

Interim report

1 January - 30 June 2024

 Arbejdernes Landsbank



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**SIMON S.
JØRGENSEN**
Executive Bank Director

**JAN W.
ANDERSEN**
CEO

**SVEND
RANDERS**
Executive Bank Director

**FRANK
MORTENSEN**
Deputy CEO

**GRY
BANDHOLM**
Executive Bank Director

The interim report has been prepared in a Danish and an English version. In the event of discrepancy between the Danish-language original text and the English-language translation, the Danish text shall prevail.

Management's report



Arbejdernes
Landsbank

Financial highlights for the Group

	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	2023 DKK mill.	
Income statement				
Net interest income	1,657	1,564	3,279	
Net fee and commission income	692	707	1,409	
Value adjustments and dividends	356	275	709	
Other operating income	32	40	73	
Profit/(loss) from equity investments in associated companies	-31	-16	-140	
Total income	2,706	2,569	5,329	
Costs and amortisation/depreciation	-1,573	-1,500	-2,998	
Impairments on loans and receivables etc.	106	84	181	
Total costs	-1,467	-1,416	-2,817	
Profit before tax	1,239	1,153	2,511	
Tax	-335	-280	-673	
Profit for the period	904	874	1,838	
Selected balance sheet items				
Loans and other receivables at amortised cost	49,717	45,349	47,593	
Bonds at fair value	30,931	31,250	33,660	
Total assets	124,045	111,683	116,999	
Deposits incl. pooled schemes	98,368	90,226	93,610	
Equity	14,143	12,951	13,972	
Selected key ratios				
Capital ratio	%	21.5	20.6	21.0
Common Equity Tier 1 capital ratio	%	18.0	16.9	17.5
Return on equity before tax p.a.	%	16.8	17.5	18.7
Return on equity after tax p.a.	%	12.3	13.2	13.7
Ratio of operating income to operating expenses per DKK	DKK	1.84	1.81	1.89
Cost rate	%	57.5	58.0	54.8
Liquidity coverage ratio (LCR)	%	288.9	293.7	309.6
Impairment ratio for the period	%	-0.1	0.0	0.2
Accumulated impairment ratio	%	2.4	2.4	2.5
Lending growth for the period	%	4.5	2.8	7.9

See note 46 in the Annual Report for 2023 for definitions of ratios and key figures. Reversed reserves on lending which was credit-impaired at initial recognition have not been included in the calculation of the impairment ratios.

Highlights for the first half-year

General

The first half of 2024 saw continued good activity and business development in the Group as well as sustained strong credit quality.

Moreover, as expected, inflation fell in the first half of 2024, and despite the first interest rate cut by Danmarks Nationalbank in June 2024, interest rates remain high and the Danish economy remains robust.

House prices increased in the first half-year, employment remained high and deposits increased. Overall, Danes have a solid buffer at a time with prospects of lower growth in the Danish economy. Businesses are still challenged by uncertainty, but the number of bankruptcies was lower than in the same period last year.

Financial result of the Group

The overall result of the Group amounted to a profit of DKK 1,239 mill. before tax for the half-year, which is due to positive value adjustments, high net interest income and reversed impairments due to continued strong credit quality. The result is satisfactory and as expected.

The core business of the Group is developing positively, with continued growth in business volume. Total lending increased by 4.5%, while total deposits increased by 5.1% compared with the start of the year. Mortgage loans administered were largely unchanged, primarily as a result of lower activity in the housing area and customers converting from fixed-rate housing loans to lower outstanding debt. Costs have developed as expected, with rising staff costs as a result of pay increases under collective agreements and more employees, especially because of increased regulatory requirements arising from the Group's SIFI status. Impairment charges are positive as a result of better credit quality.

For Arbejdernes Landsbank alone, profit before tax for the first half-year of 2024 ended at DKK 937 mill. The Vestjysk Bank subsidiary, in which Arbejdernes Landsbank has a 72.9% ownership interest, earned a profit for the first half-year of 2024 of DKK 598 mill. before tax. The fully owned subsidiary, AL Finans A/S, achieved a profit of DKK 5.6 mill. before tax.

Sustainability initiatives

Sustainability continues to be a priority area for the Group.

In the first half of 2024, the Group has worked hard on preparations to report on sustainability according to the new EU Corporate Social Responsibility Directive (CSRD). Double

materiality analyses have been prepared for both Arbejdernes Landsbank and Vestjysk Bank to identify the material sustainability matters for Group reporting. Based on these, GAP analyses were carried out to identify which specific data points the Group should report on and to assess the maturity of the data. Finally, a strategy and action plans for the first year of reporting have been developed. Preparations for the reporting itself have also commenced.

Besides the CSRD, work is ongoing to meet other regulatory requirements from the EU in the sustainability area, including the Taxonomy Regulation and the Capital Requirements Regulation (CRR).

The Group reported in April on the UN Principles for Responsible Banking (PRB). The PRB consists of six principles that aim to integrate the UN's 17 Sustainable Development Goals and the Paris Agreement target for carbon reductions into banks' daily work. The full UN PRB report is available here: www.al-bank.dk/fn-prb.

Finally, work is continuing on a number of different sustainability activities across the Group, including activities to help the Group reach its climate target. More information about the Group's sustainability initiatives and focus is available here (in Danish): www.al-bank.dk/baeredygtighed.

Continued integration with Vestjysk Bank

Following the acquisition of a majority shareholding in Vestjysk Bank in June 2021, the Group is now more broadly represented across Denmark, and we have built the foundation for a new and stronger banking group to benefit customers, society and shareholders in both Vestjysk Bank and Arbejdernes Landsbank. Arbejdernes Landsbank strengthened its presence on the Board of Directors of Vestjysk Bank when Gry Bandholm, Executive Bank Director at Arbejdernes Landsbank, joined the board following the General Meeting in February.

The Group has achieved efficiency improvements through collaboration in common Group functions, and in 2024 the Group expanded collaboration to include the Accounting Analysis/Competence Centre for Business and established a number of additional Group policies. The management's ambition remains to run Arbejdernes Landsbank and Vestjysk Bank as two independent banks; each with their strong brand and business model.

Successful completion of the Bank's first public EUR issue

Arbejdernes Landsbank issued green Senior Non-Preferred bonds for EUR 300 mill. in March 2024. The issue was not only the Bank's first public issue in EUR, but also the largest issue in its history. Having successfully brought strong international

investors on board, the Bank looks forward to strengthening its investor network in both Europe and the Nordics in 2024 to attract additional MREL capital in the future. It is positive that investors have shown a strong interest in sustainable green bonds. In September, Arbejdernes Landsbank will publish the Bank's first Green Bond Impact Report, which provides insight into the carbon footprint associated with the Bank's green bonds.

Danes' preferred bank for the 15th consecutive year

Management is proud that, for the 15th consecutive year, Arbejdernes Landsbank was lauded as Danes' preferred bank in Voxmeter's major annual survey of customer satisfaction in the sector. Customers are particularly pleased with the Bank's high level of credibility, sound values and strong ability to listen to customers. The award is in line with the Bank's strategy to be: "A bank as a bank should be". In the same survey, Vestjysk Bank was placed fifteenth. Irrespective of the result, the Group will continue its strong focus on maintaining and improving customer satisfaction with both banks. Arbejdernes Landsbank now has more than 358,000 customers and the Group as a whole has over 552,000 customers.

In November, Arbejdernes Landsbank announced a new strategic direction "A bank as a bank should be", which affirms the Bank as a values-based bank. The strategic direction is realised through four core elements: Values-based banking, focused and profitable growth, simple and efficient, and an attractive workplace. As part of the strategy, a new business strategy was rolled out in the first half-year. The overall goal of "The Business Bank of the Future" is for Arbejdernes Landsbank to be even more attractive for priority business customers, taking outset in a strong set of values and social responsibility. A new unit called National Business has been established to service the largest business customers.

Expectations for the full year 2024

The Group is satisfied with developments in the first half of 2024. As announced in the Annual Report for 2023, expected profit for the year is still DKK 2.0-2.4 bn. before tax. A profit after tax of DKK 1.4-1.8 bn. is expected.

Financial review

Profit for the period

In the first half of 2024, the Group earned a profit before tax of DKK 1,239 mill. against DKK 1,153 mill. for the same period last year. The profit after tax was DKK 904 mill. against DKK 874 mill. for the first half of last year. The profit after tax for the first half of 2024 provides a return on average equity of 16.8% p.a. against a corresponding 17.5% p.a. for the same period last year.

The result is deemed to be satisfactory and as expected at the beginning of the year.

The result includes the following:

- Higher earnings from net interest, fees and commission of DKK 2,349 mill. against DKK 2,271 mill. in the first half-year of 2023. The increase is attributable to positive developments in customer activity as a result of a higher interest margin, and positive developments in business volume. In contrast, negative trends in the housing area, with fewer transactions and falling business volume for mortgage loans administrated have had an adverse effect, together leading to a fall in net fee and commission income of DKK 15 mill.
- Value adjustments and dividends amounted to DKK 356 mill., and this is primarily attributable to significantly better returns on the bonds portfolio.
- Costs and amortisation/depreciation increased to DKK 1,573 mill. from DKK 1,500 mill. in the first half of 2023, and this is primarily attributable to the effect of more staff and collective-agreement salary increases.
- Impairments on loans and receivables etc. provided an income of DKK 106 mill. as a result of improved credit quality.

Results by segment

Income and costs by segment (Customer activities, Investment activities, and Other activities) are described in note 4.

Customer activities realised growth in business volume and income in the first half of 2024 compared with last year. Increasing administrative costs pull in the opposite direction, while the first half of 2024 also saw reversals of impairments. The total profit before tax for Customer activities was DKK 1,226 mill., which is as expected.

Investment activities realised a higher return on the bond portfolio than expected at the beginning of the year.

Other activities include the Group's properties, certain sector-related shares and associated companies. The result is lower than expected because of higher expenses for the SNP issue and lower returns on investment securities.

