

Interim report – first half 2014



Interim Report 2014

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GERT R. JONASSEN
Chief Executive

JAN W. ANDERSEN
Executive Bank Director



Arbejdernes Landsbank stronger than ever

Arbejdernes Landsbank has maintained its positive earnings growth of recent years, and with interim results of DKK 171 mill. after tax and a return on equity of 4.3% for the half year, the Bank is well on track to meeting expectations for the full year.

The Bank is continuing to see an influx of customers, and in the second half year of 2014 the Bank expects to reach a milestone, with 250,000 customers.

Our goal remains to deliver one of Denmark's most attractive range of services and these must cater for all customers; carefully aligned to each customer's individual needs. For we are still a bank for everyone. This is a pivotal part of the values base upon which our bank is built, and we are convinced that this will attract appreciation for the Bank from both customers and other important stakeholders.

We will continue to target work to expand our platform as a reliable and professional partner for small and medium-sized corporate customers. We will do this by adapting our organisation, developing the competences required, and above all meeting our customers on their own terms in order to secure close customer relationships and to establish prudent financial exposures. Our philosophy for corporate customers is no different than that for private customers: we will only get involved in projects both we and our customers fully understand, and projects based on a solid, sustainable foundation.

Arbejdernes Landsbank is extremely busy, and thanks to competent and dedicated employees, activities are managed without compromising our concept that good service and professional advice are a matter of course.

This is rubbing off on the Bank's business, and the sum of loans, deposits and guarantees etc. has risen by 5% or DKK 2.5 bn. since the turn of the year. The DKK 1.3 bn. growth in deposits in particular lies behind this high level.

The Group continues to maintain considerable excess liquidity of DKK 9.9 bn. against DKK 10.6 bn. at the start of the year.

The Group solvency ratio at the end of June was 15.2%; the same figure as the Tier 1 capital ratio. The solvency need is 9.5% and Arbejdernes Landsbank's financial ratios are deemed satisfactory, even after implementation of the latest tightening of regulations in the wake of the financial crisis.

The Group interim results of DKK 192.1 mill. before tax meet our expectations for the half year of around DKK 150 mill. before tax. Returns on our securities portfolio developed more favourably than anticipated.

Expectations for the profit before tax for the full year remain unchanged at DKK 350-400 mill. after taking into account continued low interest rates and more intense competition.

On behalf of the Board of Directors

Poul Erik Skov Christensen

Chairman of the Board of Directors



POUL ERIK SKOV CHRISTENSEN
Former Trade Union President

A/S Arbejdernes Landsbank - Group

Financial and operating data

	30.06.2014	30.06.2013	31.12.2013
	DKK '000	DKK '000	DKK '000
Income statement - according to the core earnings model			
Net interest income	560,629	576,262	1,174,921
Net fee and commission income etc.	230,829	182,324	410,378
Core earnings, excl. trading earnings	791,458	758,586	1,585,299
Trading earnings	53,280	42,274	102,805
Total core earnings	844,738	800,860	1,688,104
Staff costs	-364,942	-348,483	-699,863
Administrative expenses and depreciation/amortisation	-285,479	-268,347	-570,894
Core profit before write-downs	194,317	184,030	417,347
Write-downs on loans etc.	-160,773	-88,924	-235,493
Core profit	33,544	95,106	181,854
Investment portfolio earnings, excl. investment securities	89,056	138,491	289,822
Investment securities	92,153	62,304	86,940
Profit before sector solutions	214,753	295,901	558,616
Contributions to sector solutions	-22,647	-21,422	-41,603
Profit before tax	192,106	274,479	517,013
Tax	-21,083	-44,612	-93,651
Profit	171,023	229,867	423,362
Other financial and operating data			
Net interest and fee income	803,483	770,222	1,580,141
Value adjustments	107,979	131,408	278,719
Staff and administration expenses	-595,826	-572,752	-1,152,574
Profit from equity investments in associates and group companies	56,197	66,396	112,645
Loans and other receivables at amortised cost	18,258,155	18,459,557	18,148,528
Bonds at fair value	14,361,786	12,410,705	12,748,674
Deposits incl. pools	29,454,732	26,955,653	28,145,612
Issued bonds at amortised cost	262,158	3,113,675	262,158
Subordinated debt	828,950	720,950	725,950
Equity	4,040,383	3,732,080	3,929,360
Total assets	39,794,475	38,191,458	37,648,464
Total contingent liabilities	4,288,057	3,942,585	3,226,520

A/S Arbejdernes Landsbank - Group Financial ratios

		30.06.2014	30.06.2013	31.12.2013
Financial ratios				
Solvency				
Solvency ratio	%	15.2	13.3	14.9
Tier 1 capital ratio	%	15.2	12.5	14.0
Earnings				
Return on equity before tax	%	4.8	7.5	13.7
Return on equity after tax	%	4.3	6.3	11.2
Ratio of operating income to operating expenses per DKK	DKK	1.23	1.37	1.33
Rate of return for the half year	%	0.4	0.6	1.1
Earnings per DKK 1,000 nominal share value	DKK	570.1	766.2	1,411.2
Market risk				
Interest-rate risk	%	-1.4	-1.3	-1.8
Currency position	%	4.1	3.0	4.4
Currency risk	%	0.0	0.1	0.1
Liquidity				
Loans plus write-downs in relation to deposits	%	66.8	72.8	69.0
Excess liquidity in relation to statutory requirements for liquidity	%	229.1	290.0	261.2
Credit				
Sum of large exposures	%	32.3	72.0	46.4
Write-down ratio for the half year	%	0.7	0.4	1.1
Growth in loans for the half year	%	0.6	4.0	2.3
Loans in relation to equity	%	4.5	4.9	4.6
Equity				
Equity value	DKK	1,346.8	1,244.0	1,309.8
Proposed dividend per DKK 1,000 nominal share value	DKK	0.0	0.0	200.0
Employees				
The average number of staff for the half year converted into full-time employees		1,082	1,068	1,076



First half year of 2014 for the Arbejdernes Landsbank Group

Profit for the period

Profit after tax was DKK 171 mill. which exceeds the expectations at the start of the year. Both core earnings before write-downs and the return on the investment portfolio are higher than anticipated. However, the continued high level of write-downs tones down the optimism and makes it clear that many customers are still struggling with financial challenges.

During the inspection of the Bank by the Danish Financial Supervisory Authority in spring 2014, the level of write-downs and provisions was tested, and the Bank has adjusted its statements in line with the Authority's observations, which primarily included a tightening of the assessment of the value of associated collateral.

