

NOVEMBER 2024

# Introduction and credit update

 Arbejdernes Landsbank

 Arbejdernes Landsbank



# Executive **summary**

- Arbejdernes Landsbank offers:
  - A robust Danish SIFI bank focusing on private customers and local business
  - A bank with a stable and committed ownership structure
  - A strong market position – ranked as the Danes’ preferred bank 15 years in a row
  - A strong loan book – well-diversified in terms of sectors and industries with low levels of impairments
  - Robust A2/P-1 rating from Moody’s – A2 exp. for Preferred Senior
  - Well-capitalised bank with a strong and stable funding profile
  - A bank with an ambitious sustainability strategy and ESG integration across the core of our business



# Agenda

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Introduction to  
**Arbejdernes  
Landsbank  
Group**

# Arbejdernes Landsbank A/S

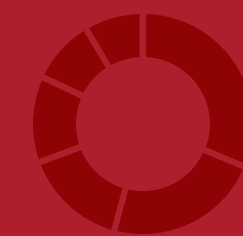
## A robust Danish retail bank focusing on private customers and local business

- Established in 1919 by 62 Danish trade union confederations and cooperatives
- Providing full-service and financial solutions for private customers, associations and companies
- Not a membership bank
- Value driven and our goal is to remain a responsible, serious and competitive customer orientated retail bank
- Strong reputation and #1 in customer satisfaction
- Majority owner of Vestjysk Bank in 2021
- Designated SIFI-bank in 2021 and Group 1 bank in 2023
- Strong credit quality / Strong loan book based on a private customer base.



# No. 1

Danes' preferred bank  
**15th successive year**



Equity (DKK)  
**14.1 bn**  
(group)



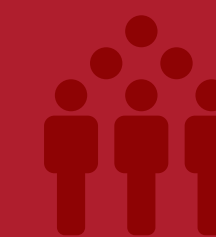
**+107,000**  
new customers over  
the past **10 years**



**6th**  
**largest**  
Danish bank



**Low**  
impairments



**358,081**  
customers

# Arbejdernes Landsbank Group

## Arbejdernes Landsbank

- The 6th largest bank\* operating in Denmark
- Offering finance solutions to personal customers, corporates and unions
- 59 branches
- 1,209 employees
- More than 350,000 customers
- Total assets: DKKbn 124

(100%)

## al finans

- A finance company operating in Denmark
- Offering finance solutions to personal and corporate customers
- 85 employees
- More than 28,500 customers
- Total assets: DKKbn 8.6

(73%)

## vestjysk BANK

- Offering finance solutions to personal and corporate customers
- 25 branches
- 607 employees
- More than 175,500 customers
- Total assets: DKKbn 46.3

(100%)

## Ejendomsselskabet SLUSEHOLMEN A/S

- Construction of a new domicile (completed in H1 2025)

(100%)

## SluseHolmen7

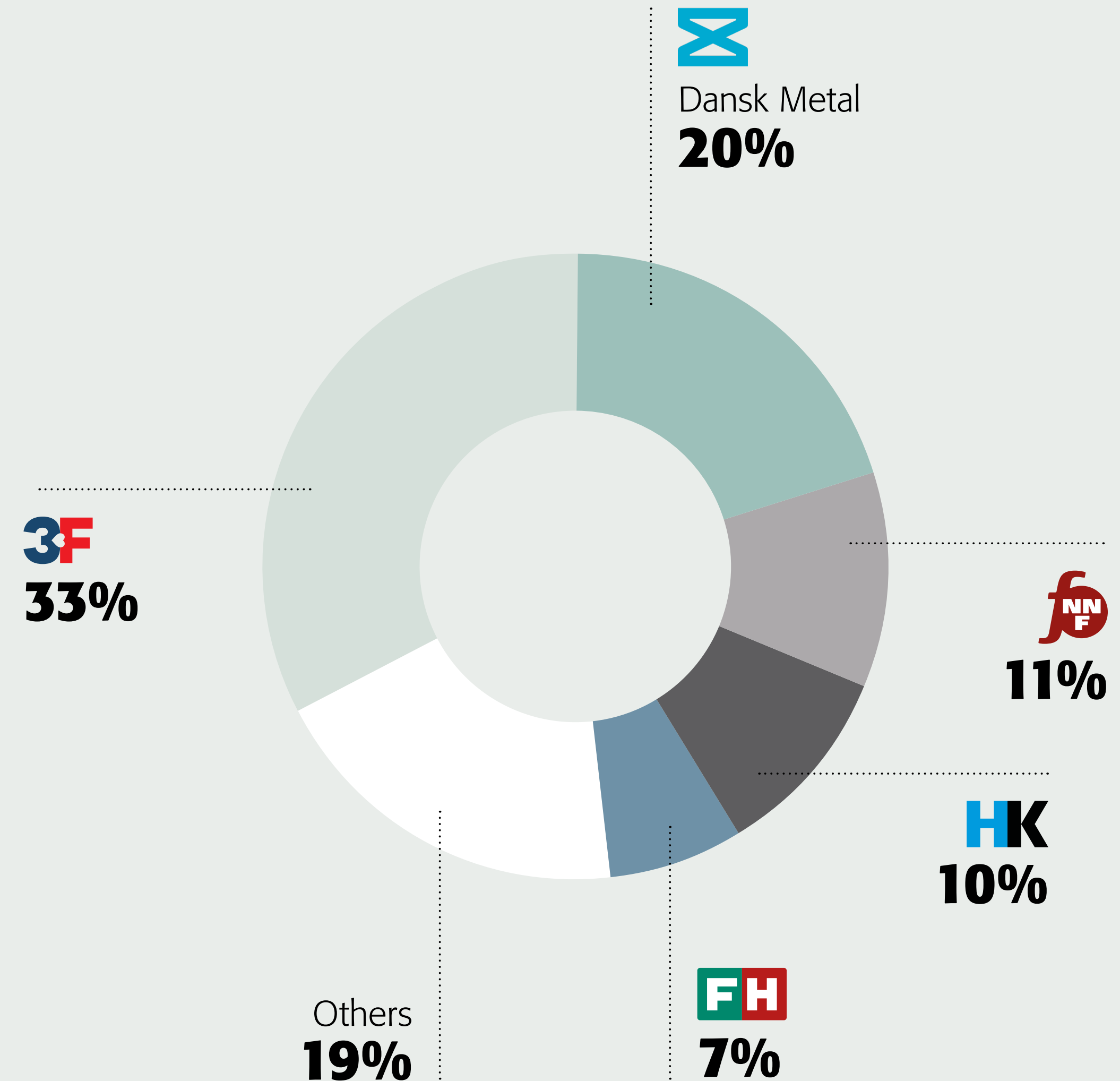
- Construction of property on the neighboring building plot next to the new domicile.
- The property is expected to be sold once it is completed and fully leased.