Balance sheet

The balance sheet total rose by DKK 7.0 bn. to DKK 124.0 bn. in the first half of 2024. Among other things, this is due to increasing deposits, bond issues and higher equity.

Group deposits excluding pooled schemes amounted to DKK 80.7 bn. at the end of the first half of 2024 against DKK 76.9 bn. at the start of the year. This rise covers an increase in deposits in both Arbejdernes Landsbank and Vestjysk Bank.

Group loans increased by DKK 2.1 bn., corresponding to an overall lending growth of 4.5% in the first half-year 2024. Lending by Vestjysk Bank increased by DKK 1.2 bn. due to an increase in loans to businesses of DKK 900 mill. and an increase in loans to private customers of DKK 300 mill. Arbejdernes Landsbank's lending increased by DKK 1.0 bn., primarily in the business segment.

Equity amounted to DKK 14.1 bn. against DKK 14.0 bn. at the start of the year. The increase is primarily due to the profit for the period of DKK 904 mill., but less dividend distributions of DKK 666 mill.

Capital management

The Group's capital target at 30 June 2024 has been set as the solvency need plus a capital conservation buffer, a SIFI buffer, a systemic risk buffer, and an excess cover of 4.5 percentage points. The excess cover has been set to absorb a fully phased-in countercyclical capital buffer. Note that the part of the non-controlling interests' capital, which may not be included in the own funds, 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 10.1% as at 30 June 2024, the Group's capital targets are:

	Common Equity Tier 1 capital %	Tier 1 capital %	Own funds %
Group			
Capital target	14.1	16.0	18.5
Non-controlling interests' share	-0.4	-0.4	-0.4
Adjusted capital target	13.7	15.6	18.1
Status as at 30 June 2024	18.0	19.5	21.5
Excess cover	4.3	3.9	3.4

The Group's total capital ratio was 21.5% compared with 20.6% at the end of 2023. This is in light of the Group's individual solvency need of 10.1% and its combined capital buffer requirement of 6.4%, which currently comprises the capital conservation buffer of 2.5%, the SIFI buffer of 1.0%, the countercyclical capital buffer of 2.5%, and the systemic risk buffer of 0.4%, which was activated on 30 June 2024.

The Group's overall capital requirement amounts to 16.5%, and consequently, as at 30 June 2024, the Group had excess cover of 5.1 percentage points. The Group's excess cover on capital and MREL requirements relative to the risk-weighted assets is shown in the table below:

Group	30.06.2024	Statutory requirements	Excess cover
	%	%	percentage points
Common Equity Tier 1 capital ratio	18.0	12.0	6.0
Tier 1 capital ratio	19.5	13.9	5.6
Capital ratio	21.5	16.5	5.1
MREL ratio	30.3	24.3	6.0

The Group regularly assesses the need to adjust its capital structure. The Danish FSA lays down annually a requirement for Danish SIFIs' own funds and eligible liabilities (MREL). The method for determining the MREL requirement is based on two-times the solvency need plus the combined capital buffer requirement, excluding the countercyclical buffer, measured in relation to the risk-weighted assets. The MREL requirement will be phased in up to 1 January 2026 and is assessed on the basis that Arbejdernes Landsbank was designated as a SIFI at consolidated level in 2021. The Group must meet the following requirements up to 1 January 2026 on the dates stated in the table:

Group	30.06.2024	01.01.2026 ¹
	%	%
Solvency need	10.1	10.1
Required loss-absorption amount	10.1	10.1
Solvency need	10.1	10.1
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	1.0	1.0
Systemic risk buffer requirement	0.4	0.4
Required recapitalisation amount	14.0	14.0
Phase-in	-6.1	0.0
MREL requirement	17.9	24.1
Capital conservation buffer requirement	2.5	2.5
Institution-specific countercyclical buffer requirement	2.5	2.5
SIFI buffer requirement	1.0	1.0
Systemic risk buffer	0.4	0.4
Combined capital buffer requirement	6.4	6.4
Total MREL and combined capital buffer requirement	24.3	30.4

¹ Projection of 2026 requirement based on the solvency need calculation as at 30 June 2024.

The MREL requirement can be met by own funds instruments and senior non-preferred (SNP) instruments, as well as a certain percentage of senior preferred instruments (depending on the subordination requirements set).

Funding plan and issuance activities

Arbejdernes Landsbank has completed the following bond issues in the current year:

	Call date	Maturity	Interest rate
EUR 300 mill. Senior Non-Preferred	14.03.2028	14.03.2029	4.875% (MS+220 BP)

Based on expected developments in risk-weighted assets and future regulation, Arbejdernes Landsbank expects to issue SNP and SP instruments for min. DKK 3.2 bn. in 2024.

Arbejdernes Landsbank has issued approximately DKK 2.2 bn. in SNP instruments in 2024 and expects to issue a further DKK 1 bn. in SP instruments in 2024.

On 28 August 2024, DKK 125 mill. in Tier 2 capital will be issued to cover redemptions of external capital issues in Vestjysk Bank. In addition, the Bank expects to redeem SNP instruments for SEK 700 mill. in Q4 2024.

Following the Bank's successful entry into the international funding markets in 2024, Arbejdernes Landsbank intends to return to the EUR market in the first half of 2025.

Liquidity

The Group's largest source of financing is deposits from customers, amounting to DKK 80.7 bn. and 65% of liabilities as at 30 June 2024. A large percentage of the deposits are from private customers as well as small and medium-sized companies.

Over the years, the deposits base has been stable, thus securing the Group's financing of bank lending. 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 the first half of 2024, the deposits surplus amounted to DKK 31.0 bn., and this is DKK 1.6 bn. higher than at the end of 2023.

Furthermore, an integral part of the Group's strategic liquidity management and work on investor relations is to maintain ongoing dialogue with players in capital markets in order to support access to alternative sources of funding.

The Group's target is for the Liquidity Coverage Ratio (LCR), calculated according to the rules in EU Regulation no. 61/2015, to amount to at least 130.0%. The LCR has been calculated at 288.9% as at 30 June 2024 against 309.6% as at 31 December 2023, and this is comfortably in line with the Group's

internal limits and the legal requirement. The Group also has a target that the NSFR is to be at least 110.0% at all times. As at 30 June 2024, the NSFR was 147.6% compared to 145.6% as at 31 December 2023, which is also significantly above both legal requirements and internal limits.

The Danish FSA Supervisory Diamond

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 %	30.06.2024 %
Bank		
Sum of large exposures	< 175	89.5
Lending growth p.a.	< 20	8.4
Commercial property exposure	< 25	5.8
Liquidity benchmark	> 100	272.0

See note 46 in the Annual Report for 2023 for definitions of ratios and key figures.

The Bank comfortably meets all the benchmarks.

Events after the reporting period

After the end of the reporting period, the Vestjysk Bank subsidiary has redeemed Tier 2 capital for nom. DKK 125 mill. while Arbejdernes Landsbank has issued Tier 2 capital for nom. DKK 125 mill. The capital effect of the redemption and new issue is an increase in the Bank's capital ratio of 0.2% at 30 June 2024 and an increase in the Group's capital ratio of 0.1% at 30 June 2024.

Apart from the above, no events have taken place after the reporting period which have a significant impact on the assessment of the interim report.

Related parties

Arbejdernes Landsbank acts for a number of the Group's related parties. See note 20 for a description of significant related party transactions in the first half of 2024.

Risk management

The most significant risks for the Group include credit risk, market risk, liquidity risk and operational risk. There are no significant changes in risks in relation to the description in the Risk Management section and note 47 of the Annual Report for 2023, which is on the Bank's website:

www.al-bank.dk/media/eq3jo3to/al_annual_report_2023_final.pdf.

Reports on the most significant risks (including the solvency need, and the quarterly Pillar 3 report, including the selected key risk figures, calculated at Group level) are available at: www.al-bank.dk/en/investor-relations/reports-and-figures#solvency.



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 2024.

The interim report has been prepared in accordance with statutory requirements.

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 2024, 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 2024.

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 may influence the Group and the Bank.

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, 29 August 2024.

Executive Management:

Jan W. Andersen
CEO

Frank Mortensen
Deputy CEO

Svend Randers
Executive Bank Director

Gry Bandholm
Executive Bank Director

Simon S. Jørgensen
Executive Bank Director

Board of Directors:

Claus Jensen
Chairman

Ole Wehlast
Vice Chairman

Lars Andersen

Lars Holst

Christian Riewe

Lizette Risgaard

Henning Overgaard

Anja C. Jensen

Kenneth Hove

Caroline Søbørg Ahlefeldt

Morten Juhl
Employee representative

Jesper Pedersen
Employee representative

Nadja Lind Bøgh Karlsen
Employee representative

Tina Holm
Employee representative

Interim financial statements



Income statement

Note	Group		Bank		
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	
5	Interest income calculated using the effective interest-rate method	1,814	1,471	1,118	791
5	Other interest income	506	345	345	240
6	Interest expenses	-664	-253	-512	-188
	Net interest income	1,657	1,564	951	843
	Dividends from shares etc.	108	53	41	28
7	Fee and commission income	743	752	410	403
7	Fees and commissions paid	-51	-45	-21	-20
	Net interest and fee income	2,456	2,324	1,381	1,254
8	Value adjustments	248	222	174	124
	Other operating income	32	40	26	20
	Staff and administrative expenses	-1,477	-1,373	-927	-832
	Amortisation/depreciation and impairments on intangible assets and property, plant and equipment	-71	-101	-32	-35
	Other operating expenses	-25	-26	-17	-19
9	Impairments on loans and receivables etc.	106	84	33	59
	Profit/(loss) from equity investments in associated companies and group companies	-31	-16	298	330
	Profit before tax	1,239	1,153	937	900
10	Tax	-335	-280	-159	-140
	Profit for the period	904	874	778	759
	Attributable to:				
	Shareholders of Arbejdernes Landsbank	751	740	751	747
	Holders of Additional Tier 1 instruments	29	17	27	12
	Non-controlling interests	124	117	-	-
	Profit for the period	904	874	778	759