On the basis of the core earnings model on page 4, operating profits for the Group are characterised as follows:

- Net interest income shows a small decline of DKK 15.6 mill. as a consequence of stagnation in the loan portfolio.
- Fees and other income increased by DKK 48.5 mill., of which DK 11.6 mill. is attributable to increasing activity with Totalkredit, a profit of DKK 13.5 mill. from the sale of two properties in Aalborg and Vejle, as well as increasing activity in the subsidiary AL Finans A/S by DKK 12.8 mill.
- Staff costs increased by DKK 16.5 mill. as a consequence of new branch openings and the takeover of 22 employees from Østjydsk Bank in June 2013, increased payroll taxes and new collective agreements.
- Administrative expenses increased by DKK 17.1 mill., which is primarily related to the growth phase experienced by the Group in recent years.
- Write-downs amounted to DKK 160.8 mill., which is higher than expected; the inspection by the Danish Financial Supervisory Authority in the spring resulted in adjustments to selected customers and customer group.

- Investment portfolio earnings continued to generate a handsome return of DKK 89.1 mill., though lower than at the same time in the previous year where the result was DKK 138.5 mill.
- However, investment securities showed an increase of DKK 29.8 mill. to DKK 92.2 mill., of which the sale of the Bank's shares in Nets provided a gain of DKK 38.6 mill.
- Contribution to sector solutions amounted to DKK 22.6 mill. which is at the same level as for the first half year of 2013.

Balance sheet

The Group balance sheet total amounted to DKK 39.8 bn. at the end of the first half of 2014, against DKK 37.6 bn. at the end of 2013.

Total loans amounted to DKK 18.3 bn. against DKK 18.1 bn. at the end of 2013, with a considerable rise in lending, as well as significant repayments of loans.

The sum of large exposures with customers amounting to 10% or more of own funds amounted to 32% of own funds and comprised three exposures.

Deposits including savings in pools were DKK 29.5 bn., demonstrating growth of DKK 1.3 bn. compared to the end of 2013. We see this as confirmation that we offer competitive terms and that our customers feel secure with Arbejdernes Landsbank.

The securities portfolio in the form of bonds, shares, etc. and investments in associates increased to DKK 16.2 bn. against DKK 14.5 bn. at the beginning of the year.

Business model

The Group has a sustainable business model addressing individuals, associations, organisations as well as small and medium-sized businesses, and these are serviced from a nationwide network of 70 branches.

Own funds and solvency need

According to legislation, the Group's own funds must support its business model and risk profile. The business model is unchanged in relation to the description in the 2013 annual report. The management has chosen to calculate credit and market risk according to the standard method, and operational risk according to the basic indicator approach. The management assesses that there is currently no need to apply more advanced methods to calculate risks.

According to the Financial Business Act, the board of directors and the board of management (executive management) must ensure that the bank has adequate own funds, which is the capital that, in the view of the management, as a minimum, must be present to cover all significant risks.

The new regulations introduced from 1 January 2014 for capital in banks have tightened the requirement for equity, and in the long term, further requirements for liquidity and gearing will be set. The Group's own funds is affected by the introduction of new capital adequacy rules on the basis of EU directives and regulations. Own funds for use in the solvency calculations as at the end of June were calculated at DKK 4,359 mill., in which the interim results after tax and deductions for estimated dividends of DKK 56.4 mill. are recognised at DKK 114.6 mill.

Compared with the calculation under the former regulations of the own funds as at the end of 2013, this is an increase of DKK 378 mill. The risk exposure (risk-weighted exposures) amounted to DKK 28.7 bn. In total, the Group's solvency increased by 0.3 percentage points to 15.2% in relation to 31 December 2013. There has been a tightening of the rules, but a number of transitional schemes alleviate the effect of this.

As at 30 June 2014, the Bank's equity amounted to DKK 4,040 mill. This is an increase of DKK 111 mill. compared with 31 December 2013, which is attributable to the positive operating profit in the first half year of 2014 less the 2013 dividend paid.

The individual solvency need has been calculated at 9.5% and this is in accordance with guidelines from the Danish Financial Supervisory Authority. Management has set a solvency target of at least a constant 2.5 percentage points above the solvency need.

Please see the Bank's website www.al-bank.dk for a description of the solvency need, as well as the calculation methods applied as at the end of June 2014.

As a consequence of the phasing-in of new capital requirement regulations from 1 January 2014, management has prepared a capital plan which assesses the extent to which the current capital is adequate to manage the higher minimum capital requirements as well as higher demands for the quality of capital. Because of the new requirements, the Bank redeemed a subordinated loan of DKK 328 mill. during 2014 and took up new Additional Tier 1 capital amounting to DKK 429 mill.

The Group capital can be compared with the capital requirements and illustrated as follows:

	Own funds	Own funds	Formal requirements		
	in % Group	in % Bank	2014	2015	2019*
Common Equity					
Tier 1 capital	13.4	13.4	4.0	4.5	9.5
Tier 1 capital	15.2	15.2	5.5	6.0	11.0
Solvency	15.2	15.2	8.0	8.0	13.0
Solvency need	9.5	9.5	> 8	> 8	> 8

* Of which, the capital preservation buffer/contra cyclical buffer is fully included.

Risk management and uncertainty

The Board of Directors is responsible for ensuring effective risk management – including that significant risks are identified, that systems are developed for risk management, and that a risk management policy and a risk framework are laid down.

Reporting on significant risks is part of the regular reporting to the Board of Directors. In this context, see note 4 in the annual report for 2013 in which the most important risk factors are described. The Executive Management are responsible for ongoing risk management, including identifying and assessing individual risks associated with the Group's business activities. Every year, the Group issues a risk report, which is available in English on the Bank's website at [Group Risk Report 2013](#).

There have been no events during the first half year of 2014 which have been significantly detrimental to the Group risk profile.

Changes in the economic climate have an impact on realising expectations regarding the level of write-downs. Uncertainty with regard to realisation of the expectations for the remaining part of 2014 is linked in particular to developments in the market situation regarding interest rates and credit spread, as well as the need for write-downs on loans and receivables.

Uncertainty is also linked to the number of credit institutions transferred to winding-up via the Financial Stability Company, which burdens the healthy credit institutions through requirements to replenish the capital in the Guarantee Fund for Depositors and Investors.