# Stable and committed board

Arbejdernes Landsbank was founded in 1919 by 62 Danish trade union confederations and cooperatives.

Today, more than 80% of the shares are owned by the trade union confederations and cooperatives in Denmark:

- 3F is the largest shareholder with 33% and Dansk Metal holds 20%
- Others consists of 22,000 private shareholders. All members of an approved workers union i.e. the articles of association of Arbejdernes Landsbank
- The five largest shareholders are represented in the Board of Directors
- Stable and committed board
  - Chairman Claus Jensen from Dansk Metal (Board member since 2013)
  - Deputy chairman Ole Dam Wehlast from NNF (Board member since 2016)



# A strong brand

- the Danes' preferred bank 15 years in a row

Arbejdernes Landsbank is ranked as the preferred Danish bank in the largest Danish bank survey for 15 consecutive years.

## Customers highlight:

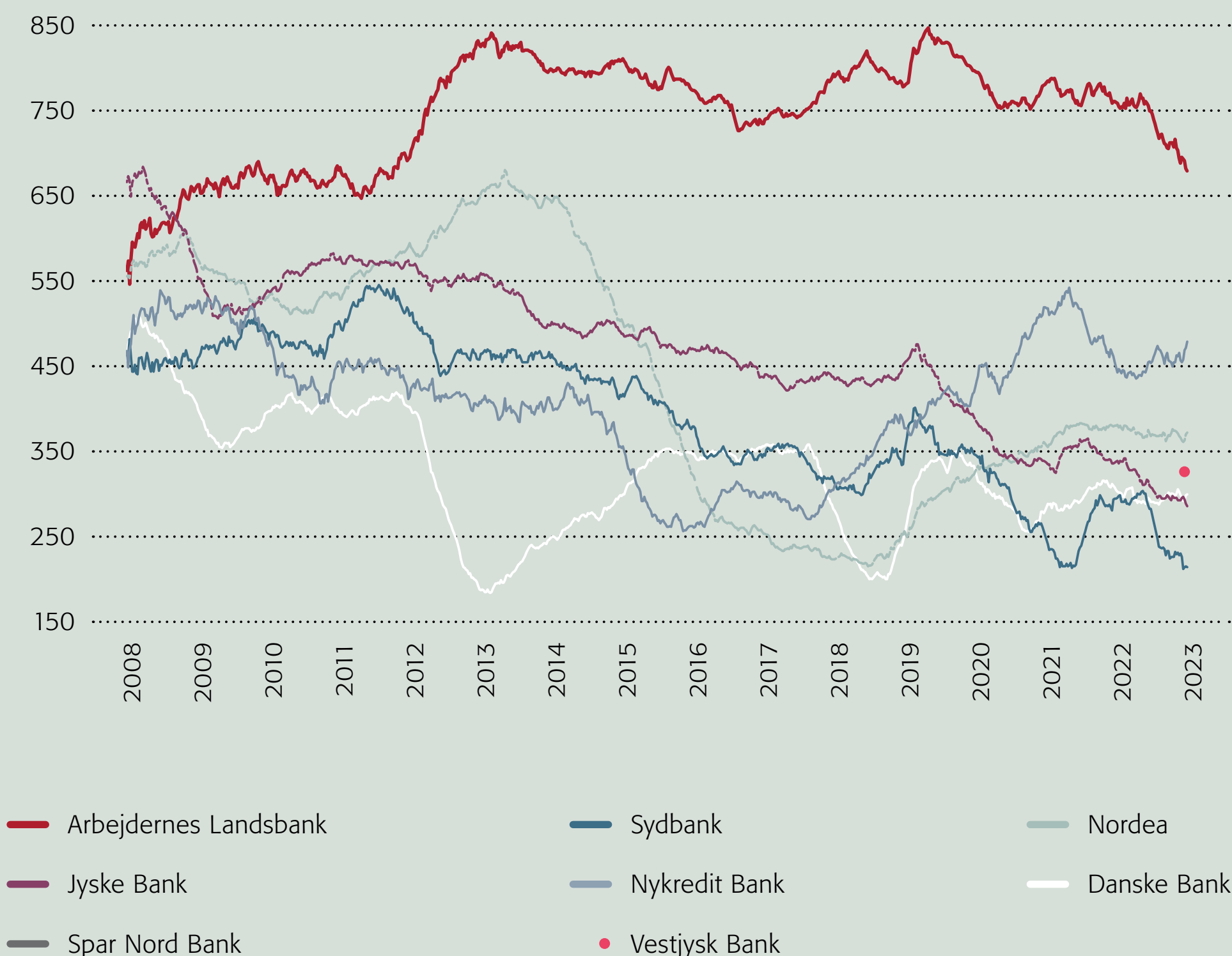
- A credible bank
- Provider of the best solutions in the market
- Advisors – not salespersons

Arbejdernes Landsbank is ranked as number 1 according to YouGov Brand Index 2023 full year for persons over 18 years of age:

- 1 out of 5 of the bank clients points to Arbejdernes Landsbank as the bank they would choose if they were to choose another bank (number 2: 13%)
- 11% of the bank clients would recommend Arbejdernes Landsbank to friends, family, and colleagues (number 2: 9%)

Strong market position:

## Highest customer satisfaction score (CEM) compared to our competitors, 2023



The survey, that is conducted by Voxmeter, is based on the testimonials of 60,000 bank clients chosen at random and ranks banks according to client satisfaction based on advisory, service, products, image ect.



# Danish Banking Sector

## Mortgage credit institutions

- Danske Bank, Jyske Bank, Nykredit and Nordea, have their own mortgage credit institutions.
- Other financial institutions use Totalkredit and DLR-Kredit.