Statement of comprehensive income

Note	Group		Bank	
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.
	904	874	778	759
Profit for the period				
Other comprehensive income				
Items that cannot be reclassified to the income statement				
Other comprehensive income after tax concerning group companies	-	-	-	-7
Changes in the revalued amount of owner-occupied properties	-4	16	-4	16
10 Tax on the above	4	-4	4	-4
Fair value adjustment on issued bonds as a consequence of changes in credit risk	-11	-	-11	-
Total other comprehensive income	-11	12	-11	4
Comprehensive income for the period	893	886	767	764
Attributable to:				
Shareholders of Arbejdernes Landsbank	741	751	741	751
Holders of Additional Tier 1 instruments	29	17	27	12
Non-controlling interests	124	117	-	-
Comprehensive income for the period	893	886	767	764

Balance sheet

Note	Group		Bank		
	30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.	
Assets					
	Cash in hand and demand deposits with central banks	18,412	11,597	15,212	8,387
9	Receivables from credit institutions and central banks	364	325	2,869	2,454
9, 11	Loans and other receivables at amortised cost	49,717	47,593	30,370	29,382
	Bonds at fair value	30,931	33,660	19,425	22,359
	Shares etc.	2,364	2,323	1,004	988
	Equity investments in associated companies	107	109	4	9
	Equity investments in group companies	-	-	5,017	5,090
	Assets linked to pooled schemes	17,700	16,695	8,413	7,947
	Intangible assets	175	189	-	-
	Investment properties	387	179	2	168
	Owner-occupied properties	2,100	2,373	1,304	1,375
12	Total land and buildings	2,487	2,552	1,306	1,543
	Other property, plant and equipment	122	130	65	74
	Current tax assets	11	-	-	-
	Assets held temporarily	36	36	1	1
	Other assets	1,498	1,707	946	1,020
	Prepayments and accrued income	122	83	71	42
	Total assets	124,045	116,999	84,705	79,296

Balance Sheet (continued)

Note	Group		Bank		
	30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.	
Equity and liabilities					
Liabilities					
Debt					
	Debt to credit institutions and central banks	513	571	490	592
	Deposits and other debt	80,668	76,915	54,323	51,821
	Deposits in pooled schemes	17,700	16,695	8,413	7,947
13	Issued bonds at fair value	2,233	-	2,233	-
14	Issued bonds at amortised cost	3,969	4,136	3,789	3,816
	Current tax liabilities	-	32	20	45
	Other equity and liabilities	3,051	2,970	1,823	1,677
	Accruals and deferred income	72	83	11	17
	Total debt	108,207	101,401	71,101	65,914
Provisions					
	Provisions for pensions and similar obligations	14	15	-	-
	Provisions for deferred tax	190	151	58	64
9	Guarantee loss provisions	47	30	13	9
	Other provisions	170	156	55	37
	Total provisions	421	351	126	111
15	Subordinated debt	1,275	1,275	1,150	1,150
	Total liabilities	109,902	103,027	72,377	67,175
Equity					
	Share capital	2,100	2,100	2,100	2,100
	Revaluation reserves	488	589	481	582
	Reserve under the equity method	-	-	1,822	1,899
	Reserves according to the articles of association	514	511	-	-
	Retained earnings	8,352	7,511	7,051	6,130
	Proposed dividend	-	525	-	525
	Shareholders of Arbejdernes Landsbank	11,454	11,236	11,454	11,236
16	Holders of Additional Tier 1 instruments	972	985	874	886
	Non-controlling interests	1,717	1,751	-	-
	Total equity	14,143	13,972	12,328	12,121
	Total equity and liabilities	124,045	116,999	84,705	79,296

Statement of changes in equity

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserves according to the articles of association ² DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Non-controlling interests DKK mill.	Total equity DKK mill.
Group first half-year 2024									
Equity brought forward	2,100	589	511	7,511	525	11,236	985	1,751	13,972
Comprehensive income									
Profit for the period	-	-	2	749	-	751	29	124	904
Other comprehensive income									
Changes in the revalued amount of owner-occupied properties	-	-4	-	-	-	-4	-	-	-4
Other additions and disposals ¹	-	-101	-	101	-	-	-	-	-
Fair value adjustment on issued bonds as a consequence of changes in credit risk	-	-	-	-11	-	-11	-	-	-11
Tax	-	4	-	-	-	4	-	-	4
Total other comprehensive income	-	-101	-	90	-	-11	-	-	-11
Total comprehensive income	-	-101	2	840	-	741	29	124	893
Transactions with owners									
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-43	-	-43
Dividend paid for 2023	-	-	-	-	-525	-525	-	-141	-666
Dividend received on own shares	-	-	-	2	-	2	-	-	2
Purchase of own shares in Vestjysk Bank	-	0	1	-0	-	1	-	-16	-15
Purchase of own shares	-	-	-	-1	-	-1	-	-	-1
Sale of own shares	-	-	-	1	-	1	-	-	1
Total transactions with owners	-	0	1	1	-525	-522	-43	-157	-722
Equity carried forward	2,100	488	514	8,352	-	11,454	972	1,717	14,143

¹ Realised revaluation reserves as well as depreciation on revalued owner-occupied properties.

² Reserves according to the articles of association totalling DKK 705 mill. consist of DKK 569 mill. from the conversion of Den Jyske Sparekasse to a limited company in 2018, DKK 127 mill. that, in connection with an amendment of the articles of association in 2015, was transferred from guarantor capital to reserves according to the articles of association, and DKK 10 mill. in total interest, of which DKK 3 mill. pertains to first half-year 2024. The reserves according to 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 non-controlling interests' share of the reserves according to the articles of association amounted to DKK 191 mill.

Statement of changes in equity (continued)

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserves according to the articles of association ² DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Non-controlling interests DKK mill.	Total equity DKK mill.
Group first half-year 2023									
Equity brought forward	2,100	514	506	6,503	210	9,833	990	1,525	12,348
Comprehensive income									
Profit for the period	-	-	3	737	-	740	17	117	874
Other comprehensive income									
Changes in the revalued amount of owner-occupied properties	-	16	-	-	-	16	-	-	16
Other additions and disposals ¹	-	-3	-	3	-	-	-	-	-
Tax	-	-4	-	-	-	-4	-	-	-4
Total other comprehensive income	-	9	-	3	-	12	-	-	12
Total comprehensive income	-	9	3	740	-	751	17	117	886
Transactions with owners									
Issue of Additional Tier 1 capital	-	-	-	-	-	-	50	-	50
Redemption of Additional Tier 1 capital	-	-	-	-	-	-	-50	-	-50
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-36	-	-36
Dividend paid for 2022	-	-	-	-	-210	-210	-	-37	-247
Dividend received on own shares	-	-	-	1	-	1	-	-	1
Purchase of own shares	-	-	-	-2	-	-2	-	-	-2
Sale of own shares	-	-	-	1	-	1	-	-	1
Total transactions with owners	-	-	-	-0	-210	-210	-36	-37	-283
Equity carried forward	2,100	523	508	7,243	-	10,374	971	1,606	12,951

¹ Depreciation on revalued owner-occupied properties.

² Reserves according to the articles of association totalling DKK 699 mill. consist of DKK 569 mill. from the conversion of Den Jyske Sparekasse to a limited company in 2018, DKK 127 mill. that, in connection with an amendment of the articles of association in 2015, was transferred from guarantor capital to reserves according to the articles of association, and DKK 3 mill. in interest for the period. The reserves according to 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 non-controlling interests' share of the reserves according to the articles of association amounted to DKK 191 mill.

Statement of changes in equity (continued)

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserve under 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 2024								
Equity brought forward	2,100	582	1,899	6,130	525	11,236	886	12,121
Comprehensive income								
Profit for the period	-	-	-78	829	-	751	27	778
Other comprehensive income								
Changes in the revalued amount of owner-occupied properties	-	-4	-	-	-	-4	-	-4
Other additions and disposals	-	-101	-	101	-	-	-	-
Fair value adjustment on issued bonds as a consequence of changes in credit risk	-	-	-	-11	-	-11	-	-11
Tax	-	4	-	-	-	4	-	4
Total other comprehensive income	-	-101	-	90	-	-11	-	-11
Total comprehensive income	-	-101	-78	920	-	741	27	767
Transactions with owners								
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-38	-38
Dividend paid for 2023	-	-	-	-	-525	-525	-	-525
Dividend received on own shares	-	-	-	2	-	2	-	2
Purchase of own shares in Vestjysk Bank	-	-	1	-	-	1	-	1
Purchase of own shares	-	-	-	-1	-	-1	-	-1
Sale of own shares	-	-	-	1	-	1	-	1
Total transactions with owners	-	-	1	2	-525	-522	-38	-560
Equity carried forward	2,100	481	1,822	7,051	-	11,454	874	12,328

¹ Realised revaluation reserves as well as depreciation on revalued owner-occupied properties.

Statement of changes in equity (continued)

Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserve under 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 2023								
Equity brought forward	2,100	510	1,396	5,617	210	9,833	838	10,671
Comprehensive income								
Profit for the period	-	-	231	516	-	747	12	759
Other comprehensive income								
Other comprehensive income after tax concerning group companies	-	-	-7	-	-	-7	-	-7
Changes in revalued amount of owner-occupied properties	-	16	-	-	-	16	-	16
Other additions and disposals ¹	-	-3	-	3	-	-	-	-
Tax	-	-4	-	-	-	-4	-	-4
Total other comprehensive income	-	9	-7	3	-	4	-	4
Tax	-	9	223	519	-	751	12	764
Transactions with owners								
Issue of Additional Tier 1 capital	-	-	-	-	-	-	50	50
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-28	-28
Dividend paid for 2022	-	-	-	-	-210	-210	-	-210
Dividend received on own shares	-	-	-	1	-	1	-	1
Purchase of own shares	-	-	-	-2	-	-2	-	-2
Sale of own shares	-	-	-	1	-	1	-	1
Total transactions with owners	-	-	-	-0	-210	-210	22	-188
Equity carried forward	2,100	519	1,620	6,135	-	10,374	873	11,247

¹ Depreciation on revalued owner-occupied properties.