Liquidity

The Group must report the new liquidity requirement (LCR) according to the new capital adequacy rules from 2014 but is not required to meet them until from 2016. Some elements of the regulations have not been conclusively established, however, preliminary test calculations based on current requirements show that the Group has significant excess cover in cash resources in relation to the new LCR regulations.

The supervisory diamond

The supervisory diamond from the Danish Financial Supervisory Authority lays down a number of special risk areas and related benchmarks in the form of financial ratios with specific limit values, which a bank should generally comply with.

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

Arbejdernes Landsbank A/S complies with all the benchmarks of the supervisory diamond, as presented below.

The supervisory diamond*)	Limit values	The Bank
Stable funding	< 1	0.6
Excess liquidity	> 50	229
Large exposures	< 125	32
Growth in loans	< 20	-1
Property exposures	< 25	8

*) The definition of the financial ratios is explained on page 29

Related parties

Arbejdernes Landsbank's related parties with significant influence include the Bank's Board of Directors and Executive Management, including parties related to these as well as associates. Related parties also include shareholders who own more than 20% of the Bank's shares or have more than 20% of the voting rights.

Transactions with related parties are defined as ordinary financial business activities and operational services. Transactions with related parties are made at arm's length or calculated on the basis of actual costs. Please refer to the 2013 Annual Report for a more detailed description of transactions with related parties.

The Bank had no large transactions with closely related parties in the first half year of 2014.

Outlook for 2014

Group expectations for the 2nd half of 2014 are characterised by conservative optimism, and the outlook for the economy can be described as moderately positive.

We can see that our customers are still reluctant to take out further loans, and the current level of lending is solely being maintained through activities related to growth-promotion initiatives. Arbejdernes Landsbank has a good reputation and, combined with attractive prices, this is helping maintain and develop deposits. Therefore the Bank has relatively large liquidity reserves, and these have primarily been invested in Danish and foreign mortgage and corporate bonds. The interest rate risk is hedged regularly using interest derivatives.

Good reports about increased economic activity from our branches throughout Denmark, and slowly budding economic optimism in society in general have motivated our positive outlook for the final half year of 2014. We also believe that the stock markets will remain stable and we thus maintain our expectations that total profit before tax for 2014 will be around DKK 350-400 mill.



Statement by management

The Board of Directors and Executive Management have today discussed and approved the interim report of Aktieselskabet Arbejdernes Landsbank and the Group for the period 1 January to 30 June 2014.

The interim financial statements are presented in accordance with IAS 34; Interim Financial Reporting, as approved by the EU. The Parent Company's interim financial statements and the management's review have been prepared in accordance with the Financial Business Act. In addition, the interim report has been prepared in accordance with Danish disclosure requirements for interim financial reports of financial companies which have issued listed securities.

In our opinion, the consolidated interim financial statements and the interim financial statements for the Parent Company provide a fair presentation of the assets, liabilities and financial position of the Group and Parent Company as at 30 June 2014, as well as of the results of the activities and cash flows of the Group and Parent Company for the period from 1 January to 30 June 2014.

We also believe that the management's review provides a true and fair report of the development of the activities, financial situation of the Group and the Parent Company for the undertakings covered by the consolidated financial statements, as well as a description of the most significant risks and uncertainty factors that may influence the Group and the Parent Company.

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

Copenhagen, 19 August 2014

Executive Management:

Gert R. Jonassen
Chief Executive

Jan W. Andersen

The Board of Directors:

Poul Erik Skov Christensen
Chairman

Claus Jensen

John Markussen
Employee representative

Lars Andersen

Mette Kindberg

Jesper Pedersen
Employee representative

Harald Børsting

Torben Möger Pedersen

Henrik Thagaard
Employee representative

Per Christensen

Niels Sørensen

Lasse Thorn
Employee representative

Income statement and comprehensive income

Note		Group		Bank	
		30.06.2014 DKK '000	30.06.2013 DKK '000	30.06.2014 DKK '000	30.06.2013 DKK '000
Income statement					
6	Interest income	710,835	717,015	658,336	669,753
7	Interest expenses	-155,158	-156,199	-155,071	-156,065
	Net interest income	555,677	560,816	503,265	513,688
	Dividends from shares etc.	33,621	48,938	33,621	48,938
8	Fee and commission income	234,091	196,093	207,738	170,719
	Fees and commissions paid	-19,906	-35,625	-2,840	-21,200
	Net interest and fee income	803,483	770,222	741,784	712,145
9	Value adjustments	107,979	131,408	106,443	127,495
	Other operating income	65,959	42,065	30,952	18,722
10	Staff and administration expenses	-595,826	-572,752	-553,607	-527,587
	Amortisation/depreciation as well as write-downs for impairment on intangible assets and property, plant and equipment	-35,410	-28,429	-9,581	-5,749
11	Other operating expenses	-49,503	-45,507	-49,503	-45,507
12	Write-downs on loans and receivables etc.	-160,773	-88,924	-158,435	-84,225
13	Profit from equity investments in associates and group companies	56,197	66,396	75,814	74,761
	Profit before tax	192,106	274,479	183,867	270,055
14	Tax	-21,083	-44,612	-12,844	-40,188
	Profit for the period	171,023	229,867	171,023	229,867
Comprehensive income					
	Profit for the period	171,023	229,867	171,023	229,867
	Other comprehensive income for the period	0	0	0	0
	Total comprehensive income for the period	171,023	229,867	171,023	229,867

