition balance sheet is based on the balance sheet of Vestjysk Bank A/S as at 31 May 2021. The fair value of lending is based on an assessment of the market value of the portfolio taken over. Gross lending before the fair value adjustment totalled DKK 16.2 bn. on the date of acquisition. The fair value adjustment of lending amounted to DKK 200.0 mill. and total lending after the fair value adjustment amounted to DKK 16.0 bn.

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

As control of Vestjysk Bank A/S was not obtained until 31 May 2021, there is still ongoing work to identify and value the company's assets and liabilities, and therefore there may be changes to the valuation. IFRS 3 also contains provisions stipulating that, in certain cases, the acquisition balance sheet may be adjusted for a period of up to 12 months after the date of acquisition.

The minority interests of 39.2% in Vestjysk Bank A/S have been included at DKK 1,666.9 mill., corresponding to the minority shareholders' share of the net asset value including fair value adjustments in connection with allocation of the purchase price.

Consolidation effect

For the period since the takeover, Vestjysk Bank A/S has been included in Group net interest and fee income at DKK 164.4 mill. and the profit before tax at DKK 23.9 mill.

Net interest and fee income and the profit before tax for the Group for the first half-year of 2021, calculated as if Vestjysk Bank A/S had been taken over on 1 January 2021 were DKK 730.7 mill. and DKK 410.2 mill. respectively.

There were no business combinations in the first half-year of 2020.

Note	Group		Bank	
	30.06.2021 DKK mill.	31.12.2020 DKK mill.	30.06.2021 DKK mill.	31.12.2020 DKK mill.
16 Land and buildings				
Investment properties	143.9	63.3	36.6	36.6
Owner-occupied properties	1,437.8	1,115.8	1,112.0	1,115.8
Right-of-use assets *)	258.9	163.6	193.6	163.6
Total land and buildings	1,840.5	1,342.8	1,342.3	1,316.1

*) In addition to owner-occupied properties, the Group has also recognised rented owner-occupied properties. The associated leasing commitments have been recognised at DKK 283.5 mill. under other liabilities (2020: DKK 177.7 mill.).

	Group First half-year 2021 DKK mill.	2020 DKK mill.	Bank First half-year 2021 DKK mill.	2020 DKK mill.
Investment properties				
Fair value brought forward	63.3	35.7	36.6	35.7
Additions on acquisition of subsidiary, see note 15	80.8	0.0	0.0	0.0
Additions	0.0	26.7	0.0	0.0
Disposals	-0.3	0.0	0.0	0.0
Value adjustments	0.0	0.9	0.0	0.9
Fair value carried forward	143.9	63.3	36.6	36.6
Rental income	1.3	2.2	1.1	2.2
Operating expenses for rented-out areas	-0.3	-0.6	-0.3	-0.6

Investment properties are measured at fair value based on non-observable input (level 3 in the fair value hierarchy). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 4.4–9.3% (2020: 4.4%) determined on the basis of the interest-rate level and the location of the property. All else being equal, an increase in the Group's required rate of return of 0.5 percentage points would reduce the fair value by approximately DKK 9.2 mill. (2020: DKK 3.7 mill.). An independent assessor carried out the valuation as at 31 December 2020, and subsequently, there have been no indications of significant changes in value.

Owner-occupied properties				
Revalued amount brought forward	1,115.8	1,099.5	1,115.8	1,099.5
Additions on acquisition of subsidiary, see note 15	337.9	0.0	0.0	0.0
Additions	0.3	0.0	0.0	0.0
Improvements	0.0	3.9	0.0	3.9
Disposals	-16.6	-9.2	0.0	-9.2
Depreciation	-4.2	-7.4	0.0	-7.4
Value adjustments recognised in the income statement	3.2	-2.1	-3.8	-2.1
Value adjustments recognised in other comprehensive income	1.2	31.1	0.0	31.1
Revalued amount carried forward	1,437.8	1,115.8	1,112.0	1,115.8

Owner-occupied properties are measured at their revalued amount based on non-observable input (level 3 in the fair value hierarchy). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 3.0–9.0% (2020: 3.0–7.5%) determined on the basis of the interest-rate level and the location of the property. All else being equal, an increase in the Group's required rate of return of 0.5 percentage points would reduce the fair value by approximately DKK 129.0 mill. as at 30 June 2021 (2020: DKK 113.8 mill.). An independent assessor carried out the valuation of selected properties as at 31 December 2020, and subsequently, there have been no indications of significant changes in the value of the property portfolio.