Cash flow statement

Note	Group	
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.
<i>Profit before tax</i>	1,239	1,153
Adjustment for non-cash operating items		
Net interest income and dividends from shares etc.	-1,764	-1,616
8 Fair value adjustment of investment property	1	-
8 Fair value adjustment of issued bonds	2	-
Amortisation and impairments on intangible assets	22	21
Depreciation, impairments and revaluations of property, plant and equipment	49	80
Profits and losses on the sale of property, plant and equipment	-1	-4
9 Impairments on loans and receivables, etc.	-106	-84
Profit/(loss) from equity investments in associated companies	31	16
Other adjustments	-18	-18
Change in working capital		
Loans and receivables with credit institutions etc.	-2,002	-1,253
Bonds and shares	2,688	-2,691
Deposits and debt to credit institutions etc.	3,696	1,413
Other non-derivative financial liabilities at fair value	-	-42
Other assets and liabilities	-66	584
Interest received	2,347	1,876
Interest paid	-422	-172
Dividends received	108	53
Corporation tax paid	-334	-71
<i>Cash flows from operating activities</i>	5,469	-754
Acquisition of associated companies	-10	-45
Acquisition of intangible assets	-8	-8
Acquisition of property, plant and equipment	-203	-209
Sale of property, plant and equipment	270	14
<i>Cash flows from investment activities</i>	49	-248

Cash flow statement (continued)

Note	Group	
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.
	2,219	809
14	-140	-
	-19	-20
15	-	250
15	-	-250
16	-	50
16	-	-50
	-43	-36
	-664	-246
	-15	-
	-1	-2
	1	1
<i>Cash flows from financing activities</i>	1,338	507
<i>Cash flows for the period</i>	6,856	-496
Cash and cash equivalents brought forward	11,877	12,896
<i>Cash and cash equivalents carried forward</i>	18,733	12,400
Cash and cash equivalents carried forward include:		
Cash in hand and demand deposits with central banks	18,412	11,893
Receivables from credit institutions and central banks with a term to maturity of less than three months	321	507
<i>Cash and cash equivalents carried forward</i>	18,733	12,400

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

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Note 1**Accounting policies**

The interim report for the Group for the period 1 January to 30 June 2024 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 Parent Company 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. The totals stated have been calculated on the basis of actual figures, and due to rounding to DKK mill., there may be small differences between the sum of the individual figures and the totals stated.

The Group has implemented the following amended standards from 1 January 2024:

- IAS 1, Classification of liabilities as current or non-current
- IAS 7 and IFRS 7, Supplier finance arrangements
- IFRS 16, Lease liability in a sale and leaseback

Implementation of the amendments to the standards has had no impact on recognition and measurement in 2024.

At the initial recognition of senior non-preferred bonds of EUR 300 mill., it was decided to classify the issue as a liability measured at fair value through profit or loss, as this measurement method significantly reduces an accounting inconsistency. The proceeds from the issued bonds are invested in a portfolio of bonds measured at fair value through profit or loss and measuring the issued bonds at amortised cost would therefore result in an accounting mismatch.

Changes in the fair value of the issued bonds due to changes in own credit risk are recognised in other comprehensive income, while other fair value changes are recognised in the income statement under value adjustments.

Otherwise, the accounting policies are unchanged in relation to the consolidated financial statements and the financial statements for the Bank for 2023. The Annual Report for 2023 contains a full description of accounting policies.

Note 2**Significant accounting estimates and assessments**

Calculation of the carrying amount of certain assets and liabilities requires the Management to make a number of estimates and assessments regarding future conditions which could significantly influence the carrying amount of assets and liabilities. The estimates and assessments applied are based on assumptions that the Management considers reasonable, but which are inherently uncertain and unpredictable. Estimates are made that are significant for the financial statements, for example in connection with calculation of impairment on loans and fair values of financial instruments, see the description in note 1 of the Annual Report for 2023.

In the first half of 2024, the significant estimates made by the Management when applying the accounting policies, and the estimation uncertainties related to these, primarily related to impairments on loans and receivables, etc.

The Group's management estimates related to impairments totalled DKK 528 mill. as at 30 June 2024 as opposed to DKK 582 mill. at the end of 2023, and the estimates distribute fairly evenly across the Group's management estimates related to macro-economic expectations (macro estimates) and other management estimates related to model uncertainties and portfolios. The reduction of DKK 54 mill. relative to the end of 2023 is attributable to management macro estimates, which have been reduced by a total of DKK 63 mill. from DKK 340 mill. to DKK 277 mill. The reduction is due to improved macro-economic forecasts and to the implementation of new rating models and, thus, new PD values in Arbejdernes Landsbank for the 'private' and 'small business' segments.

The new PD values incorporate several macro-economic expectations. This means that some of the macro-economic expectations that were included in the calculation of the management macro estimate have now been included in the Bank's model-calculated impairments. As a result, the management macro estimate has been reduced while the model-calculated impairments have been increased. The effect of incorporating the macro-economic expectations has been estimated at an increase in model-calculated impairments of DKK 20 mill.

Other management estimates related to model uncertainties and portfolios total DKK 251 mill. as opposed to DKK 242 mill. at the end of 2023. The minor increase of just shy of DKK 10 mill. is attributable to a new management estimate in Arbejdernes Landsbank of DKK 12 mill. set aside for model uncertainty in the Bank's IFRS 9 model, including implementation of the new PD values and their use in the model. The estimate is partially offset by minor adjustments.

For the Bank's two subsidiaries, Vestjysk Bank and AL Finans, there are no significant changes in the management estimates relative to the end of 2023.

The overall development in the Group's management estimates relative to the end of 2023 is shown in the table below.

	30.06.2024 DKK mill.	31.12.2023 DKK mill.	Change DKK mill.
Group			
Model uncertainty	32	22	10
Portfolios	219	220	-1
of which, agricultural customers, African swine fever	65	65	0
of which, agricultural customers, CO ₂ tax	150	150	0
of which, other	4	5	-1
Macro estimate	277	340	-63
of which private customers, financial uncertainty	65	128	-63
of which business customers, financial uncertainty	147	147	0
of which agricultural customers, increasing interest rates	65	65	0
Total management estimates	528	582	-54

Other estimates for the presentation of this interim report are essentially the same as were used when preparing the Annual Report for 2023. However, in the first half of 2024, issued bonds have been recognised and measured at fair value, and estimates were made when determining the credit spread in connection with the fair value calculation.

Note 3

Events after the reporting period

The subsidiary Vestjysk Bank has redeemed a nominal of DKK 125 mill. Tier 2 capital after the reporting period, while Arbejdernes Landsbank has issued a nominal DKK 125 mill. Tier 2 capital since the redemption, and the new issue comprises an increase in the Bank's capital ratio of 0.2% as at 30 June 2024, and an increase in the Group's capital ratio of 0.1% as at 30 June 2024.

Besides the above, no events have taken place after the reporting period which have a significant impact on the assessment of the half-year interim report.

Note	Group	
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.
4 Segment information		
The Group only operates from locations in Denmark.		
Revenue	3,096	2,609
Revenue is defined as interest income, fee and commission income as well as other operating income.		

	Customer activities DKK mill.	Investment activities DKK mill.	Other activities DKK mill.	Total DKK mill.
Group first half-year 2024				
Income statement				
Net interest income	1,751	-68	-26	1,657
Net fee and commission income	692	-	-	692
Value adjustments and dividends	177	194	-16	356
Other operating income	17	-	15	32
Profit/(loss) from equity investments in associated companies	-31	-	-	-31
Total income	2,606	126	-27	2,706
Costs and amortisation/depreciation	-1,486	-5	-81	-1,573
Impairments on loans and receivables etc.	106	-	-	106
Total costs	-1,380	-5	-81	-1,467
Profit before tax	1,226	121	-109	1,239
Assets as at 30 June 2024				
Loans and other receivables at amortised cost	49,717	-	-	49,717
Bonds at fair value	1,141	29,288	502	30,931
Equity investments in associated companies	107	-	-	107
Other assets	19,608	18,873	4,810	43,290
Total assets	70,573	48,161	5,311	124,045
Equity and liabilities as at 30 June 2024				
Deposits and other debt	80,668	-	-	80,668
Allocated equity	12,354	716	1,074	14,143
Other equity and liabilities	19,475	613	9,146	29,234
Total equity and liabilities	112,497	1,328	10,220	124,045

Note

4 Segment information (continued)

	Customer activities DKK mill.	Investment activities DKK mill.	Other activities DKK mill.	Total DKK mill.
Group first half-year 2023				
Income statement				
Net interest income	1,586	24	-47	1,564
Net fee and commission income	707	-	-	707
Value adjustments and dividends	147	149	-21	275
Other operating income	23	-	17	40
Profit/(loss) from equity investments in associated companies	-16	-	-	-16
Total income	2,447	174	-51	2,569
Costs and amortisation/depreciation	-1,425	-5	-70	-1,500
Impairments on loans and receivables etc.	84	-	-	84
Total costs	-1,341	-5	-70	-1,416
Profit before tax	1,106	169	-121	1,153
Assets as at 31 December 2023				
Loans and other receivables at amortised cost	47,593	-	-	47,593
Bonds at fair value	1,010	32,651	-	33,660
Equity investments in associated companies	109	-	-	109
Other assets	20,310	12,069	3,257	35,636
Total assets	69,022	44,720	3,257	116,999
Equity and liabilities as at 31 December 2023				
Deposits and other debt	76,915	-	-	76,915
Allocated equity	12,023	843	1,107	13,972
Other equity and liabilities	18,682	696	6,734	26,112
Total equity and liabilities	107,620	1,539	7,840	116,999