Balance sheet

Note	Group		Bank		
	30.06.2014 DKK '000	31.12.2013 DKK '000	30.06.2014 DKK '000	31.12.2013 DKK '000	
Assets					
	Cash in hand and demand deposits with central banks	756,616	664,402	756,609	664,400
	Receivables from credit institutions and central banks	2,029,479	2,043,890	2,029,273	2,043,615
	Loans and other receivables at amortised cost	18,258,155	18,148,528	18,152,603	18,051,773
	Bonds at fair value	14,361,786	12,748,674	14,361,786	12,748,674
	Shares etc.	1,063,625	999,127	1,063,625	999,127
	Investments in associates	759,595	719,917	759,595	719,917
	Investments in group companies	0	0	172,180	152,567
	Assets linked to pooled schemes	846,722	652,520	846,722	652,520
	Intangible assets	38,826	43,894	21,535	24,338
	Total land and buildings	733,981	746,325	733,981	746,325
	Investment properties	55,332	55,332	55,332	55,332
	Owner-occupied properties	678,649	690,993	678,649	690,993
	Other property, plant and equipment	193,316	189,837	78,799	75,912
	Current tax assets	2,958	0	38,545	12,916
	Deferred tax assets	6,466	5,811	22,651	28,558
	Other assets	689,477	659,258	655,426	623,774
	Accruals	53,473	26,281	50,348	23,550
	Total assets	39,794,475	37,648,464	39,743,678	37,567,966
Liabilities					
	Debt				
	Debt to credit institutions and central banks	3,038,004	2,596,125	3,038,004	2,596,125
	Deposits and other debt	28,608,010	27,493,092	28,605,550	27,482,099
	Deposits in pooled schemes	846,722	652,520	846,722	652,520
16	Issued bonds at amortised cost	262,158	262,158	261,164	261,164
	Current tax liabilities	0	7,871	0	0
	Other liabilities	2,073,997	1,869,215	2,036,051	1,817,454
	Accruals	22,863	30,837	13,466	22,039
	Total debt	34,851,754	32,911,818	34,800,957	32,831,401
	Provisions				
	Provisions for pensions and similar liabilities	7,600	7,600	7,600	7,600
	Provisions for losses on guarantees	16,808	17,512	16,808	17,512
	Other provisions	48,980	56,224	48,980	56,143
	Total provisions	73,388	81,336	73,388	81,255
	Subordinated debt				
	Subordinated debt	828,950	725,950	828,950	725,950
17	Total subordinated debt	828,950	725,950	828,950	725,950
	Equity				
	Share capital	300,000	300,000	300,000	300,000
	Revaluation reserves	207,378	207,378	207,378	207,378
	Other reserves	569,405	569,405	709,140	709,140
	Statutory reserves	569,405	569,405	709,140	709,140
	Retained earnings or losses	2,963,600	2,792,577	2,823,865	2,652,842
	Proposed dividend	0	60,000	0	60,000
	Total equity	4,040,383	3,929,360	4,040,383	3,929,360
	Total liabilities	39,794,475	37,648,464	39,743,678	37,567,966

Changes in equity - Group

	Share capital DKK '000	Revaluation reserves DKK '000	Reserves DKK '000	Retained earnings DKK '000	Dividends DKK '000	Total DKK '000
Equity brought forward 2014	300,000	207,378	569,405	2,792,577	60,000	3,929,360
Profit for the period				171,023		171,023
Other comprehensive income						
Total comprehensive income				171,023		171,023
Dividend paid for 2013					-60,000	-60,000
Total changes in equity				171,023	-60,000	111,023
Equity as at 30 June 2014	300,000	207,378	569,405	2,963,600	0	4,040,383
Equity brought forward 2013	300,000	203,593	476,160	2,522,460	105,000	3,607,213
Profit for the period				229,867		229,867
Other comprehensive income						0
Total comprehensive income				229,867		229,867
Dividend paid for 2012					-105,000	-105,000
Total changes in equity				229,867	-105,000	124,867
Equity as at 30 June 2013	300,000	203,593	476,160	2,752,327	0	3,732,080
Equity brought forward 2013	300,000	203,593	476,160	2,522,460	105,000	3,607,213
Profit for the year			93,245	270,117	60,000	423,362
Other comprehensive income		3,785				3,785
Total comprehensive income		3,785	93,245	270,117	60,000	427,147
Dividend paid for 2012					-105,000	-105,000
Total changes in equity		3,785	93,245	270,117	-45,000	322,147
Equity at the end of 2013	300,000	207,378	569,405	2,792,577	60,000	3,929,360

Changes in equity - Bank

	Share capital DKK '000	Revaluation reserves DKK '000	Reserves DKK '000	Retained earnings DKK '000	Dividends DKK '000	Total DKK '000
Equity brought forward 2014	300,000	207,378	709,140	2,652,842	60,000	3,929,360
Profit for the period				171,023		171,023
Other comprehensive income						
Total comprehensive income				171,023		171,023
Dividend paid for 2013					-60,000	-60,000
Total changes in equity				171,023	-60,000	111,023
Equity as at 30 June 2014	300,000	207,378	709,140	2,823,865	0	4,040,383
Equity brought forward 2013	300,000	203,593	579,210	2,419,410	105,000	3,607,213
Profit for the period				229,867		229,867
Other comprehensive income						0
Total comprehensive income				229,867		229,867
Dividend paid for 2012					-105,000	-105,000
Total changes in equity				229,867	-105,000	124,867
Equity as at 30 June 2013	300,000	203,593	579,210	2,649,277	0	3,732,080
Equity brought forward 2013	300,000	203,593	579,210	2,419,410	105,000	3,607,213
Profit for the year			129,930	233,432	60,000	423,362
Other comprehensive income		3,785				3,785
Total comprehensive income		3,785	129,930	233,432	60,000	427,147
Dividend paid for 2012					-105,000	-105,000
Total changes in equity		3,785	129,930	233,432	-45,000	322,147
Equity at the end of 2013	300,000	207,378	709,140	2,652,842	60,000	3,929,360

Cash flow statement *)

Note	Group		Bank	
	30.06.2014 DKK '000	30.06.2013 DKK '000	30.06.2014 DKK '000	30.06.2013 DKK '000
Profit before tax for the period	192,106	274,479	183,867	270,055
Adjustment for non-cash operating items				
Depreciation, amortisation and write-downs of intangible assets	7,429	2,648	2,803	213
Depreciation, amortisation and revaluations of property, plant and equipment	27,981	25,781	6,778	5,536
Write-downs on loans etc.	160,773	88,924	158,435	84,225
Net profit for the period adjusted for non-cash operating items	388,289	391,832	351,883	360,029
Loans and receivables with credit institutions, etc.	-273,305	-305,776	-262,694	-294,026
Bonds and shares	-1,677,610	1,370,259	-1,677,610	1,370,259
Deposits and debt to credit institutions, etc.	1,750,999	1,073,490	1,759,532	1,070,824
Other working capital	-110,016	-79,796	-116,922	-73,016
Corporation tax paid	-30,000	-35,000	-30,000	-35,000
Change in working capital	-339,932	2,023,177	-327,694	2,039,041
Cash flows from operating activities	48,357	2,415,009	24,189	2,399,070
Purchases of intangible assets	-2,360	-726	0	0
Acquisition of property, plant and equipment	-46,918	-37,842	-9,466	-4,783
Sales of property, plant and equipment	27,802	21,513	12,144	4,364
Acquisition and sale of associates and group companies	0	-20,572	0	-20,572
Cash flows from investment activities	-21,476	-37,627	2,678	-20,991
Issued bonds	103,000	22,879	103,000	22,879
Dividend paid	-60,000	-105,000	-60,000	-105,000
Cash flows from financing activities	43,000	-82,121	43,000	-82,121
Change in cash and cash equivalents	69,881	2,295,261	69,867	2,295,958
Cash and cash equivalents brought forward	2,687,005	1,318,406	2,686,943	1,317,430
Cash and cash equivalents carried forward	2,756,886	3,613,667	2,756,810	3,613,388

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

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Notes to the interim financial statements

NOTE 1

Accounting policies

The interim financial statements for the Group are presented in accordance with IAS 34; Interim Financial Reporting, as adopted by the EU, as well as the IFRS executive order on financial undertakings. The interim financial statements for the Parent Company are presented in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. The interim financial statements for the Group and the Parent Company are also presented in accordance with additional Danish disclosure requirements for interim reports for financial undertakings which have issued listed securities.