Note	Group		Bank		
	30.06.2021 DKK mill.	31.12.2020 DKK mill.	30.06.2021 DKK mill.	31.12.2020 DKK mill.	
17	Deposits and other debt				
	On demand	66,047.4	42,780.3	43,323.8	42,695.3
	Amounts with notice period	1,607.2	841.3	1,487.8	841.3
	Time deposits	57.5	0.0	0.0	0.0
	Special types of deposit	3,101.7	1,452.2	1,436.1	1,452.2
	Total deposits and other debt	70,813.8	45,073.8	46,247.7	44,988.8

18 Issued bonds at amortised cost							
	Nom. in DKK mill.	Interest rate	Maturity				
	30.0	3.00%	27.09.2024 *)	29.9	0.0	0.0	0.0
	140.0	CIBOR-6M + 1.75%	11.03.2025 **)	139.5	0.0	0.0	0.0
	180.0	2.04%	18.06.2026 ***)	178.7	0.0	0.0	0.0
	Total issued bonds at amortised cost			348.1	0.0	0.0	0.0
	Costs of the issue of bonds			1.4	0.0	0.0	0.0

Issued bonds includes non-preferred senior debt in the subsidiary, Vestjysk Bank A/S. The bonds issued cannot be included in the Group's MREL basis.

*) Can be redeemed before maturity from 27 September 2023.

***) Can be redeemed before maturity from 11 March 2024.

****) Can be redeemed before maturity from 18 June 2025.

19 Subordinated debt							
	Nom. in DKK mill.	Interest rate	Maturity				
	225.0	6.50%	16.08.2027 *)	224.3	0.0	0.0	0.0
	250.0	CIBOR-6M + 5.39%	26.06.2028 **)	248.5	0.0	0.0	0.0
	125.0	3.75%	28.08.2029 ***)	124.2	0.0	0.0	0.0
	900.0	CIBOR-6M + 3.50%	21.05.2031 ****)	900.0	900.0	900.0	900.0
	Total Tier 2 capital			1,496.9	900.0	900.0	900.0
	Of these included in own funds, see note 22			1,496.9	900.0	900.0	900.0

*) Can be redeemed before maturity from 16 August 2022.

***) Can be redeemed before maturity from 26 June 2023.

****) Can be redeemed before maturity from 28 August 2024.

*****) Can be redeemed before maturity from 21 May 2026.

20 Share capital	
In connection with the share issue in May 2021, the nominal denomination has been changed from DKK 1,000 to DKK 1.	

In May 2021, the Bank carried out a capital increase of DKK 1,800.0 mill. The capital increase was as a share issue with pre-emption rights for existing shareholders in the proportion 1:6, with deposits of 1,800,000,000 shares at a subscription price of DKK 1 per share.

The share issue was completed with the Bank entering into conditional agreements with AP Pension Livsforsikringsaktieselskab A/S and Nykredit Realkredit A/S on the purchase of 350,147,033 shares in Vestjysk Bank A/S, corresponding to 28% of the share capital in Vestjysk Bank A/S.

Costs of the share issue amounted to DKK 23.1 mill. The shares issued have the same rights as all other shares.

Note	First half-year 2021 pcs	2020 pcs	First half-year 2021 DKK mill.	2020 DKK mill.
21 Own shares				
Holding at the beginning of the year	7,417	7,305	7.4	7.3
Change in nom. denomination from DKK 1,000 to DKK 1.	7,409,583	0	0.0	0.0
Purchase	469,652	535	0.5	0.5
Sale	-111,000	-423	-0.1	-0.4
Holding at the end of the year	7,775,652	7,417	7.8	7.4

Pursuant to a resolution passed at the general meeting on 12 March 2018, the Bank may acquire own shares up to a maximum of nom. DKK 10.0 mill., corresponding to 0.5% (2020: 3.3%) of the share capital up to and including 12 March 2023.

As at 30 June 2020, the holding of own shares amounted to nominally DKK 7.8 mill. (2020: DKK 7.4 mill.), corresponding to 0.4% (2020: 2.5%) of the share capital.