Note	Group		Bank	
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.
5 Interest income				
Receivables from credit institutions and central banks	228	128	272	124
Loans and other receivables	1,586	1,343	846	667
Other interest income	0	-	-	-
Total interest income calculated using the effective interest-rate method	1,814	1,471	1,118	791
Bonds	455	293	296	191
Derivative financial instruments				
Currency contracts	-2	-5	-3	-7
Interest-rate contracts	53	58	52	57
Total derivative financial instruments	51	53	49	50
Total other interest income	506	345	345	240
Total interest income	2,321	1,816	1,463	1,031
Of which, reverse transactions recognised under:				
Receivables from credit institutions and central banks	0	0	0	0
6 Interest expenses				
Debt to credit institutions and central banks	-12	-9	-12	-9
Deposits and other debt	-447	-125	-303	-80
Issued bonds	-154	-74	-151	-68
Subordinated debt	-46	-42	-43	-29
Other interest expenses	-5	-4	-3	-3
Total interest expenses	-664	-253	-512	-188
7 Net fee and commission income				
Securities trading and custody accounts	161	147	86	75
Money transmission services	142	133	87	82
Loan fees	193	211	156	160
Guarantee commission	76	78	29	31
Other fees and commissions	172	183	52	55
Total fee and commission income	743	752	410	403
AL-BoligBonus	-12	-12	-12	-12
Other fees and commissions paid	-39	-33	-9	-8
Total fees and commissions paid	-51	-45	-21	-20
Net fee and commission income	692	707	390	383

Note	Group		Bank	
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.
8 Value adjustments				
Bonds	115	152	76	108
Shares etc.	25	26	10	-8
Investment properties	-1	-	-1	-
Currency	49	44	31	27
Derivative financial instruments				
Currency contracts	7	-4	7	-5
Interest-rate contracts	56	3	54	2
Share contracts	-0	0	-0	0
Total derivative financial instruments	63	-1	61	-3
Assets linked to pooled schemes	993	772	489	392
Deposits in pooled schemes	-993	-772	-489	-392
Other assets	-1	1	-	-
Issued bonds	-2	-	-2	-
Total value adjustments	248	222	174	124
9 Impairments on loans and receivables etc.				
Net impact recognised in the income statement				
Net movements on impairment and provision accounts				
Receivables from credit institutions and central banks	-0	1	-0	1
Loans and other receivables at amortised cost	45	-57	53	47
Guarantees	-17	-2	-4	-4
Unutilised credit lines and commitments	2	1	-20	7
Total net movements on impairment and provision accounts	30	-57	29	51
Ascertained losses not covered by previous impairments and provisions	-13	-13	-5	-5
Recognised in claims previously written off	26	44	9	12
Reversed reserves on lending which was credit-impaired at initial recognition	63	110	-	-
Net impact recognised in the income statement	106	84	33	59

The positive operating profit on impairments on loans and receivables etc. in the Group and the Bank in the first half-year of 2024 is attributable to healthy developments in the lending and guarantee portfolios. The Group's and the Bank's management estimates have been reduced by DKK 54 mill., which can be attributed to the management macro estimates. The reduction is due to improved macro-economic forecasts and to the implementation of new PD values in Arbejdernes Landsbank for the 'private' and 'small business' segments, which means certain of the macro-economic variables that were previously included in the management estimate have now been incorporated in the PD values. The effect of incorporating the macro-economic expectations in the PD values means an increase in model impairments of DKK 20 mill.

Out of the Group's total ascertained losses in the first half of 2024 of DKK 89 mill., steps are still being taken to recover DKK 63 mill.

Note

9 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 gross value DKK mill.	Total impairments and provisions DKK mill.	Carrying amount DKK mill.
Gross carrying amounts broken down by stages as at 30 June 2024							
Receivables from credit institutions and central banks	364	0	8	-	372	-9	364
Loans and other receivables at amortised cost	41,421	6,914	1,766	989	51,090	-1,373	49,717
Guarantees	7,517	685	410	87	8,699	-47	8,652
Unutilised credit lines and commitments	26,503	2,178	378	235	29,294	-82	29,212
Total exposures	75,805	9,777	2,562	1,311	89,455	-1,511	87,944
Gross carrying amounts broken down by stages as at 31 December 2023							
Receivables from credit institutions and central banks	325	0	8	-	334	-9	325
Loans and other receivables at amortised cost	41,668	4,548	1,738	1,116	49,070	-1,477	47,593
Guarantees	9,709	1,041	333	156	11,240	-30	11,210
Unutilised credit lines and commitments	23,005	1,924	242	209	25,380	-84	25,296
Total exposures	74,708	7,513	2,321	1,481	86,023	-1,600	84,423

Note

9 Impairments on loans and receivables etc. (continued)

	Group				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 2024					
Receivables from credit institutions and central banks	1	0	8	-	9
Loans and other receivables at amortised cost	275	159	614	326	1,373
Guarantees	3	2	35	7	47
Unutilised credit lines and commitments	15	14	39	15	82
Total impairments and provisions	294	174	695	348	1,511
Accumulated impairments and provisions, broken down by stages as at 31 December 2023					
Receivables from credit institutions and central banks	1	0	8	-	9
Loans and other receivables at amortised cost	297	144	658	378	1,477
Guarantees	6	3	13	8	30
Unutilised credit lines and commitments	13	12	29	30	84
Total impairments and provisions	318	159	708	415	1,600

The reduction in impairments is primarily attributable to management estimates. In the first half-year of 2024, a total of DKK 89 mill. was written off, of which DKK 76 mill. had been written down previously. The Group had discounts (non-recognised impairments) related to Vestjysk Bank A/S totalling DKK 344 mill. as at 30 June 2024 that have not been included in the table above.

Note

9 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.	Effect on profit DKK mill.
Changes in the summary impairment/provisions account in the first half of 2024						
Total impairments and provisions brought forward	318	159	708	415	1,600	-
Transfers to stage 1	49	-36	-13	-	-	-
Transfers to stage 2	-20	28	-9	-	-	-
Transfers to stage 3	-1	-7	8	-	-	-
Impairments and provisions for the period as a consequence of changes in credit risk	-62	21	21	-40	-60	-60
Impairments and provisions for the period as a result of changes in impairment models and risk parameters	7	13	0	-	20	20
Impairments and provisions on new exposures	16	4	35	-	54	54
Reversal of impairments and provisions on redeemed exposures	-13	-8	4	-28	-44	-44
Interest adjustment	-	-	17	-	17	-
Ascertained losses covered by previous impairments and provisions	-	-	-76	-	-76	-
Total impairments and provisions carried forward	294	174	695	348	1,511	-30
Changes in the summary impairment/provisions account in 2023						
Total impairments and provisions brought forward	227	300	587	434	1,548	-
Transfers to stage 1	57	-45	-12	-	-	-
Transfers to stage 2	-10	23	-13	-	-	-
Transfers to stage 3	-3	-14	18	-	-	-
Impairments and provisions during the financial year as a consequence of changes in credit risk	53	-94	160	51	170	170
Impairments and provisions on new exposures	28	10	21	-	59	59
Reversal of impairments and provisions on redeemed exposures	-33	-19	10	-71	-112	-112
Interest adjustment	-	-	29	-	29	-
Ascertained losses covered by previous impairments and provisions	-	-	-93	-	-93	-
Total impairments and provisions carried forward	318	159	708	415	1,600	116

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's allowance account is primarily attributable to reductions in management estimates. However, changes in the impairment model for individual segments in Arbejdernes Landsbank entail changes in the opposite direction, increasing impairments by DKK 20 mill.

Note

9 Impairments on loans and receivables etc. (continued)

	Bank			Gross value DKK mill.	Total impairments and provisions DKK mill.	Carrying amount DKK mill.
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.			
Gross carrying amounts broken down by stages as at 30 June 2024						
Receivables from credit institutions and central banks	2,870	0	8	2,878	-9	2,869
Loans and other receivables at amortised cost	26,421	3,382	943	30,746	-376	30,370
Guarantees	3,959	418	53	4,430	-13	4,417
Unutilised credit lines and commitments	10,687	650	97	11,434	-47	11,388
Total exposures	43,938	4,450	1,100	49,488	-444	49,044
Gross carrying amounts broken down by stages as at 31 December 2023						
Receivables from credit institutions and central banks	2,455	0	8	2,463	-9	2,454
Loans and other receivables at amortised cost	26,926	1,969	921	29,816	-434	29,382
Guarantees	4,711	743	79	5,533	-9	5,524
Unutilised credit lines and commitments	8,668	925	52	9,646	-27	9,619
Total exposures	42,760	3,638	1,060	47,458	-479	46,979

Note

9 Impairments on loans and receivables etc. (continued)

	Bank			Total DKK mill.
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	
Accumulated impairments and provisions, broken down by stages as at 30 June 2024				
Receivables from credit institutions and central banks	1	0	8	9
Loans and other receivables at amortised cost	44	55	278	376
Guarantees	1	1	10	13
Unutilised credit lines and commitments	8	13	26	47
Total impairments and provisions	53	69	322	444
Accumulated impairments and provisions, broken down by stages as at 31 December 2023				
Receivables from credit institutions and central banks	1	0	8	9
Loans and other receivables at amortised cost	87	64	284	434
Guarantees	2	2	5	9
Unutilised credit lines and commitments	7	10	10	27
Total impairments and provisions	96	76	307	479

The reduction in impairments in stages 1 and 2 is attributable to reductions in management estimates and a continued strong portfolio of lending and guarantees. In the first half-year of 2024, a total of DKK 13 mill. was written off, of which DKK 8 mill. had been written down previously.