Apart from the information provided below, the accounting policies in this interim report are unchanged in relation to the accounting policies in the consolidated financial statements and the Parent Company's financial statements for 2013. The consolidated annual report for 2013 was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further Danish disclosure requirements for annual reports of listed financial undertakings, and for the Parent Company in accordance with the Danish Financial Business Act as well as Danish disclosure requirements for annual reports of financial undertakings which have issued listed securities.

We refer to the annual report for 2013 for further descriptions of the accounting policies.

Changes in accounting policies

As of 1 January 2014, Arbejdernes Landsbank has implemented the following new and changed standards and interpretations:

- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint Arrangements*
- IFRS 12, *Disclosure of Interests in Other Entities*
- Amended IAS 27, *Separate Financial Statements*
- Amended IAS 28, *Investments in Associates and Joint Ventures*
- Amended IAS 32, *Financial Instruments: Presentation (Offsetting in financial assets and financial liabilities)*
- IFRIC 21, *Levies*
- Amended IAS 39, *Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)*

Implementation of the new and changed standards has not led to changes in accounting policies.

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

NOTE 2

Significant accounting estimates, assumptions and uncertainties and significant changes in accounting estimates

These interim financial statements have been prepared on the basis of certain specific assumptions resulting in the use of accounting estimates. These estimates are made by the management in accordance with accounting policies and on the basis of historical experience as well as assumptions considered reasonable and realistic by the management. The assumptions may be incomplete, and unexpected future events or circumstances may occur and other parties may make other estimates. The areas involving a higher degree of assessment or complexity, or areas where assumptions and estimates are significant for the financial statements are stated below. If these assumptions are changed, financial reporting may be affected and this impact may be significant. Changes may occur if the authorities make a change in practice, and the same applies in relation to changed principles from management as well as changed time horizons.

The most significant estimates made by the management in connection with recognition and measurement of these assets and liabilities, and the most significant estimation uncertainties in connection with preparing the interim report for 2014, are the same as for preparing the annual report for 2013:

- Write-downs on loans and receivables, as well as provisions for losses on guarantees.
- Measurement of unlisted shares and certain bonds.
- Measurement of investment properties and owner-occupied properties.
- Fair value of certain listed financial instruments.

Please refer to the 2013 annual report for a description of the accounting estimates.

Unusual circumstances

The interim report for the first half year of 2014 has been affected by the following unusual circumstances:

■ Sale of shares in Nets

The interim financial statements for 2014 recognise a capital gain of DKK 38.6 mill. in the expectation that the sale of Nets is on the terms agreed.

■ Write-downs

In connection with the inspection at the Bank by the Danish Financial Supervisory Authority, the Danish FSA's preliminary notifications have been included in these interim financial statements. In connection with the final conclusion in Q3, any adjustments will be made. The budget for the second half of 2014 has been adjusted in accordance herewith.

NOTE 3

Events after expiry of the accounting period

Other than the circumstances mentioned above, no events have been assessed to have taken place in the expectations for the rest of 2014 which significantly affect the financial position of the Group or the Bank.

Note	Group		Bank	
	30.06.2014 DKK '000	31.12.2013 DKK '000	30.06.2014 DKK '000	31.12.2013 DKK '000
4	Capital and solvency			
	Transformation from equity to own funds			
	Common Equity Tier 1 capital			
	Equity including profit for the half year	4,040,383		4,040,383
	Reserved dividend 2014	-56,437		-56,437
	Intangible assets	-38,826		-21,535
	Deduction for prudent valuation	-15,628		-15,628
	Capital instruments in financial entities	-68,888		-68,305
	Common Equity Tier 1 capital	3,860,604	3,612,277	3,878,478
	Hybrid capital	828,950		828,950
	Capital instruments in financial entities	-330,421		-327,586
	Tier 1 capital	4,359,133	3,728,032	4,379,842
	Tier 2 capital	0		0
	Own funds	4,359,133	3,981,216	4,379,842
	Capital requirement from pillar I (8%)	2,299,899	2,136,518	2,307,373
	Weighted items			
	Items with credit risk	19,014,895	17,754,198	19,442,667
	Items with market risk	6,498,931	5,717,369	6,459,924
	Items with operational risk	3,234,907	3,234,907	2,939,566
	Total weighted items	28,748,733	26,706,474	28,842,157
	Solvency ratio	15.2	14.9	15.2

From 2014 the solvency ratio is calculated according to CDR IV/CRR (Basel III). The new regulations have led to changes in the calculation of own funds and risk-weighted items. The comparative figures for 2013 have not been changed.