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

Note	Group 30.06.2021 DKK mill.	31.12.2020 DKK mill.	Bank 30.06.2021 DKK mill.	31.12.2020 DKK mill.
22 Own funds				
Transformation from equity to own funds				
Equity	11,457.4	7,125.2	9,523.2	7,125.2
Minority interests not included	-748.3	0.0	0.0	0.0
Additional Tier 1 capital, including interest payable	-749.5	-446.1	-442.5	-446.1
Reserved/proposed dividend	-70.4	0.0	-70.4	0.0
Intangible assets	-265.5	-15.5	0.0	0.0
Deferred tax assets	-166.9	0.0	0.0	0.0
Deductions for prudent valuation	-32.1	-23.6	-22.0	-23.6
Deduction of non-performing exposures,	-82.8	0.0	-3.6	0.0
Capital instruments in financial entities	0.0	-522.2	0.0	-519.2
Common Equity Tier 1 capital	9,342.0	6,117.8	8,984.6	6,136.3
Additional Tier 1 capital	729.7	429.0	429.0	429.0
Minority interests not included	-20.4	0.0	0.0	0.0
Capital instruments in financial entities	0.0	-25.4	0.0	-25.2
Tier 1 capital	10,051.3	6,521.4	9,413.6	6,540.1
Tier 2 capital	1,496.9	900.0	900.0	900.0
Minority interests not included	-119.6	0.0	0.0	0.0
Capital instruments in financial entities	0.0	-8.3	0.0	-8.2
Own funds	11,428.5	7,413.1	10,313.6	7,431.8

Note				Group		Bank	
	Nom. in DKK mill.	Interest rate	Maturity	30.06.2021 DKK mill.	31.12.2020 DKK mill.	30.06.2021 DKK mill.	31.12.2020 DKK mill.
23	Additional Tier 1 capital						
	429.0	CIBOR-6M + 7.25%	Indefinite *)	442.5	446.1	442.5	446.1
	155.0	8.50%	Indefinite **)	161.5	0.0	0.0	0.0
	50.0	7.50%	Indefinite ***)	48.0	0.0	0.0	0.0
	45.7	5.25%	Indefinite *****)	46.7	0.0	0.0	0.0
	50.0	4.75%	Indefinite *****)	50.7	0.0	0.0	0.0
	Total Additional Tier 1 capital			749.5	446.1	442.5	446.1
	Of these, included in Tier 1 capital/own funds, see note 22			729.7	429.0	429.0	429.0

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

**) Can be redeemed before maturity from 16 August 2022.

***) Can be redeemed before maturity from 26 June 2023.

*****) Can be redeemed before maturity from 25 January 2026.

*****) Can be redeemed before maturity from 12 March 2026.

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

Note	Group		Bank		
	30.06.2021 DKK mill.	31.12.2020 DKK mill.	30.06.2021 DKK mill.	31.12.2020 DKK mill.	
24	Contingent liabilities etc.				
	Contingent liabilities				
	Financial guarantees	7,304.4	3,089.0	4,147.2	3,089.0
	Guarantees for losses on mortgage-credit loans	7,653.7	3,495.4	3,782.1	3,495.4
	Land registration and conversion guarantees	1,674.8	985.2	723.1	985.2
	Collateral for group companies	0.0	0.0	141.8	48.5
	Other contingent liabilities	2,785.0	624.0	825.4	624.0
	Total contingent liabilities	19,418.0	8,193.6	9,619.6	8,242.1
	Other binding commitments				
	Irrevocable credit commitments less than 1 year	785.7	943.1	0.0	0.0
	Irrevocable credit commitments more than 1 year	54.0	0.0	0.0	0.0
	Other credit commitments less than 1 year	22,491.6	7,402.9	6,900.7	7,087.2
	Unutilised commitments regarding payment of pension contributions	3.0	3.0	3.0	3.0
	Additional binding commitments	309.5	459.8	198.5	459.8
	Total other binding commitments	23,643.8	8,808.7	7,102.2	7,550.0

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

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

The Bank has made an agreement with certain employees giving them the right to retire from the labour market after they turn 60/62 years old. The scheme is a closed scheme, and the liability is fully hedged by securities which are used to honour liabilities that have fallen due for payment. The scheme is managed by PFA Pension. The sensitivity to a drop of 10% in the value of the securities can be calculated at DKK 5.1 mill. (2020: DKK 5.1 mill.).