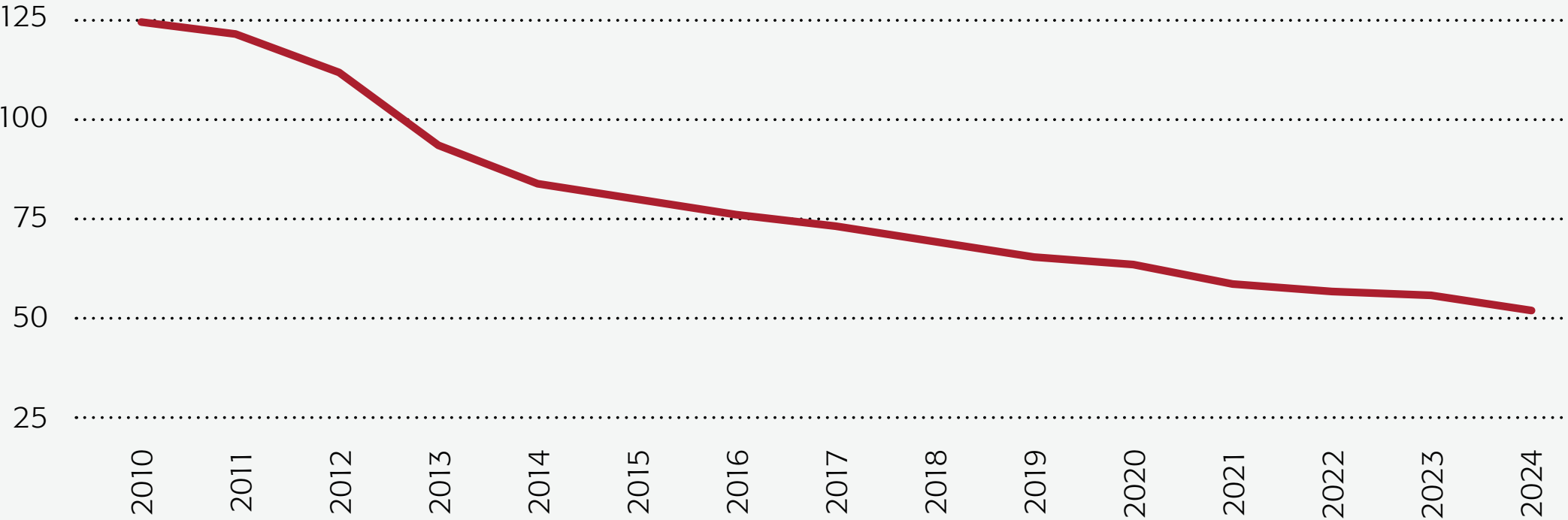


## Data center

- Danske Bank and Nordea have their own data center.
- All the other financial institutions in Denmark use BEC, SDC or Bankdata as their primary data center.

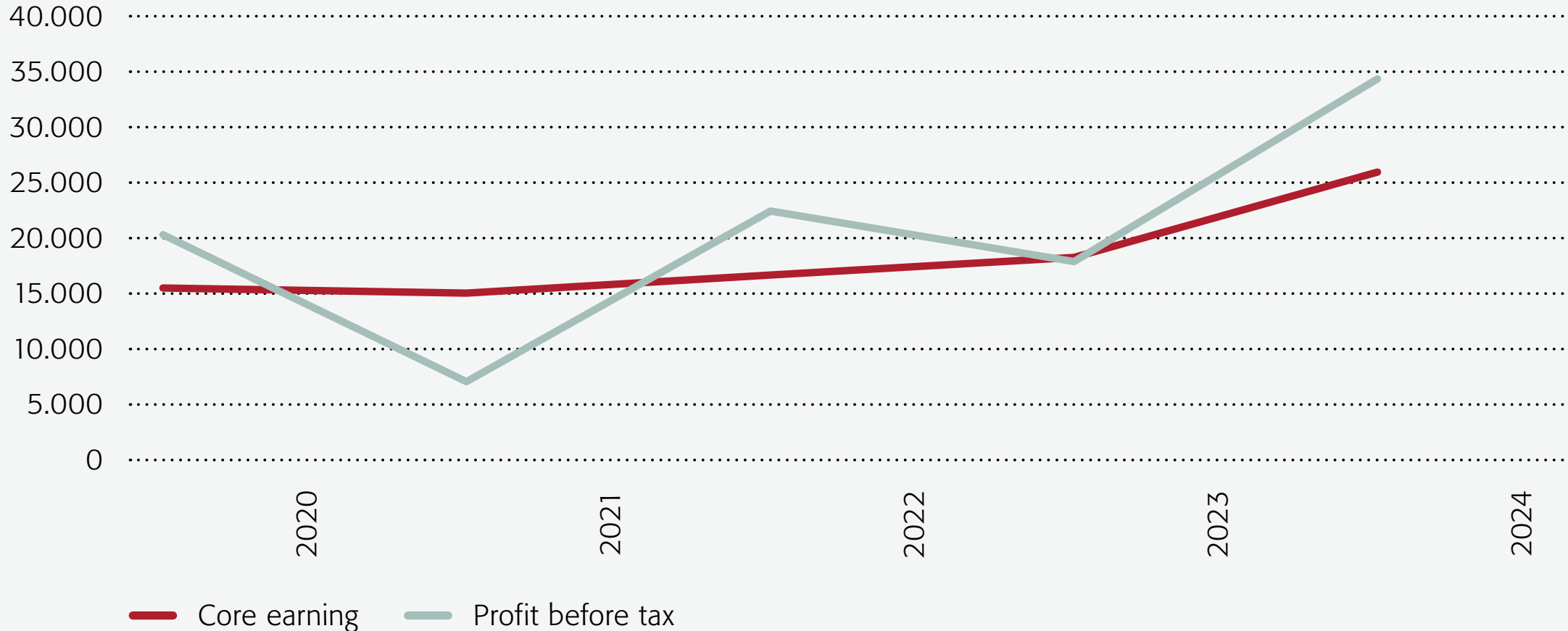


## Number of financial institutions in Denmark



Source: finanstilsynet.dk.

## Danish credit institutions core earnings and profit before tax interim report 2023, DKKm



Source: finanstilsynet.dk.

# Customer value position is supported **by a strategic collaboration model**

The core business and the customer journey is supported and improved through:

- Strategic partnerships with well known partners in the Danish financial markets
- Joint solutions