Note

9 Impairments on loans and receivables etc. (continued)

	Bank				Effect on profit DKK mill.
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Total DKK mill.	
Changes in the summary impairment/provisions account in the first half of 2024					
Total impairments and provisions brought forward	96	76	307	479	-
Transfers to stage 1	25	-19	-6	-	-
Transfers to stage 2	-13	18	-5	-	-
Transfers to stage 3	-1	-6	6	-	-
Impairments and provisions for the period as a consequence of changes in credit risk	-63	-13	13	-62	-62
Impairments and provisions for the period as a consequence of changes in impairment models and risk parameters	7	13	0	20	20
Impairments and provisions on new exposures	10	3	31	44	44
Reversal of impairments and provisions on redeemed exposures	-9	-4	-20	-32	-32
Interest adjustment	-	-	3	3	-
Ascertained losses covered by previous impairments and provisions	-	-	-8	-8	-
Total impairments and provisions carried forward	53	69	322	444	-29
Changes in the summary impairment/provisions account in 2023					
Total impairments and provisions brought forward	143	69	356	568	-
Transfers to stage 1	19	-13	-6	-	-
Transfers to stage 2	-5	8	-3	-	-
Transfers to stage 3	-1	-8	9	-	-
Impairments and provisions during the financial year as a consequence of changes in credit risk	-62	17	-16	-62	-62
Impairments and provisions on new exposures	22	9	18	49	49
Reversal of impairments and provisions on redeemed exposures	-19	-6	-37	-61	-61
Interest adjustment	-	-	6	6	-
Ascertained losses covered by previous impairments and provisions	-	-	-21	-21	-
Total impairments and provisions carried forward	96	76	307	479	-74

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's allowance account is primarily attributable to reductions in management estimates. However, changes in the impairment model for individual segments entail changes in the opposite direction, increasing impairments by DKK 20 mill.

Note	Group		Bank	
	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.
10 Tax				
Tax for the period may be broken down as follows:				
Tax on profit for the period	-335	-280	-159	-140
Tax on other comprehensive income	4	-4	4	-4
Total tax	-331	-284	-155	-144
Tax on profit for the period is calculated as follows:				
Current tax for the period	-292	-148	-161	-138
Adjustment of deferred tax for the period	-43	-132	2	-3
Adjustment of current tax concerning previous years	0	-0	-	-
Total tax on profit for the period	-335	-280	-159	-140
Tax on other comprehensive income is calculated as follows:				
Adjustment of deferred tax for the period	4	-4	4	-4
Total tax on other comprehensive income	4	-4	4	-4
Effective tax rate can be explained as follows:				
Current tax rate	22.0%	22.0%	22.0%	22.0%
Individual tax for financial undertakings	4.0%	3.2%	4.0%	3.2%
Non-taxable income and value adjustments	0.2%	-0.5%	-9.1%	-9.9%
Non-deductible expenses	0.3%	0.4%	0.2%	0.1%
Profit/(loss) from equity investments in associated companies	0.7%	0.4%	0.1%	0.0%
Losses from previous years	-1.4%	-12.8%	0.0%	0.0%
Changes in deferred tax	1.2%	11.6%	-0.4%	0.5%
Adjustment of tax concerning previous years	0.0%	0.0%	0.0%	0.0%
Effective tax rate	27.0%	24.3%	16.8%	15.9%

Note	Group		Bank	
	30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.
11 Loans and guarantees broken down by sectors and industries				
Public authorities	31	63	31	62
Business				
Agriculture, hunting, forestry and fisheries	2,993	3,219	1	1
Industry and extraction of raw materials	1,569	1,455	166	168
Energy supply	1,157	1,243	89	124
Building and construction	2,069	1,795	1,305	1,028
Trade	4,202	4,265	485	623
Transport, hotels and restaurants	827	787	126	108
Information and communication	130	156	29	46
Financing and insurance	3,282	2,471	9,869	9,050
Real property	4,616	4,729	1,938	1,816
Other business	4,586	4,326	2,187	2,092
Total business	25,430	24,446	16,195	15,057
Private	32,908	34,294	18,562	19,788
Total loans and guarantees	58,369	58,802	34,787	34,906

12 Land and buildings

In the first half-year 2024, the Group:

- Capitalised land and buildings totalling DKK 188 mill., of which DKK 9 mill. concerned right-of-use assets.
- Sold two investment properties with a total carrying amount of DKK 165 mill. and five owner-occupied properties with a total carrying amount of DKK 96 mill.
- Transferred a total of DKK 338 mill. from owner-occupied properties to investment properties.

Note					Group		Bank	
					30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.
13 Issued bonds at fair value								
	Currency	Nom. in mill.	Interest rate	Maturity				
	EUR	300	4.88% ¹	14.03.2029 ²	2,233	-	2,233	-
	Total issued bonds at fair value				2,233	-	2,233	-
	Of these, included in MREL basis, see note 17				2,221	-	2,221	-

¹ The interest rate is fixed until 14 March 2028, when it will be changed to EURIBOR-3M + 2.20%.

² Can be redeemed before maturity from 14 March 2028.

Note					Group		Bank	
					30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.
14 Issued bonds at amortised cost								
	Currency	Nom. in mill.	Interest rate	Maturity				
	DKK	140	CIBOR-6M + 1.75%	11.03.2025 ¹	-	140	-	-
	SEK	700	STIBOR-3M + 3.00%	09.12.2025 ²	458	470	458	470
	DKK	500	CIBOR-3M + 2.25%	09.05.2026 ³	499	499	499	499
	DKK	180	2.04% ⁴	18.06.2026 ⁵	180	180	-	-
	SEK	250	6.00% ⁶	09.02.2027 ⁷	164	168	164	168
	SEK	800	STIBOR-3M + 3.10%	09.02.2027 ⁷	524	537	524	537
	DKK	1,000	CIBOR-3M + 2.00%	16.09.2027 ⁸	998	998	998	998
	EUR	20	EURIBOR-3M + 2.25%	26.04.2028 ⁹	149	149	149	149
	DKK	1,000	CIBOR-3M + 1.60%	22.09.2028 ¹⁰	997	997	997	997
	Total issued bonds at amortised cost				3,969	4,136	3,789	3,816
	Of these, included in MREL basis, see note 17				3,331	3,816	3,331	3,816

¹ Redeemed on 11 March 2024.

² Can be redeemed before maturity from 9 December 2024.

³ Can be redeemed before maturity from 9 May 2025.

⁴ The interest rate is fixed until 18 June 2025, when it will be changed to the one-year Mid-Swap rate + 2.07%.

⁵ Can be redeemed before maturity from 18 June 2025.

⁶ The interest rate is fixed until 9 February 2026, when it will be changed to STIBOR-3M + 3.10%.

⁷ Can be redeemed before maturity from 9 February 2026.

⁸ Can be redeemed before maturity from 16 September 2026.

⁹ Can be redeemed before maturity from 26 April 2027.

¹⁰ Can be redeemed before maturity from 22 September 2027.

Note					Group		Bank	
					30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.
15 Subordinated debt								
	Currency	Nom. in mill.	Interest rate	Maturity				
	DKK	125	3.75% ¹	28.08.2029 ²	125	125	-	-
	DKK	900	CIBOR-6M + 3.50%	21.05.2031 ³	900	900	900	900
	DKK	250	7.02% ⁴	26.06.2033 ⁵	250	250	250	250
	Total Tier 2 capital				1,275	1,275	1,150	1,150
	Of these included in own funds, see note 17				1,275	1,275	1,150	1,150
	Costs of the issue of Tier 2 capital				-	0	-	0

¹ The interest rate is fixed until 28 August 2024, when it will be changed to CIBOR-6M + 4.09%.

² On 30 June 2024, the subordinated debt was called for full redemption. On 28 August 2024, the subordinated debt was fully redeemed and new subordinated debt of DKK 125 mill. was issued, which can be fully recognised in the Bank's and the Group's own funds.

³ Can be redeemed before maturity from 21 May 2026 with approval from the Danish FSA.

⁴ The interest rate is fixed until 26 June 2028, when it will be changed to CIBOR-6M + 3.60%.

⁵ Can be redeemed before maturity from 26 June May 2028 with approval from the Danish FSA.

16 Additional Tier 1 capital								
	Currency	Nom. in mill.	Interest rate	Maturity				
	DKK	46	5.25%	Perpetual ¹	47	48	-	-
	DKK	50	4.75% ²	Perpetual ³	51	52	-	-
	DKK	380	CIBOR-6M + 4.35%	Perpetual ⁴	392	392	392	392
	DKK	429	3.97% ⁵	Perpetual ⁶	432	441	432	441
	DKK	50	9.57% ⁷	Perpetual ⁸	50	53	50	53
	Total Additional Tier 1 capital				972	985	874	886
	Of these, included in Tier 1 capital/own funds, see note 17				955	955	859	859
	Costs of the issue of Additional Tier 1 capital				-	0	-	0

The issues are covered by Additional Tier 1 capital under the CRR. They have no maturity and payment of interest and repayment of principal is optional. Therefore, they are treated as equity for accounting purposes.

If the issuer's or Group's Common Equity Tier 1 capital ratio falls below 5.125%, the loans will be written down.

¹ Can be redeemed before maturity from 25 January 2026 with approval from the Danish FSA.

² The interest rate is fixed until 12 March 2026, when it will be changed to CIBOR-6M + 4.77%.

³ Can be redeemed before maturity from 12 March 2026 with approval from the Danish FSA.

⁴ Can be redeemed before maturity from 16 August 2027 with approval from the Danish FSA.

⁵ The interest rate is fixed until 24 April 2029, when it will be changed to CIBOR-6M + 3.50%.

⁶ Can be redeemed before maturity from 24 April 2029 with approval from the Danish FSA.

⁷ The interest rate is fixed until 26 June 2028, when it will be changed to CIBOR-6M + 6.15%.

⁸ Can be redeemed before maturity from 26 June 2028 with approval from the Danish FSA.