5 Segment information for the Group

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

Note	Group		Bank	
	30.06.2014 DKK '000	30.06.2013 DKK '000	30.06.2014 DKK '000	30.06.2013 DKK '000
6 Interest income				
Receivables from credit institutions and central banks	111	285	111	264
Loans at amortised cost	609,078	620,959	553,922	571,012
Interest on written-down exposures	-21,242	-12,879	-21,242	-12,879
Bonds	143,609	118,411	143,609	118,411
Derivative financial instruments				
Currency contracts	-11,191	2,360	-11,191	2,360
Interest-rate contracts	-9,331	-12,122	-6,674	-9,416
Total derivative financial instruments	-20,522	-9,762	-17,865	-7,056
Other interest income	-199	1	-199	1
Total interest income	710,835	717,015	658,336	669,753
Of which genuine purchase and resale transactions recognised under				
Receivables from credit institutions and central banks	-824	-679	-824	-679
Loans and other receivables	136	0	136	0
7 Interest expenses				
Debt to credit institutions and central banks	-4,917	-3,363	-4,917	-3,363
Deposits and other debt	-114,536	-116,398	-114,449	-116,262
Issued bonds	-3,408	-16,905	-3,408	-16,905
Subordinated debt	-32,258	-19,522	-32,258	-19,522
Other interest expenses	-39	-11	-39	-13
Total interest expenses	-155,158	-156,199	-155,071	-156,065
Of which genuine sale and repurchase transactions recognised under				
Debt to credit institutions and central banks	-18	-743	-18	-743
8 Fee and commission income				
Securities trading and custody accounts	40,550	34,518	40,550	34,518
Money transmission services	46,663	42,665	46,663	42,665
Loan fees	82,406	66,172	74,246	57,398
Guarantee commission	13,266	11,568	13,402	11,737
Other fees and commissions	51,206	41,170	32,877	24,401
Total fee and commission income	234,091	196,093	207,738	170,719
9 Value adjustments				
Bonds	251,324	25,267	251,324	25,267
Shares etc.	51,184	8,318	51,184	8,318
Currency	7,181	11,105	7,331	10,951
Derivative financial instruments				
Currency contracts	302	-1,254	302	-1,254
Interest-rate contracts	-203,753	90,338	-205,439	86,579
Share contracts	44	706	44	706
Total derivative financial instruments	-203,407	89,790	-205,093	86,031
Assets linked to pooled schemes	38,999	10,953	38,999	10,953
Deposits in pooled schemes	-38,999	-10,953	-38,999	-10,953
Other assets	1,697	-3,072	1,697	-3,072
Other liabilities	0	0	0	0
Total value adjustments	107,979	131,408	106,443	127,495

Note	Group		Bank		
	30.06.2014 DKK '000	30.06.2013 DKK '000	30.06.2014 DKK '000	30.06.2013 DKK '000	
10	Staff and administration expenses				
	Emoluments to the Board of Directors, Executive Management and Board of Representatives				
	Executive Management	-3,322	-3,035	-3,312	-3,025
	Board of Directors	-963	-861	-963	-861
	Board of Representatives	-264	-270	-264	-270
	Total	-4,549	-4,166	-4,539	-4,156
	Staff costs				
	Salaries	-298,890	-288,185	-273,087	-260,643
	Pensions	-31,930	-30,919	-29,527	-28,540
	Social security expenses	-3,257	-3,136	-3,089	-3,062
	Payroll tax	-31,800	-28,024	-29,972	-25,720
	Total	-365,877	-350,264	-335,675	-317,965
	Other administrative expenses	-225,400	-218,322	-213,393	-205,466
	Total staff and administration expenses	-595,826	-572,752	-553,607	-527,587
11	Other operating expenses				
	Expenses for the Guarantee Fund for Depositors and Investors	-22,647	-21,422	-22,647	-21,422
	Expenses for operating the Bank's properties	-23,287	-21,803	-23,287	-21,803
	Other operating expenses	-3,569	-2,282	-3,569	-2,282
	Total other operating expenses	-49,503	-45,507	-49,503	-45,507

Note	Group		Bank		
	30.06.2014	30.06.2013	30.06.2014	30.06.2013	
	DKK '000	DKK '000	DKK '000	DKK '000	
12	Write-downs on loans and provisions for guarantees, etc.				
	Write-downs and provisions				
	Write-downs and provisions brought forward	1,300,816	1,120,713	1,292,739	1,112,677
	Write-downs and provisions for the period	471,668	357,204	463,663	351,034
	Reversal of write-downs and provisions for the period	-312,161	-271,783	-305,901	-269,757
	Actual loss (written off) previously written down	-20,749	-41,742	-18,212	-39,654
	Interest adjustment	21,242	12,879	21,242	12,879
	Total write-downs and provisions, carried forward	1,460,816	1,177,271	1,453,531	1,167,179
	Write-downs on loans, etc., carried forward				
	Write-downs on loans, etc., carried forward	1,418,821	1,150,829	1,411,536	1,140,737
	Provisions on guarantees, etc., carried forward	16,808	8,495	16,808	8,495
	Write-downs/provisions on other items, carried forward	25,187	17,947	25,187	17,947
	Total write-downs and provisions, carried forward	1,460,816	1,177,271	1,453,531	1,167,179
	Net impact recognised in the income statement				
	Net write-downs and provisions for the period	-159,507	-85,421	-157,762	-81,277
	Losses, not previously written down	-6,039	-8,577	-5,087	-7,106
	Recognised in claims previously written off	4,773	5,074	4,414	4,158
	Total net impact recognised in the income statement	-160,773	-88,924	-158,435	-84,225
	Individual write-downs on loans				
	Individual write-downs on loans brought forward	1,188,504	1,036,597	1,180,457	1,029,135
	Write-downs for the period	373,991	332,125	370,916	327,634
	Reversal of write-downs during the period	-286,223	-246,006	-284,137	-244,554
	Actual loss (written off) previously written down	-20,749	-41,742	-18,212	-39,654
	Interest adjustment	19,041	11,527	19,041	11,527
	Total individual write-downs on loans, carried forward	1,274,564	1,092,501	1,268,065	1,084,088
	Individual provisions on guarantees, etc.				
	Individual provisions on guarantees, brought forward	9,076	4,550	9,076	4,550
	Provisions during the period	4,342	55	4,342	55
	Reversal of provisions during the period	-3,270	-856	-3,270	-856
	Actual loss (written off) previously provided	0	0	0	0
	Total individual provisions on guarantees, etc. carried forward	10,148	3,749	10,148	3,749
	Individual write-downs on credit institutions				
	Written down at the beginning of the period	17,252	17,252	17,252	17,252
	Write-downs for the period	0	0	0	0
	Reversal of write-downs during the period	-15	-5	-15	-5
	Total write-downs on credit institutions, carried forward	17,237	17,247	17,237	17,247
	Individual provisions for other items				
	Provisions at the beginning of the period	304	9,054	304	9,054
	Provisions during the period	7,950	700	7,950	700
	Reversal of provisions during the period	-304	-9,054	-304	-9,054
	Total provisions for other items, carried forward	7,950	700	7,950	700
	Group write-downs on loans				
	Group write-downs on loans brought forward	77,245	48,581	77,215	48,007
	Write-downs for the period	83,891	23,782	78,961	22,103
	Reversal of write-downs during the period	-19,080	-15,387	-14,906	-14,813
	Interest adjustment	2,201	1,352	2,201	1,352
	Total group write-downs on loans, carried forward	144,257	58,328	143,471	56,649
	Group provisions on guarantees etc.				
	Group provisions on guarantees brought forward	8,435	4,679	8,435	4,679
	Provisions during the period	1,494	542	1,494	542
	Reversal of provisions during the period	-3,269	-475	-3,269	-475
	Total group provisions on guarantees, etc., carried forward	6,660	4,746	6,660	4,746