nærpension

BANK INVEST

Sparinvest

erhvervs sikring

privat sikring



dlr-kredit

bEC  
FINANCIAL  
TECHNOLOGIES



nets  
Merchant Services  
All you need to get paid

TESTAVIVA

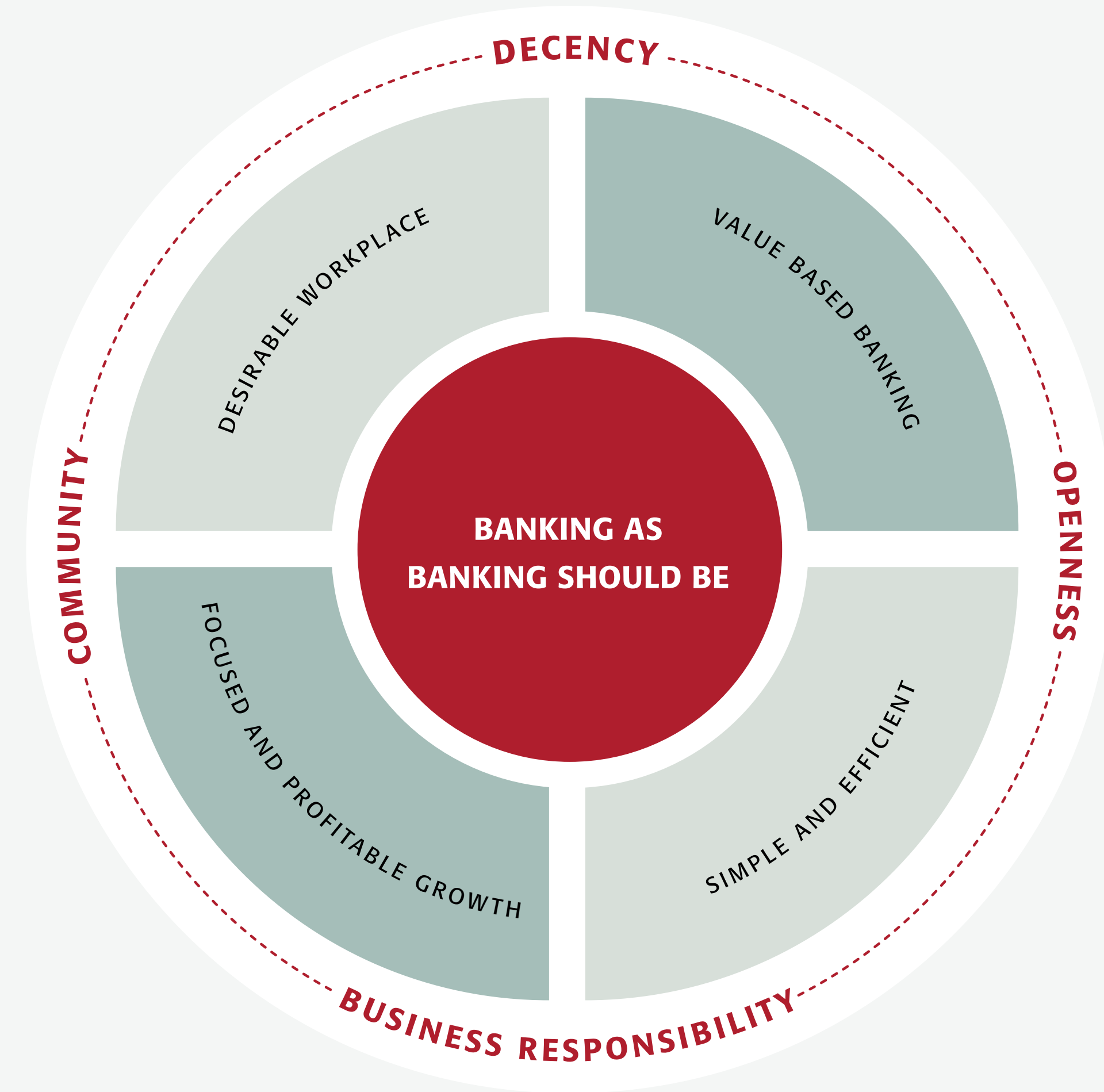


VALIDIFIED

# Our guiding star

## Banking as banking should be

- We are a socially responsible and value based bank – today and even more so in the future
- With regard to our values, we intend to fulfill our potential and ensure growth in profitable customer segments and industries
- This means that we can be the most attractive bank for customers and our colleagues



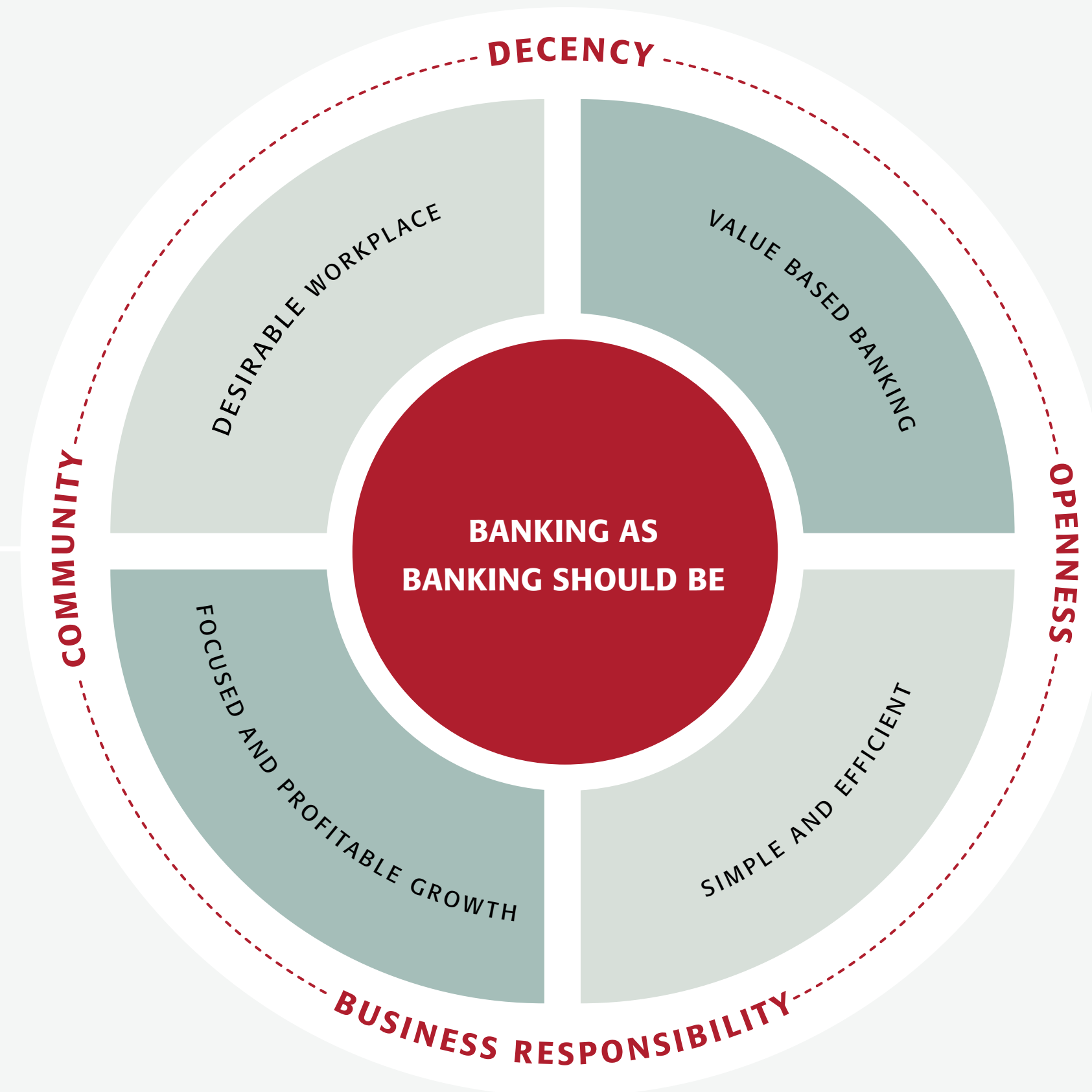
# Business plan

## Desirable workplace

- Desirable development opportunities for our employees
- Visible and desirable career paths
- Recruitment based on our values
- Improved position as a value-based workplace