Participation in the statutory Guarantee Fund for Depositors and Investors (indsydegarantiordningen) entails that the Group and the Bank may be liable to pay contributions if the Guarantee Fund amounts to less than 0.8% of covered deposits in the Danish banking sector. Currently, the Guarantee Fund amounts to 1.1%. (2020: 1.2%).

Participation in the statutory resolution financing scheme means that the sector pays an annual risk-adjusted contribution pursuant to Articles 4-9 of the European Commission Delegated Regulation 63/2015 with a view to establishing a resolution fund of at least 1% of the covered deposits before 31 December 2024. In 2021, the Group's and the Bank's contribution amounted to DKK 9.8 mill. (2020: DKK 4.9 mill.) and DKK 6.2 mill. (2020: DKK 4.9 mill.), corresponding to 0.9% (2020: 0.5%) and 0.6% (2020: 0.5%) of the sector's total contribution of DKK 1,061.3 mill. (2020: DKK 942.2 mill.).

The Bank is taxed jointly with other Danish subsidiaries in the Group. Vestjysk Bank A/S has been jointly taxed since 31 May 2021. As a management company, the Bank is jointly and severally liable with the other Group companies for Danish corporation tax and withholding tax on interest, dividends, and royalties within the joint taxation group. Corporation tax due at group level amounted to DKK 113.8 million as at 30 June 2021 (2020: DKK 26.1 mill.). Any subsequent corrections of jointly taxable income and withholding taxes etc. may result in the Bank being liable for a larger amount.

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

The Group and the Bank are members of BEC (Bankernes EDB Central), and withdrawal as a going concern would entail a liability to pay compensation amounting to DKK 2,628.1 mill. (2020: DKK 1,314.7 mill.) and DKK 1,505.1 mill. (2020: DKK 1,314.7 mill.). The Danish FSA has generally entered into agreements with the data centres on special conditions for banks in distress, or banks likely to experience distress, such that claims from the data centres will rank after claims from other simple creditors.

Note**25 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.

Equity investments under non-observable input includes unlisted shares, primarily in companies related to the financial sector, where fair value is set on the basis of provisions in ownership agreements etc. or input from transactions carried out. The Association of Local Banks in Denmark, Savings Banks and Cooperative Banks in Denmark (LOPI) every quarter recommends fair values of certain of the so-called sector shares; i.e. shares owned by banks in order to participate actively in the infrastructure and the product supply that supports the business strategy of the industry. The prices recommended by LOPI are based on ownership agreements and transactions carried out in the sector. In some cases, the fair value is based on the accounting equity (net asset value) in the underlying undertaking, as this forms the basis for the transaction price if owners sell between themselves. When calculating the fair value of sector shares according to LOPI's recommended rates, these are also included in the valuation as a non-observable input. The Group carries out an independent assessment of the prices recommended and verifies their relationship with transactions carried out and published financial statements. The value of the shares changes by DKK 142.8 mill. (2020: DKK 68.9 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 Group performs a Credit Value Adjustment (CVA) of the fair value. CVA reflects the credit risk of the counterparty in derivatives transactions and is performed on the basis of Loss Given Default (LGD), Expected Positive Exposure (EPE), and the Probability of Default (PD) of the counterparty. The Group uses both a parametric and a semi-analytic model approach to quantifying future expected positive exposure. The probability of default is derived from observable credit information in the market, if possible. In the event that this is not possible, adjustment is based on proxy Credit Default Swap (CDS) curves. Total CVA adjustments amounted to DKK 0.1 mill. as at 30 June 2021 (2020: DKK 0.4 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 2021, the Group transferred DKK 591.2 mill. (2020: DKK 3,130.6 mill.) of bonds at fair value from level 1 to level 2 as a result of infrequent price updates. Conversely, DKK 875.1 mill. (2020: DKK 2,378.2 mill.) was transferred from level 2 to level 1, as frequent price updates have been observed.

Apart from the above, there have been no significant transfers between the three fair value levels in the first half-year of 2021.

Financial instruments recognised at amortised cost

Note 41 to the 2020 Annual Report provides information on differences between the carrying amount and the fair value of financial instruments recognised at amortised cost. No significant changes in the difference have occurred in the first half of 2021.