Note	Group	30.06.2013	Bank	30.06.2013	
	30.06.2014		30.06.2014		
	DKK '000	DKK '000	DKK '000	DKK '000	
13	Profit from equity investments in associates and group companies				
	Profit from equity investments in associates	56,197	66,396	56,197	66,396
	Profit from equity investments in group companies	0	0	19,617	8,365
	Total profit from equity investments in associates and group companies	56,197	66,396	75,814	74,761
14	Tax				
	Calculated tax on profit for half year	-21,623	-49,549	-6,822	-39,367
	Change in deferred tax concerning the income period	527	3,546	-6,314	-2,212
	Change of corporation tax rate (from 25% to 22%)	54	-2,153	333	-2,153
	Adjustments concerning previous year	-41	3,544	-41	3,544
	Total tax	-21,083	-44,612	-12,844	-40,188
	Tax for half year broken down by type				
	Calculated tax on profit before tax for half year at 25%	-47,066	-68,620	-45,047	-67,514
	Tax base of non-deductible expenses	-3,048	-6,635	-2,862	-5,346
	Tax value of profit in associates	13,768	16,599	13,768	16,599
	Tax value of non-taxable gains	15,250	12,653	21,005	14,682
	Change of corporation tax rate (from 25% to 22%)	54	-2,153	333	-2,153
	Adjustment regarding previous years	-41	3,544	-41	3,544
	Total tax	-21,083	-44,612	-12,844	-40,188
15	Dividends				

On 11 March 2014, an ordinary dividend of DKK 60 mill., corresponding to DKK 200 per share of nominally DKK 1,000, was paid to the shareholders. (2013: DKK 350 per share).

Note	Group	30.06.2013	Bank	30.06.2013	
	30.06.2014		30.06.2014		
	DKK '000	DKK '000	DKK '000	DKK '000	
16	Issued bonds at amortised cost				
	Bonds listed on the Irish Stock Exchange	250,000	250,000	250,000	250,000
	Other bonds	12,158	12,158	11,164	11,164
	Total issued bonds at amortised cost	262,158	262,158	261,164	261,164

Note	Group	31.12.2013 DKK '000	Bank	31.12.2013 DKK '000	
	30.06.2014 DKK '000		30.06.2014 DKK '000		
17	Subordinated debt				
	Subordinated debt in the form of supplementary capital				
	Variable % nominally DKK 328.0 mill., mature on 3 December 2018, redeemed before maturity in January 2014	0	328,000	0	328,000
	Subordinated debt in the form of Additional Tier 1 capital *)				
	Variable % nominal DKK 399.95 mill., indefinite maturity, can be redeemed before maturity on 23 May 2018	399,950	397,950	399,950	397,950
	Variable % nominal DKK 429.0 mill., indefinite maturity, can be redeemed before maturity on 22 January 2021	429,000	0	429,000	0
	Total subordinated debt	828,950	725,950	828,950	725,950
	Subordinated debt as included in calculation of own funds	828,950	725,950	828,950	725,950
	*) Costs for taking up loans in the period	121	0	121	0
18	Collateral				
	For collateral deposited with Danmarks Nationalbank				
	Market value of bonds	2,832,302	3,616,687	2,832,302	3,616,687
	Of which surplus collateral	2,832,302	3,616,687	2,832,302	3,616,687
19	Loans and guarantees before write-downs analysed by sector				
	Public	49,942	33,931	29,798	33,812
	Business				
	Agriculture, hunting, forestry and fisheries	128,823	83,482	112,646	76,361
	Industry and minerals	633,849	595,251	271,485	268,591
	Energy supply	5,643	5,399	4,126	3,719
	Building and construction	762,617	677,566	638,014	580,138
	Trade	1,150,947	975,135	655,665	653,843
	Transport, hotels and restaurants	500,306	495,237	419,589	425,952
	Information and communication	170,597	174,850	128,646	130,002
	Financing and insurance	1,227,079	1,233,669	4,141,882	3,791,499
	Real property	1,786,444	1,526,097	1,766,428	1,518,364
	Other business	2,714,516	2,415,940	2,455,660	2,225,834
	Total business	9,080,821	8,182,626	10,594,141	9,674,303
	Individuals	13,754,004	13,374,640	12,147,991	11,778,250
	Total	22,884,767	21,591,197	22,771,930	21,486,365

Note	Group		Bank		
	30.06.2014 DKK '000	31.12.2013 DKK '000	30.06.2014 DKK '000	31.12.2013 DKK '000	
20	Contingent liabilities				
	Guarantees				
	Financial guarantees	1,222,047	531,981	1,222,047	531,981
	Guarantees for losses on mortgage-credit loans	170,164	185,550	170,164	185,550
	Private Contingency Association	2,632	1,814	2,632	1,814
	Land registration and conversion guarantees	18,487	8,791	18,487	8,791
	Collateral for group companies	0	0	35,200	35,200
	Other guarantees	1,777,653	1,431,272	1,742,453	1,396,072
	Total guarantees	3,190,983	2,159,408	3,190,983	2,159,408
	Other liabilities				
	Irrevocable credit commitments less than 1 year	1,073,196	1,033,262	325,000	325,000
	Unutilised pension commitments	15,900	27,500	15,900	27,500
	Other contingent liabilities	7,978	6,350	7,978	6,350
	Total other liabilities	1,097,074	1,067,112	348,878	358,850
	Total contingent liabilities	4,288,057	3,226,520	3,539,861	2,518,258

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

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

The Bank's membership of Bankernes EDB Central (BEC) means that the Bank is obligated to pay compensation in the event of withdrawal.

Note

21 Financial assets and liabilities at fair value

Methods to measure fair value

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

All active markets use officially listed closing prices as fair value. For financial assets and liabilities, where closing price is not available or is not assessed to reflect the fair value, recognised techniques and observable market information, including interest rates, foreign exchange rates, volatilities and credit spreads, as well as currency indicators from leading market participants, are used to establish the fair value.