## Focused and profitable growth

- Increased focus on prioritized customer segments and industries
- Relevant and proactive bank
- Manage & prioritize commercial activities
- Create relations with our customers
- Personal & competent advisor
- Focused & selective presence



## Value-based banking

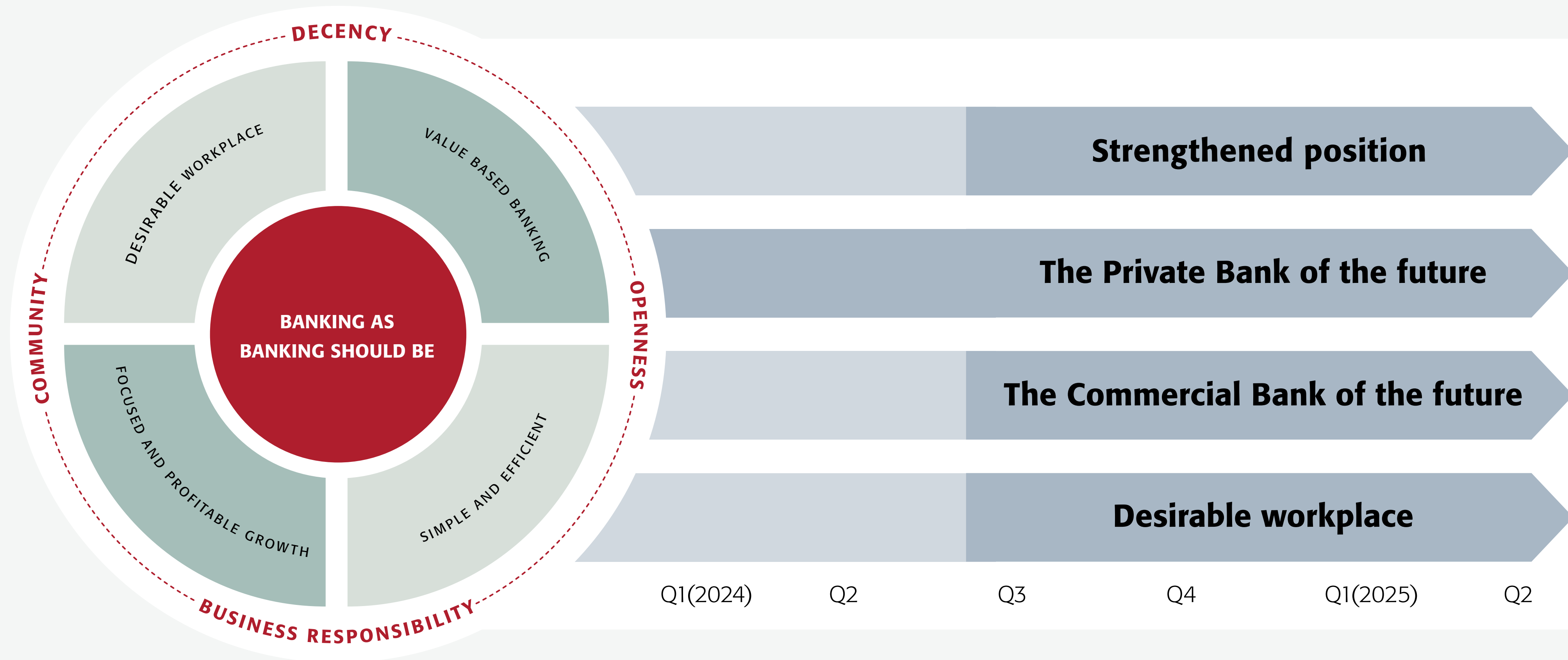
- "Banking as banking should be" with strong values
- The best customer understanding in the industry
- Customers first and shared values
- Focus on propriety today and tomorrow
- Meeting the markets demand for sustainability

## Simple and efficient

- Increased use of data and analysis
- Stronger proactive digital channels
- Optimize core processes
- Maximize partnership value
- Effective customer service

# Transformation programs

- We are launching 4 transformation programs to support the execution of the strategy



# Majority owner of **Vestjysk Bank** in 2021

- In 2017, Arbejdernes Landbank joined a consortium together with Nykredit and AP Pension, and acquired DKKm 100 shares in Vestjysk Bank corresponding to 11.2% of total shares in Vestjysk Bank in 2017.
- Today we own 73% of the shares in Vestjysk Bank and have no plans to increase the ownership in Vestjysk Bank
- Group cooperation has been strengthened considerably.
  - Group functions established and Group Risk Policies adopted in Vestjysk Bank
  - Group manager appointed for Risk, Compliance and Internal Audit
  - Joint management meetings and participation of Vestjysk Bank in the group's committees
  - Board representation

## **Vestjysk Bank** – Strategic objectives



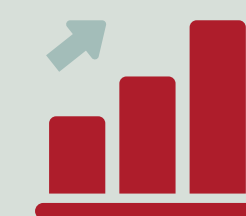
Vestjysk Bank continues to have its **own business model and brand** with an independent branch network to ensure a strong market position and relationships with customers in the local area