Note	Group		Bank	
	30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.
17 Own funds				
Transformation from equity to MREL basis				
Equity	14,143	13,972	12,328	12,121
Adjustment for bonds issued at fair value	12	-	12	-
Reserved/proposed dividend	-361	-666	-300	-525
Additional Tier 1 capital, including interest payable	-972	-991	-874	-886
Non-controlling interests not included	-607	-599	-	-
Intangible assets	-175	-189	-	-
Deduction for own shares in customers' safety deposit	-1	-2	-	-
Deduction for prudent valuation	-39	-37	-25	-24
Deduction of non-performing exposures	-376	-400	-87	-78
Capital instruments in financial entities	-237	-241	-	-
Common Equity Tier 1 capital	11,387	10,846	11,054	10,609
Additional Tier 1 capital	955	955	859	859
Non-controlling interests not included	4	-4	-	-
Tier 1 capital	12,346	11,797	11,913	11,468
Tier 2 capital	1,275	1,275	1,150	1,150
Non-controlling interests not included	22	11	-	-
Capital instruments in financial entities	-21	-22	-	-
Own funds	13,622	13,061	13,063	12,618
MREL capital	5,552	3,816	5,552	3,816
MREL basis	19,174	16,877	18,615	16,434

Note	Group		Bank		
	30.06.2024 DKK mill.	31.12.2023 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.	
18	Contingent liabilities and other binding commitments				
	Contingent liabilities				
	Financial guarantees	3,260	2,219	2,631	1,439
	Guarantees for losses on mortgage-credit loans	1,290	4,911	340	2,267
	Land registration and conversion guarantees	1,131	1,857	676	1,049
	Collateral for group companies	-	-	51	51
	Other contingent liabilities	2,972	2,222	718	718
	Total contingent liabilities	8,652	11,210	4,417	5,524
	Other binding commitments				
	Irrevocable credit commitments less than 1 year	605	881	-	-
	Irrevocable credit commitments more than 1 year	31	10	-	-
	Other credit commitments less than 1 year	28,576	24,404	11,388	9,619
	Unutilised commitments regarding payment of pension contributions	3	3	3	3
	Additional binding commitments	533	770	186	222
	Total other binding commitments	29,748	26,069	11,577	9,844

The reduction in loss guarantees for mortgage loans is because supplementary guarantees to Totalkredit have been replaced by a right of set-off against future commissions, and because guarantees to DLR Kredit have been reduced from 6% to 2% of the outstanding loan debt.

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.

Due to its size and scope of business activities, the Group is a party in various legal proceedings and disputes. These are assessed on an ongoing basis and necessary provisions are made based on an assessment of the risk of loss. Pending legal proceedings are not expected 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 one, and the liability is fully hedged by securities which are used to honour liabilities that have fallen due for payment.

Participation in the statutory Guarantee Fund for Depositors and Investors (indskydergarantiordningen) 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 1.0%. (2023: 1.0%).

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. The Group's and the Bank's 2024 contribution represents DKK 11 mill. (2023: DKK 12 mill.) and DKK 6 mill. (2023: DKK 7 mill.), corresponding to 1.0% (2023: 1.0%) and 0.6% (2023: 0.6%) of the sector's total contribution of DKK 1,101 mill. (2023: DKK 1,206 mill.).

The Bank is taxed jointly with the subsidiaries in the Group. 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 receivable at group level amounted to DKK 11 mill. as at 30 June 2024 (2023: DKK -32 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 and is jointly and severally liable for settlement hereof.

AL Finans has made a declaration of support to Mobility Service Denmark to provide cash and cash equivalents in the form of capital contributions or loans if needed in order to pay the associated company's creditors. The declaration of support is valid until 31 December 2024.

In connection with the demerger of Ejendomsselskabet Sluseholmen, the Bank has issued declarations of support in favour of all creditors of Ejendomsselskabet Sluseholmen and Sluseholmen 7 at the time of the demerger.

The Group's and the Bank's membership of the BEC Financial Technologies data centre means that, if the Group and the Bank withdraw their membership, they will be liable to pay compensation of DKK 1,476 mill. (2023: DKK 1,523 mill.) and DKK 927 mill. (2023: DKK 946 mill.), respectively.

Note

19 Fair value disclosures and classification of financial instruments

Financial instruments are recognised in the balance sheet at amortised cost or fair value in accordance with the Group's accounting policies and the table below.

	Group			
	Amortised cost	Fair value	Amortised cost	Fair value
	30.06.2024 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.	31.12.2023 DKK mill.
Classification and measurement of financial instruments				
Financial assets				
Cash in hand and demand deposits with central banks	18,412	-	11,597	-
Receivables from credit institutions and central banks	364	-	325	-
Loans and other receivables at amortised cost	49,717	-	47,593	-
Bonds at fair value	-	30,931	-	33,660
Shares etc.	-	2,364	-	2,323
Assets linked to pooled schemes	-	17,700	-	16,695
Derivative financial instruments and spot transactions	-	179	-	217
Interest and commissions receivable	9	264	24	299
Total financial assets	68,502	51,438	59,538	53,194
Financial liabilities				
Debt to credit institutions and central banks	513	-	571	-
Deposits and other debt	80,668	-	76,915	-
Deposits in pooled schemes	-	17,700	-	16,695
Issued bonds at fair value	-	2,233	-	-
Issued bonds at amortised cost	3,969	-	4,136	-
Derivative financial instruments and spot transactions	-	80	-	107
Interest and commissions due	284	33	84	0
Subordinated debt	1,275	-	1,275	-
Total financial liabilities	86,710	20,045	82,980	16,803

Note

19 Fair value disclosures and classification of financial instruments (continued)**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.

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 mill. as at 30 June 2024 (2023: DKK 0 mill.).

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.

Bonds that have not been traded for five trading days are assigned to this level in the Group.

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 the 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.

Investments under non-observable inputs are mainly valued based on three different methods:

- 1) Redistribution prices for sector shares (2024: DKK 1,210 mill., 2023: DKK 1,224 mill.).
- 2) Reported fair value (2024: DKK 572 mill., 2023: DKK 533 mill.).
- 3) Recent transactions adjusted for subsequent developments in the company (2024: DKK 229 mill., 2023: DKK 222 mill.).

Sector shares are valued based on provisions regarding redistribution prices in ownership agreements and input from completed trades. In most 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.

Reported fair value typically includes private equity funds, where the most significant assets and liabilities are measured at fair value and where the company acts as an investment company. For these investments, the reported net asset value (NAV) is used as the basis for the valuation.

Recent transactions adjusted for subsequent developments in the company include a portfolio of startup companies within pharmaceuticals, technology and climate. As the companies are startups, valuing them is associated with significant estimates. The determination of fair value is based on recent capital raisings. If there have been no recent capital raisings, or there is information that the companies are not developing as expected, a thorough analysis will be carried out to determine whether a haircut should be made in relation to the most recent capital raising.

The valuation methods for unlisted shares do not make use of non-observable input such as a discount factors or revenue multiples, and therefore it is not possible to indicate the sensitivity to changes in the most important non-observable input parameters. The total value of the shares changes by DKK 201 mill. (2023: DKK 198 mill.) at a 10% change in prices.

Bonds under non-observable inputs comprise a portfolio of unlisted credit bonds, which are valued on the basis of yield curves plus individual credit spreads. The value of the bonds changes by DKK -1 mill. (2023: DKK -1 mill.) with a widening in the credit spread of 1 percentage point.

Issued bonds at fair value are valued on the basis of yield curves plus credit spreads that reflect the Group's own credit risk. If the credit spread is widened by 1 percentage point, the fair value of the issue changes by DKK -77 mill.

Transfers between levels in the fair value hierarchy

Transfers between levels in the fair value hierarchy are made if an instrument is classified differently at the balance sheet date than at the beginning of the financial year. The value transferred to the new level is the fair value at the beginning of the year.

In the first half-year of 2024, the Group transferred DKK 2,565 mill. (2023: DKK 2,634 mill.) of bonds at fair value from level 1 to level 2 as a result of infrequent price updates. In the first half-year of 2024, no bonds were moved from level 2 to level 1 (2023: DKK 2,447 mill.).

Apart from the above, there were no significant transfers between the three fair value levels in the first half-years of 2023 and 2024.

Note

19 Fair value disclosures and classification of financial instruments (continued)

	Group			Total DKK mill.
	Listed prices (level 1) DKK mill.	Observable input (level 2) DKK mill.	Non-observable input (level 3) DKK mill.	
Fair value hierarchy as at 30 June 2024				
Financial assets				
Bonds at fair value	15,810	15,096	25	30,931
Shares etc.	353	-	2,011	2,364
Assets linked to pooled schemes	17,700	-	-	17,700
Derivative financial instruments and spot transactions	0	178	-	179
Interest and commissions receivable	130	134	0	264
Total financial assets	33,993	15,408	2,036	51,438
Financial liabilities				
Deposits in pooled schemes	-	17,700	-	17,700
Issued bonds at fair value	-	-	2,233	2,233
Derivative financial instruments and spot transactions	5	74	-	80
Interest and commissions due	0	-	33	33
Total financial liabilities	5	17,774	2,266	20,045
Fair value hierarchy as at 31 December 2023				
Financial assets				
Bonds at fair value	18,582	14,867	211	33,660
Shares etc.	343	-	1,979	2,323
Assets linked to pooled schemes	16,695	-	-	16,695
Derivative financial instruments and spot transactions	-	217	-	217
Interest and commissions receivable	177	121	0	299
Total financial assets	35,798	15,204	2,191	53,194
Financial liabilities				
Deposits in pooled schemes	-	16,695	-	16,695
Issued bonds at fair value	-	-	-	-
Derivative financial instruments and spot transactions	10	97	-	107
Interest and commissions due	0	-	-	0
Total financial liabilities	10	16,792	-	16,803

Note

19 Fair value disclosures and classification of financial instruments (continued)

	Group			
	Financial assets		Financial liabilities	
	First half-year 2024 DKK mill.	2023 DKK mill.	First half-year 2024 DKK mill.	2023 DKK mill.
Non-observable input (level 3)				
Fair value brought forward	2,191	2,076	-	-
Dividends recognised in the income statement	99	48	-	-
Value adjustments recognised in the income statement ¹	17	85	3	-
Value adjustments recognised in other comprehensive income	-	-	11	-
Net change in accrued interest and commissions	0	0	33	-
Purchases	46	74	-	-
Sales/distributions	-316	-91	-	-
Issues	-	-	2,219	-
Fair value carried forward	2,036	2,191	2,266	-

¹ Of which DKK 19 mill. (2023: DKK 85 mill.) is attributable to instruments held at the end of the reporting period.