Note

25 Fair value measurement of financial instruments (continued)

	Group			
	Listed prices (level 1) DKK mill.	Observable input (level 2) DKK mill.	Non- observable input (level 3) DKK mill.	Total DKK mill.
Fair value hierarchy as at 30 June 2021				
Financial assets				
Bonds at fair value	18,638.2	10,552.0	0.0	29,190.2
Shares etc.	398.5	0.0	1,428.0	1,826.5
Assets linked to pooled schemes	15,686.4	707.5	0.0	16,393.9
Derivative financial instruments and spot transactions	14.6	110.5	0.0	125.0
Interest and commissions receivable	38.1	34.7	0.0	72.8
Total financial assets	34,775.8	11,404.6	1,428.0	47,608.4
Financial liabilities				
Deposits in pooled schemes	0.0	16,393.9	0.0	16,393.9
Other non-derivative financial liabilities at fair value	70.0	105.8	0.0	175.7
Derivative financial instruments and spot transactions	10.5	363.3	0.0	373.8
Interest and commissions due	0.8	1.8	0.0	2.6
Total financial liabilities	81.2	16,864.8	0.0	16,946.0
Fair value hierarchy as at 31 December 2020				
Financial assets				
Bonds at fair value	11,027.1	10,803.1	72.4	21,902.5
Shares etc.	490.8	0.0	688.6	1,179.4
Assets linked to pooled schemes	5,891.1	1,079.7	0.0	6,970.7
Derivative financial instruments and spot transactions	1.9	54.3	0.0	56.2
Interest and commissions receivable	47.3	35.5	0.5	83.2
Total financial assets	17,458.1	11,972.5	761.4	30,192.0
Financial liabilities				
Deposits in pooled schemes	0.0	6,970.7	0.0	6,970.7
Other non-derivative financial liabilities at fair value	0.0	0.0	0.0	0.0
Derivative financial instruments and spot transactions	0.0	341.3	0.0	341.4
Interest and commissions due	1.3	0.9	0.0	2.2
Total financial liabilities	1.3	7,312.9	0.0	7,314.3

Note

25 Fair value measurement of financial instruments (continued)

	Group First half-year 2021 DKK mill.	2020 DKK mill.
Non-observable input (level 3)		
Fair value brought forward	761.4	774.2
Value adjustments recognised in the income statement *)	26.7	17.5
Net change in interest and commissions receivable	-0.5	-0.3
Purchase	0.1	38.5
Sale	-88.0	-97.6
Transfers from level 2	0.0	29.2
Additions on acquisition of subsidiary	759.4	0.0
Other disposals	-31.1	0.0
Fair value carried forward	1,428.0	761.4

*) Of which DKK 8.0 mill. (2020: DKK 17.0 mill.) is attributable to assets held at the end of the accounting period.

26 Transactions with related parties

In the first half-year of 2021, the Bank issued a primary guarantee for Ejendomsselskabet Sluseholmen A/S of DKK 92.8 mill.

In connection with the increase in capital in May 2021, shareholders with significant influence acquired further shares totalling DKK 597.6 mill.

As a consequence of the merger between Den Jyske Sparekasse A/S and Vestjysk Bank A/S on 13 January 2021, the Bank's bond portfolio of nominally DKK 30.0 mill. (SNP instrument issued by Den Jyske Sparekasse A/S) has become a balance with a related party.

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

See the 2020 Annual Report for a more detailed definition and description of transactions with related parties.

Note		First half-year	2020
		2021	
		DKK mill.	DKK mill.
27	Group overview		
	Parent Company Aktieselskabet Arbejdernes Landsbank, Copenhagen		
	Group companies		
	AL Finans A/S, Copenhagen		
	Voting share and ownership interest (%)	100	100
	Results	14.0	22.2
	Equity	322.0	308.0
	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.		
	Ejendomsselskabet Sluseholmen A/S, Copenhagen		
	Voting share and ownership interest (%)	100	100
	Results	-2.3	-0.1
	Equity	10.3	12.6
	The subsidiary is currently inactive, but at the end of 2020 it acquired a land parcel.		
	Vestjysk Bank A/S, Herning		
	Voting share and ownership interest (%)	65	32
	Results	723.7	302.6
	Equity	5,049.5	3,244.9
	Vestjysk Bank A/S carries out banking activities aimed at both private and business customers, primarily in mid and west Jutland.		
	Associated companies		
	TestaViva ApS, Copenhagen		
	Voting share and ownership interest (%)	39	39
	&Money ApS, Copenhagen		
	Voting share and ownership interest (%)	25	33