**Create a solid platform** to serve private and corporate customers, e.g. joint IT investments



**Better balance** in the Group business volume.

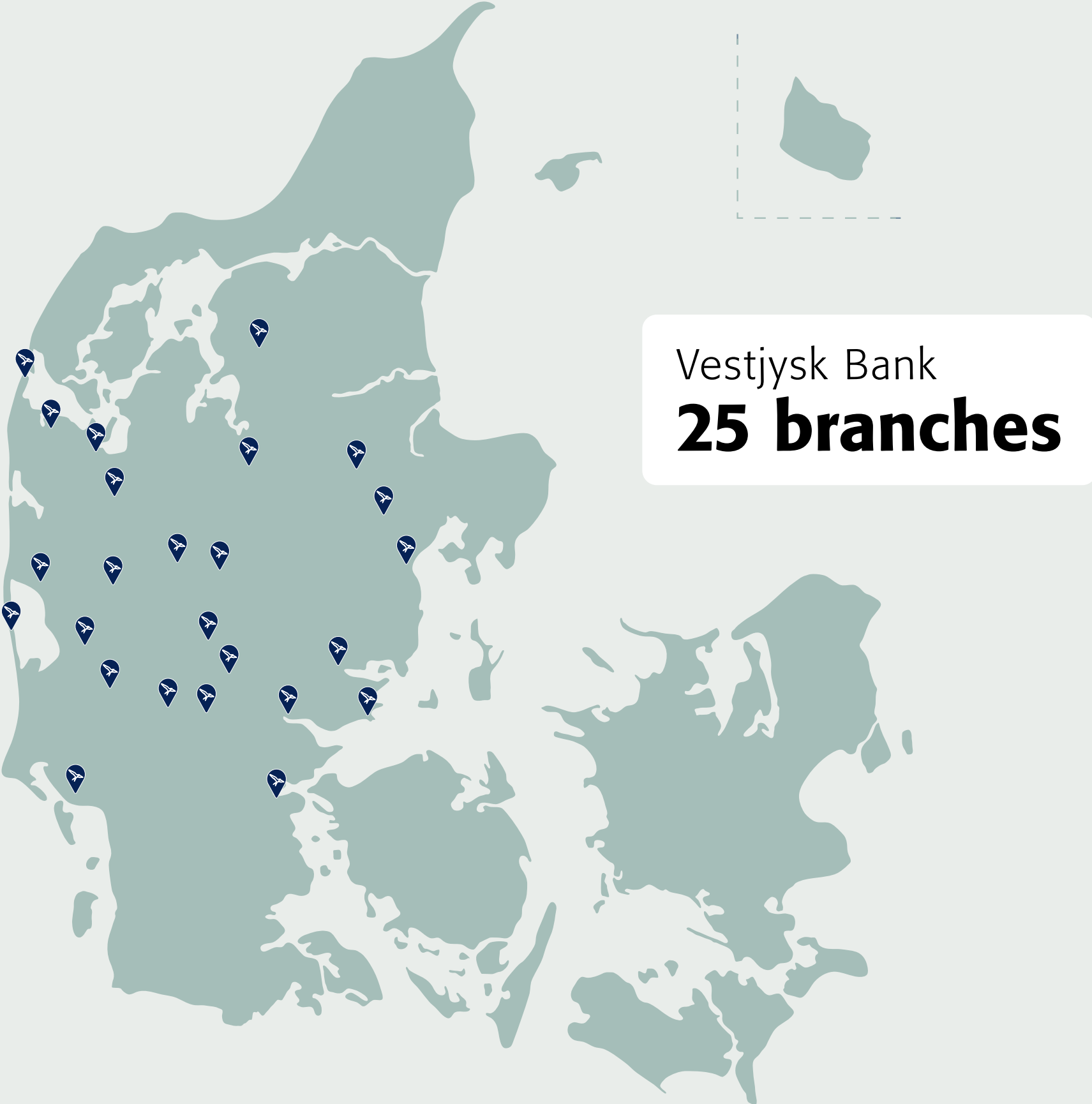
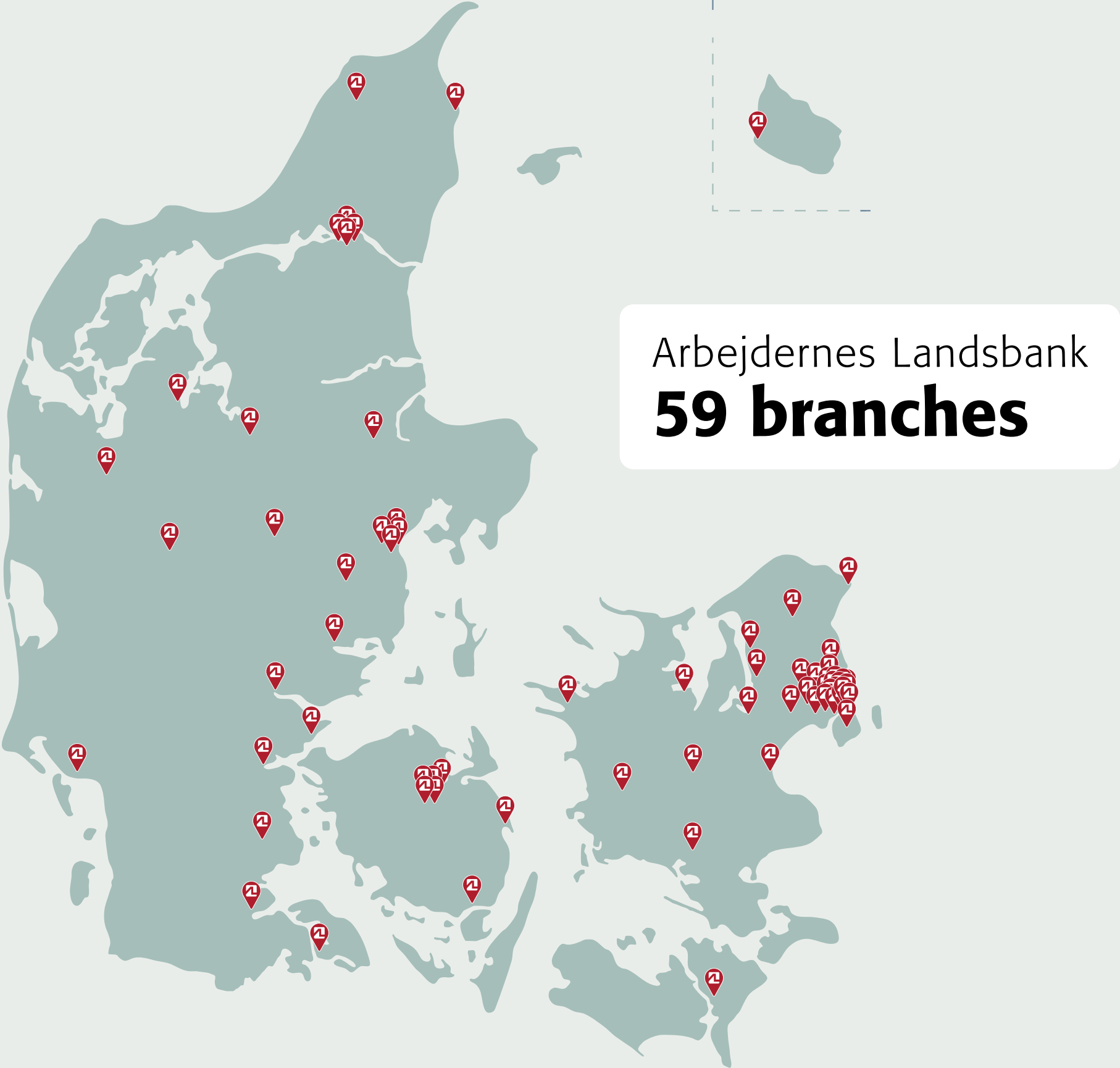