In cases where observable prices based on market information are not available or not deemed to be useful in establishing fair value, recognised techniques and own assumptions are used to establish fair value. Assumptions may be recent transactions in comparable assets or specific information from published financial statements, including the equity value of the company.

Non observable input includes unlisted shares, primarily in companies related to the financial sector. Arbejdernes Landsbank assesses that alternative methods for measuring the fair value of these assets will not lead to significantly different fair values.

In the first half year of 2014 no significant transfers between the three valuation categories were made.

	Listed prices DKK '000	Observable input DKK '000	Non- observable input DKK '000	Total DKK '000
Group 30 June 2014				
Financial assets				
Bonds at fair value	12,334,944	2,026,842	0	14,361,786
Shares etc.	201,546	0	862,079	1,063,625
Derivative financial instruments	0	53,375	0	53,375
Total financial assets	12,536,490	2,080,217	862,079	15,478,786
Financial liabilities				
Derivative financial liabilities	0	148,629	0	148,629
Total financial liabilities	0	148,629	0	148,629
Group 31 December 2013				
Financial assets				
Bonds at fair value	10,980,796	1,767,878	0	12,748,674
Shares etc.	252,073	0	747,054	999,127
Derivative financial instruments	0	71,241	0	71,241
Total financial assets	11,232,869	1,839,119	747,054	13,819,042
Financial liabilities				
Derivative financial liabilities	0	89,292	0	89,292
Total financial liabilities	0	89,292	0	89,292

	30.06.2014 DKK '000	31.12.2013 DKK '000
Group		
Non-observable prices		
Fair value brought forward	747,054	665,440
Capital gains/losses for the period in the income statement *)	41,922	-8,037
Net purchases for the period **)	73,103	89,651
Total fair value carried forward	862,079	747,054

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

***) The Bank acquired shares in DLR Kredit for DKK 60 mill. in 2014 and DKK 85 mill. in 2013.

Note		30.06.2014 DKK '000	31.12.2013 DKK '000
22	Group overview		
	Parent Company: Aktieselskabet Arbejdernes Landsbank, Copenhagen		
	Consolidated group companies:		
	AL Finans A/S, Copenhagen		
	Share capital	6,000	6,000
	Equity	159,458	139,839
	Ownership interest (%)	100	100
	Profit	19,619	36,686
	The financing company, AL Finans A/S offers car financing, leasing and factoring. Activities of the company have been financed by equity and borrowing from the Parent Company. In the first half year of 2014, the company employed 77 employees on average, converted to full-time.		
	Handels ApS Panoptikon, Copenhagen		
	Share capital	500	500
	Equity	12,721	12,727
	Ownership interest (%)	100	100
	Profit	-2	4
	The company is not currently active. In the first half year of 2014, the company has not employed any staff.		

Note	30.06.2014 DKK '000	30.06.2013 DKK '000	31.12.2013 DKK '000
23	Financial and operating data for the Bank		
Income statement - according to the core earnings model			
Net interest income	511,375	529,997	1,080,265
Net fee and commission income etc.	186,535	148,031	317,739
Core earnings, excl. trading earnings	697,910	678,028	1,398,004
Trading earnings	53,280	42,274	102,805
Total core earnings	751,190	720,302	1,500,809
Staff costs	-334,730	-316,174	-637,205
Administrative expenses and depreciation/amortisation	-247,643	-232,811	-495,701
Core profit before write-downs	168,817	171,317	367,903
Write-downs on loans etc.	-158,435	-84,225	-229,778
Core profit	10,382	87,092	138,125
Investment portfolio earnings, excl. investment securities	87,520	134,578	285,827
Investment securities	108,612	69,807	121,135
Profit before sector solutions	206,514	291,477	545,087
Contributions to sector solutions	-22,647	-21,422	-41,603
Profit before tax	183,867	270,055	503,484
Tax	-12,844	-40,188	-80,122
Profit	171,023	229,867	423,362
Other financial and operating data			
Net interest and fee income	741,784	712,145	1,461,102
Value adjustments	106,443	127,495	274,724
Staff and administration expenses	-553,607	-527,587	-1,066,358
Profit from equity investments in associates and group companies	75,814	74,761	149,336
Loans and other receivables at amortised cost	18,152,603	18,382,060	18,051,773
Bonds at fair value	14,361,786	12,410,705	12,748,674
Deposits incl. pools	29,452,272	26,946,625	28,134,619
Issued bonds at amortised cost	261,164	3,112,681	261,164
Subordinated debt	828,950	720,950	725,950
Equity	4,040,383	3,732,080	3,929,360
Total assets	39,743,678	38,118,883	37,567,966
Total contingent liabilities	3,539,861	3,330,458	2,518,258

Note		30.06.2014	30.06.2013	31.12.2013	
24	Financial ratios for the Bank				
	Solvency				
	Solvency ratio	%	15.2	13.2	14.9
	Tier 1 capital ratio	%	15.2	12.4	13.9
	Earnings				
	Return on equity before tax for the half year	%	4.6	7.4	13.4
	Return on equity after tax for the half year	%	4.3	6.3	11.2
	Ratio of operating income to operating expenses per DKK	DKK	1.24	1.41	1.35
	Rate of return for the half year	%	0.4	0.6	1.1
	Earnings per DKK 1,000 nominal share value	DKK	570.1	766.2	1,411.2
	Market risk				
	Interest-rate risk	%	-2.2	-1.6	-2.3
	Currency position	%	4.0	3.0	4.5
	Currency risk	%	0.0	0.1	0.1
	Liquidity				
	Loans plus write-downs in relation to deposits	%	66.4	72.4	68.6
	Excess liquidity in relation to statutory requirements for liquidity	%	229.2	297.2	261.2
	Credit				
	Sum of large exposures	%	32.1	72.3	46.5
	Write-down ratio for the half year	%	0.7	0.4	1.1
	Growth in loans for the half year	%	0.6	4.0	2.1
	Loans in relation to equity	%	4.5	4.9	4.6
	Equity				
	Equity value	DKK	1,346.8	1,244.0	1,309.8
	Proposed dividend per DKK 1,000 nominal share value	DKK	0.0	0.0	200.0
	Employees				
	The average number of staff for the half year converted into full-time employees		1,005	991	999

Note

25 Definition of financial ratios

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

Financial ratios are calculated in accordance with guidelines from the Danish Financial Supervisory Authority Executive Order on the Presentation of Financial Statements.

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

*) Financial ratios are applied in the Danish Financial Supervisory Authority's supervisory diamond.

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