Note

19 Fair value disclosures and classification of financial instruments (continued)

	Group			
	Carrying amount	Fair value	Carrying amount	Fair value
	30.06.2024 DKK mill.	30.06.2024 DKK mill.	31.12.2023 DKK mill.	31.12.2023 DKK mill.
Financial instruments recognised at amortised cost				
Financial assets				
Cash in hand and demand deposits with central banks	18,412	18,412	11,597	11,597
Receivables from credit institutions and central banks	364	364	325	325
Loans and other receivables at amortised cost	49,717	49,760	47,593	47,614
Interest and commissions receivable	9	9	24	24
Total financial assets	68,502	68,545	59,538	59,560
Financial liabilities				
Debt to credit institutions and central banks	513	513	571	571
Deposits and other debt	80,668	80,659	76,915	76,905
Issued bonds at amortised cost	3,969	4,019	4,136	4,186
Interest and commissions due	284	284	84	84
Subordinated debt	1,275	1,292	1,275	1,301
Total financial liabilities	86,710	86,767	82,980	83,048

Methods for calculating fair values of financial instruments recognised at amortised cost are based on non-observable input (level 3 in the fair value hierarchy).

Loans and receivables in credit institutions have been recognised at amortised cost. The difference to fair values is assumed to be fees and commissions received in connection with loans as well as the interest-rate-level value adjustment, which is calculated by comparing current market interest rates with market interest rates when the loans were established. Changes in credit quality are assumed to be included in impairments on loans for carrying amounts as well as for fair values.

Deposits, debt to credit institutions, issued bonds and subordinated debt have been recognised at amortised cost. The difference to fair values is assumed to be fees and commissions paid at issuance and the interest rate-dependent value adjustment, which is calculated by comparing current market interest rates with market interest rates when the transactions were established.

20 Related party transactions

Arbejdernes Landsbank received ordinary dividends from group companies totalling DKK 376 mill. The Bank paid a total of DKK 525 mill. in ordinary dividends, of which DKK 173 mill. was paid to shareholders with significant influence.

The subsidiary AL Finans has increased its credit line by DKK 200 mill. to DKK 9.1 bn. due to increased funding needs.

AL Finans has increased the credit line for the associated company Mobility Service Danmark by DKK 159 mill. to DKK 959 mill. due to increased funding needs.

The subsidiary Vestjysk Bank has received a 4-year SNP loan of DKK 350 mill. to cover MREL requirements. Interest on the loan is at a quarterly coupon rate of CIBOR-3M + 2.32%.

The subsidiary Ejendomsselskabet Sluseholmen has been demerged with effect from 1 January 2024. The demerger includes assets totalling DKK 309 mill. and debt in the form of a credit facility totalling DKK 309 mill. The receiving company is Sluseholmen 7, which is a wholly owned subsidiary of Arbejdernes Landsbank.

Apart from the above, there have been no significant transactions with related parties in the first half of 2024.

See note 43 in the Annual Report for 2023 for a more detailed definition and description of related party transactions.

Note	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	2023 DKK mill.
21 Financial highlights for the Group			
Income statement			
Net interest income	1,657	1,564	3,279
Net fee and commission income	692	707	1,409
Value adjustments and dividends	356	275	709
Other operating income	32	40	73
Profit/(loss) from equity investments in associated companies	-31	-16	-140
Total income	2,706	2,569	5,329
Costs and amortisation/depreciation	-1,573	-1,500	-2,998
Impairments on loans and receivables etc.	106	84	181
Total costs	-1,467	-1,416	-2,817
Profit before tax	1,239	1,153	2,511
Tax	-335	-280	-673
Profit for the period	904	874	1,838
Selected balance sheet items			
Loans and other receivables at amortised cost	49,717	45,349	47,593
Bonds at fair value	30,931	31,250	33,660
Total assets	124,045	111,683	116,999
Deposits incl. pooled schemes	98,368	90,226	93,610
Equity	14,143	12,951	13,972
Other financial data			
Net interest and fee income	2,456	2,324	4,740
Value adjustments	248	222	656
Staff and administrative expenses	-1,477	-1,373	-2,770
MREL basis	19,174	15,079	16,877
Own funds	13,622	12,333	13,061
Tier 1 capital	12,346	11,078	11,797
Common Equity Tier 1 capital	11,387	10,127	10,846
Exposures with credit risk	49,479	46,759	47,728
Exposures with market risk	5,624	6,434	6,235
Exposures with operational risk	8,157	6,697	8,157
Total risk exposure	63,261	59,890	62,121

Note		First half-year 2024	First half-year 2023	2023
21	Ratios and key figures for the Group			
	Solvency			
	MREL ratio	% 30.3	25.2	27.2
	Capital ratio	% 21.5	20.6	21.0
	Tier 1 capital ratio	% 19.5	18.5	19.0
	Common Equity Tier 1 capital ratio	% 18.0	16.9	17.5
	Earnings			
	Return on equity before tax	% 8.7	9.0	18.7
	Return on equity after tax	% 6.3	6.8	13.7
	Ratio of operating income to operating expenses per DKK	DKK 1.84	1.81	1.89
	Return on capital employed	% 0.8	0.8	1.6
	Market risk			
	Interest-rate risk	% 1.5	1.8	1.7
	Currency position	% 1.1	1.2	0.8
	Currency risk	% 0.0	0.0	0.0
	Liquidity			
	Loans plus impairments in relation to deposits	% 51.9	51.7	52.4
	Liquidity coverage ratio (LCR)	% 288.9	293.7	309.6
	Credit			
	Sum of large exposures	% 123.3	111.5	112.0
	Impairment ratio for the period	% -0.1	0.0	0.2
	Lending growth for the period	% 4.5	2.8	7.9
	Loans in relation to equity	3.5	3.5	3.4
	Employees			
	Average number of staff employed in the reporting period converted to full-time equivalents	1,879	1,865	1,864

See note 46 in the Annual Report for 2023 for definitions of ratios and key figures. Reversed provisions on loans that were credit impaired at initial recognition are not included in the calculation of the impairment ratio for the period.

Note	First half-year 2024 DKK mill.	First half-year 2023 DKK mill.	2023 DKK mill.
21 Financial highlights for the Bank			
Income statement			
Net interest income	951	843	1,797
Net fee and commission income	390	383	769
Value adjustments and dividends	215	153	396
Other operating income	26	20	44
Profit/(loss) from equity investments in associated companies and group companies	298	330	631
Total income	1,880	1,728	3,636
Costs and amortisation/depreciation	-976	-887	-1,827
Impairments on loans and receivables etc.	33	59	82
Total costs	-943	-828	-1,745
Profit before tax	937	900	1,891
Tax	-159	-140	-313
Profit for the period	778	759	1,578
Selected balance sheet items			
Loans and other receivables at amortised cost	30,370	28,021	29,382
Bonds at fair value	19,425	21,180	22,359
Total assets	84,705	75,087	79,296
Deposits incl. pooled schemes	62,735	57,235	59,768
Equity	12,328	11,247	12,121
Other financial data			
Net interest and fee income	1,381	1,254	2,594
Value adjustments	174	124	368
Staff and administrative expenses	-927	-832	-1,723
MREL basis	18,615	14,744	16,434
Own funds	13,063	11,999	12,618
Tier 1 capital	11,913	10,849	11,468
Common Equity Tier 1 capital	11,054	9,990	10,609
Exposures with credit risk	39,199	36,214	37,754
Exposures with market risk	3,390	4,606	4,122
Exposures with operational risk	4,403	3,735	4,403
Total risk exposure	46,992	44,555	46,279

Note		First half-year 2024	First half-year 2023	2023
21	Ratios and key figures for the Bank			
	Solvency			
	MREL ratio	% 39.6	33.1	35.5
	Capital ratio	% 27.8	26.9	27.3
	Tier 1 capital ratio	% 25.4	24.3	24.8
	Common Equity Tier 1 capital ratio	% 23.5	22.4	22.9
	Earnings			
	Return on equity before tax	% 7.7	8.2	16.6
	Return on equity after tax	% 6.4	6.9	13.8
	Ratio of operating income to operating expenses per DKK	DKK 1.99	2.09	2.08
	Return on capital employed	% 0.9	1.0	2.1
	Market risk			
	Interest-rate risk	% 1.0	1.2	1.0
	Currency position	% 1.1	1.1	0.7
	Currency risk	% 0.0	0.0	0.0
	Liquidity			
	Loans plus impairments in relation to deposits	% 49.0	49.7	49.9
	Liquidity coverage ratio (LCR)	% 269.9	284.5	285.6
	Credit			
	Sum of large exposures	% 89.5	60.1	73.0
	Impairment ratio for the period	% -0.2	-0.1	-0.2
	Lending growth for the period	% 3.4	2.1	7.1
	Loans in relation to equity	2.5	2.5	2.4
	Employees			
	Average number of staff employed in the reporting period converted to full-time equivalents	1,188	1,155	1,162

See note 46 in the Annual Report for 2023 for definitions of ratios and key figures.

AKTIESELSKABET

 **Arbejdernes Landsbank**

CVR no. 31 46 70 12, Copenhagen

Panoptikonbygningen

Vesterbrogade 5 · 1502 Copenhagen V, Denmark
Telephone +45 38 48 48 48 · www.al-bank.dk