**Synergy realization** through increased collaboration, e.g. optimization of staff and support functions.

# Nation wide retail network

- Focus on larger cities and perfect match to Vestjysk Bank

- Optimizing and streamlining our local branch network
  - **2021** - AL: 70 branches, VB: 35 branches
  - **2024 H1** - AL: 59 branches, VB: 25 branches



# Group position in the Danish retail banking market

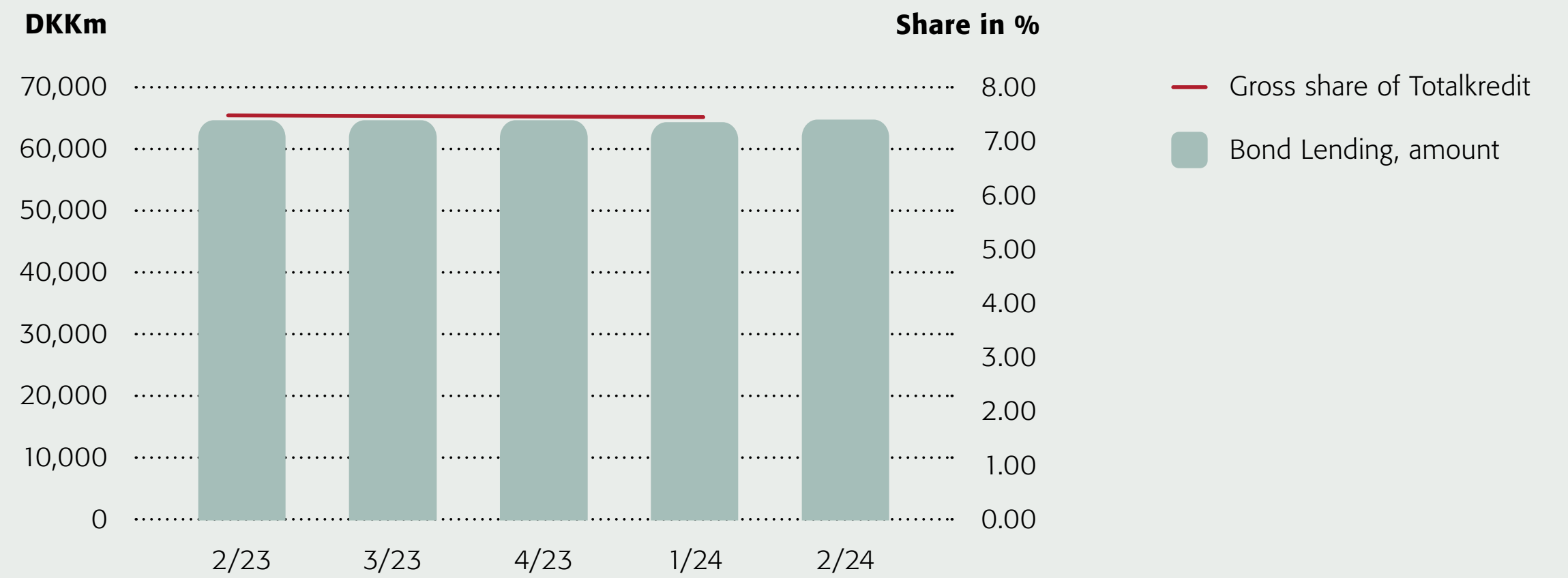
- Market share for the Arbejdernes Landsbank Group is 4.2% for domestic deposits among all banks in Denmark in 2023. And 2.9% for domestic loans.
- Arbejdernes Landsbank's share of Totalkredit loans is 7.4%
- Vestjysk Bank's share of Totalkredit is 4.4%

Market share, Group	2022	2023
Domestic deposits	4.0%	4.2%
Domestic loans	2.4%	2.9%

Source: Finanstilsynet (Markedsudviklingsartiklen for penge- og realkreditinstitutter 2023)