Note	First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	2020 DKK mill.
28	Financial and operating data for the Group		
Income statement			
Net interest income	662.2	513.8	1,070.1
Net fee and commission income	472.7	345.5	699.5
Value adjustments and dividend	157.4	-81.6	284.9
Other operating income	264.0	33.6	70.0
Profit from equity investments in associated companies	89.2	42.7	103.1
Total income	1,645.5	853.9	2,227.6
Costs and depreciation/amortisation	-970.8	-828.5	-1,767.1
Impairments on loans and receivables etc.	48.5	-115.8	-78.6
Total costs	-922.3	-944.3	-1,845.7
Profit/loss before tax	723.2	-90.3	382.0
Tax	-87.9	26.2	-52.0
Profit/loss for the period	635.3	-64.2	330.0
Selected balance sheet items			
Loans and other receivables at amortised cost	40,872.7	22,693.9	23,817.7
Bonds at fair value	29,190.2	22,497.2	21,902.5
Total assets	105,399.9	61,667.9	62,913.3
Deposits incl. pooled schemes	87,207.7	50,950.3	52,044.6
Equity	11,457.4	6,723.4	7,125.2
Other financial and operating data			
Net interest and fee income	1,181.9	896.0	1,826.6
Value adjustments	110.4	-118.3	227.9
Staff and administrative expenses	-890.4	-757.5	-1,604.5
Own funds	11,428.5	6,935.9	7,413.1
Tier 1 capital	10,051.3	6,038.6	6,521.4
Common Equity Tier 1 capital	9,342.0	5,627.6	6,117.8
Exposures with credit risk	48,117.9	25,862.6	26,992.0
Exposures with market risk	6,311.6	5,914.4	5,373.4
Exposures with operational risk	3,605.1	3,720.4	3,605.1
Total risk exposure	58,034.6	35,497.3	35,970.5

Note		First half-year 2021	First half-year 2020	2020	
28	Ratios and key figures for the Group				
	Solvency				
	Capital ratio	%	19.7	19.5	20.6
	Tier 1 capital ratio	%	17.3	17.0	18.1
	Common Equity Tier 1 capital ratio	%	16.1	15.9	17.0
	Earnings				
	Return on equity before tax	%	8.4	-1.3	5.5
	Return on equity after tax	%	7.4	-0.9	4.7
	Ratio of operating income to operating expenses per DKK	DKK	1.78	0.90	1.21
	Earnings per share	DKK	0.58	-285.71	994.9
	Diluted earnings per share	DKK	0.58	-285.71	994.9
	Return on capital employed	%	0.8	-0.1	0.5
	Market risk				
	Interest-rate risk	%	1.5	1.8	1.8
	Currency position	%	1.0	1.5	1.0
	Currency risk	%	0.0	0.0	0.0
	Liquidity				
	Loans plus impairments in relation to deposits	%	47.7	46.3	47.4
	Liquidity coverage ratio (LCR)	%	288.2	321.3	274.1
	Credit				
	Sum of large exposures	%	63.9	77.5	78.5
	Impairment ratio for the period	%	-0.1	0.3	0.2
	Lending growth for the period	%	71.6	-0.3	4.6
	Loans in relation to equity		3.6	3.4	3.3
	Equity				
	Net asset value per share	DKK	4.34	21,464.33	22,828.06
	Proposed dividend per share	DKK	0.00	0.00	0.00
	Employees				
	Average number of employees during the accounting period converted to full-time equivalents		1,807	1,152	1,156
	See note 29 for definitions of ratios and key figures.				

Note	First half-year 2021 DKK mill.	First half-year 2020 DKK mill.	2020 DKK mill.
28	Financial and operating data for the Bank		
Income statement			
Net interest income	495.2	459.3	958.6
Net fee and commission income	394.8	325.3	657.6
Value adjustments and dividend	145.0	-81.1	285.5
Other operating income	243.1	17.1	34.3
Profit from equity investments in associated companies and group companies	105.8	49.6	125.2
Total income	1,383.9	770.2	2,061.3
Costs and depreciation/amortisation	-787.6	-759.4	-1,622.4
Impairments on loans and receivables etc.	115.8	-105.3	-66.4
Total costs	-671.8	-864.7	-1,688.8
Profit/loss before tax	712.0	-94.5	372.5
Tax	-89.3	30.3	-42.5
Profit/loss for the period	622.7	-64.2	330.0
Selected balance sheet items			
Loans and other receivables at amortised cost	24,358.8	22,314.0	23,474.8
Bonds at fair value	20,634.9	22,497.2	21,902.5
Total assets	67,352.0	61,457.6	62,703.9
Deposits incl. pooled schemes	53,945.3	50,840.1	51,959.5
Equity	9,523.2	6,723.4	7,125.2
Other financial and operating data			
Net interest and fee income	931.6	821.3	1,673.3
Value adjustments	103.4	-117.8	228.5
Staff and administrative expenses	-734.0	-708.5	-1,501.3
Own funds	10,313.6	6,952.4	7,431.8
Tier 1 capital	9,413.6	6,055.1	6,540.1
Common Equity Tier 1 capital	8,984.6	5,644.0	6,136.3
Exposures with credit risk	31,547.8	26,677.1	27,908.4
Exposures with market risk	4,836.8	5,916.9	5,371.3
Exposures with operational risk	3,266.6	3,395.6	3,266.6
Total risk exposure	39,651.2	35,989.6	36,546.3

Note		First half-year 2021	First half-year 2020	2020	
28	Ratios and key figures for the Bank				
	Solvency				
	Capital ratio	%	26.0	19.3	20.3
	Tier 1 capital ratio	%	23.7	16.8	17.9
	Common Equity Tier 1 capital ratio	%	22.7	15.7	16.8
	Earnings				
	Return on equity before tax	%	8.6	-1.4	5.3
	Return on equity after tax	%	7.5	-1.0	4.7
	Ratio of operating income to operating expenses per DKK	DKK	2.06	0.89	1.22
	Earnings per share	DKK	0.58	-285.71	994.9
	Diluted earnings per share	DKK	0.58	-285.71	994.9
	Return on capital employed	%	1.0	-0.1	0.5
	Market risk				
	Interest-rate risk	%	1.0	1.8	1.8
	Currency position	%	0.9	1.6	1.0
	Currency risk	%	0.0	0.0	0.0
	Liquidity				
	Loans plus impairments in relation to deposits	%	46.3	45.6	46.8
	Liquidity coverage ratio (LCR)	%	266.7	321.3	277.4
	Credit				
	Sum of large exposures	%	38.7	59.9	57.0
	Impairment ratio for the period	%	-0.3	0.3	0.2
	Lending growth for the period	%	3.8	-0.5	4.7
	Loans in relation to equity		2.6	3.3	3.3
	Equity				
	Net asset value per share	DKK	4.34	21,464.33	22,828.06
	Proposed dividend per share	DKK	0.00	0.00	0.00
	Employees				
	Average number of employees during the accounting period converted to full-time equivalents		1,059	1,069	1,071
	See note 29 for definitions of ratios and key figures.				

Note

29 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 =	$\frac{\text{Tier 1 capital} \times 100}{\text{Total risk exposure}}$
Return on equity before tax =	$\frac{\text{Own funds} \times 100}{\text{Total risk exposure}}$

Income

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

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 =	$\frac{\text{Gross loans}}{\text{Deposit}}$
Liquidity coverage ratio (LCR) =	$\frac{\text{Liquid assets and easily realisable assets} \times 100}{\text{Amounts due within 30 days}}$

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 =	$\frac{(\text{Loans, excl. reverse transactions c/fwd} - \text{Loans, excl. reverse transactions b/fwd}) \times 100}{\text{Loans excl. reverse transactions brought forward}}$
Loans in relation to equity =	$\frac{\text{Loans}}{\text{Equity}}$

Note

29 Definitions of ratios and key figures (continued)

Equity

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

Other financial ratios and key figures

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

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

AKTIESELSKABET

 **Arbejdernes Landsbank**

CVR-nr. 31 46 70 12, Copenhagen

Panoptikonbygningen

Vesterbrogade 5 · 1502 Copenhagen V.

Phone +45 38 48 48 48 · www.al-bank.dk