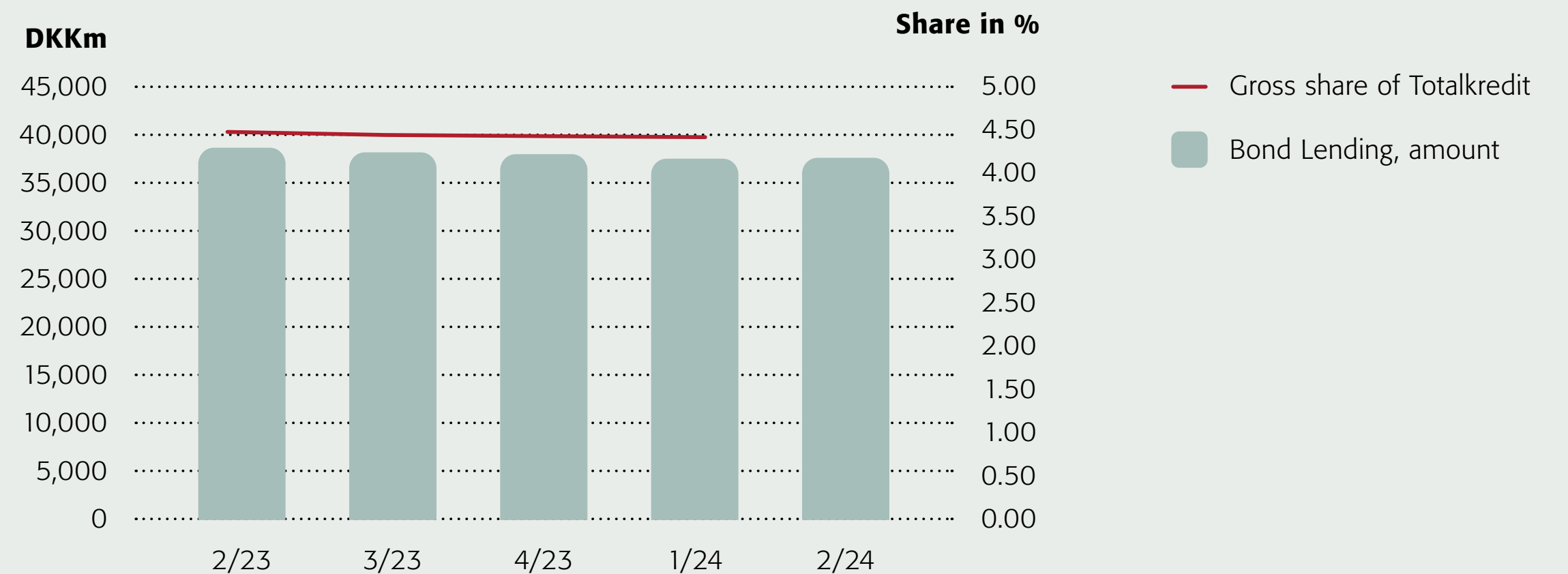
## Arbejdernes Landsbank

Share of Totalkredit loans 7.4%



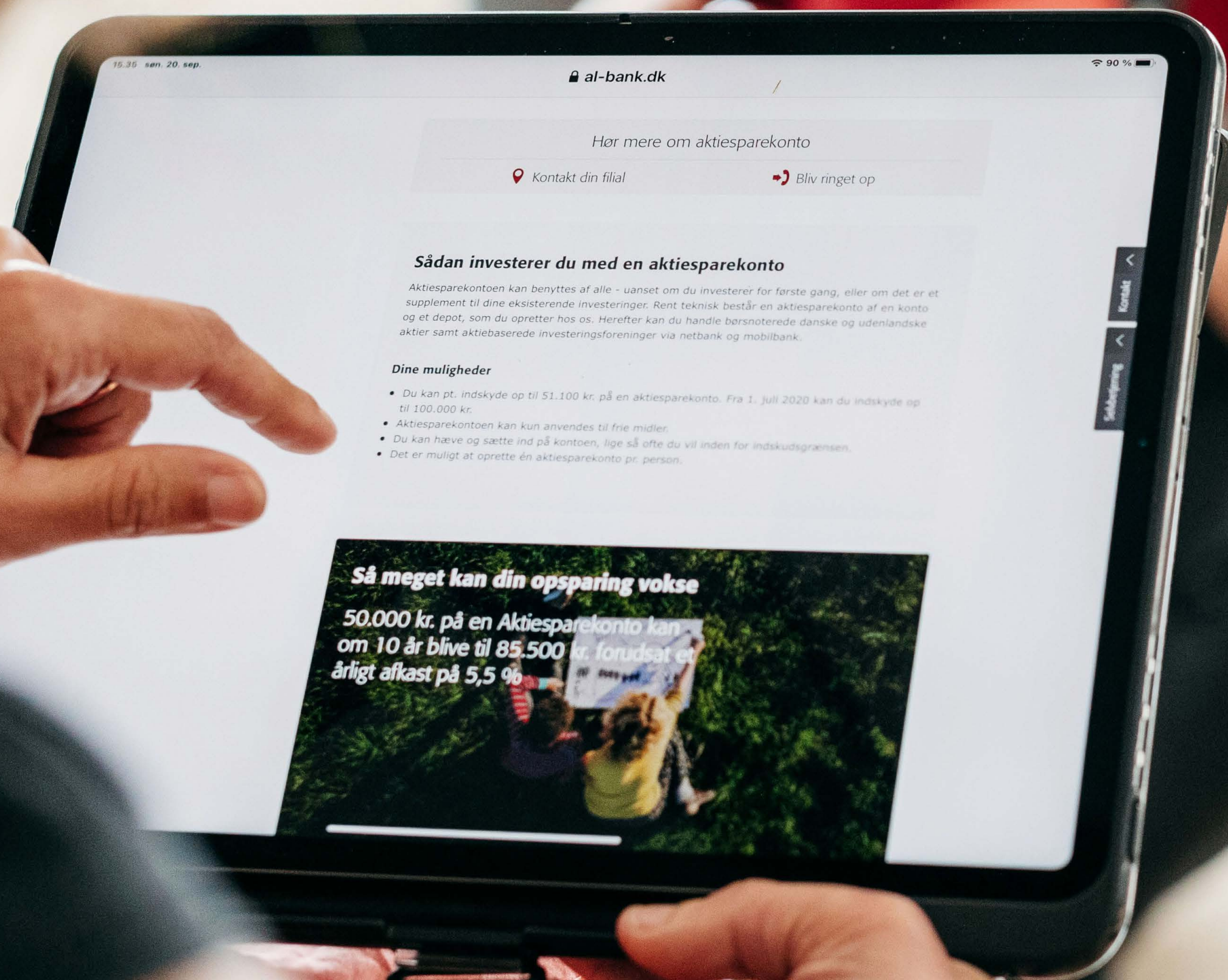
## Vestjysk Bank

Share of Totalkredit loans 4.4%





# Update on **financial performance**



# Stable financial performance

- The Group's earnings are positively affected by the higher level of interest rates and continued growth in business volume
- Cost increase related to regulatory and IT related investments and wage increases
- 2021 impacted by one-off related to acquisition of Vestjysk Bank

## Group Financial Performance – five-year comparison

	2019	2020	2021*	2022	2023	2024 H1
<b>DKKm</b>						
Net interest income	1,075	1,070	1,643	2,218	3,279	1,657
Net fees, charges and commissions	688	700	1,197	1,565	1,409	692
Market value adjustments and dividends	342	285	293	-127	709	365
Other income	94	173	508	102	-67	1
<b>Core income</b>	<b>2,198</b>	<b>2,228</b>	<b>3,640</b>	<b>3,758</b>	<b>5,329</b>	<b>2,706</b>
Costs and expenses	-1,663	-1,767	-2,424	-2,907	-2,998	-1,573
Impairments of loans and advances, etc.	54	-79	162	52	181	106
<b>Profit before tax</b>	<b>588</b>	<b>382</b>	<b>1,378</b>	<b>903</b>	<b>2,511</b>	<b>1,239</b>
Tax	-44	-52	-49	-114	-673	-335
<b>Profit</b>	<b>545</b>	<b>330</b>	<b>1,329</b>	<b>789</b>	<b>1,838</b>	<b>904</b>

\*Vestjysk Bank was included in the consolidated financial statements of Arbejdernes Landsbank for 2021 with earnings for 7 month. One-off income of 329 mDKK related to the acquisition of Vestjysk Bank



# Strategic focus and goals

		2024 Q1	2024 Q3	2024 Target	Strategic target
<b>Value based banking</b>	Brand preference*	Nr. 1 9.2	Nr. 1 10.2	Nr. 1 (in banking)	<b>Nr. 1 (in banking)</b>
<b>Simple and Efficient</b>	Customer time**	30%	30%	32%	<b>42%</b>
<b>Focused and Profitable growth</b>	Annual growth in business volume	2.0%	6.7% (YTD)	3.75% (YTD)	<b>5% (p.a.)</b>
<b>Desirable Workplace</b>	Willingness to Recommend	42	48	61 (2021-level)	<b>Nr. 1</b>
<b>Financial Objectives</b>	Cost ratio	63.6%	64%	62% (Budget 2024)	<b>60-65%</b>
	RoE	16.4%	14.9%	13% (Budget 2024)	<b>10-15%</b>

\*Brand Preference: Impression of the brand and whether you as a potential customer will choose AL Bank

\*\*Customer time: The time our colleagues in the customer-facing units experience they have with customers

# Continuous customer

growth due to strong value proposition and excellent brand

■ Strong organic growth

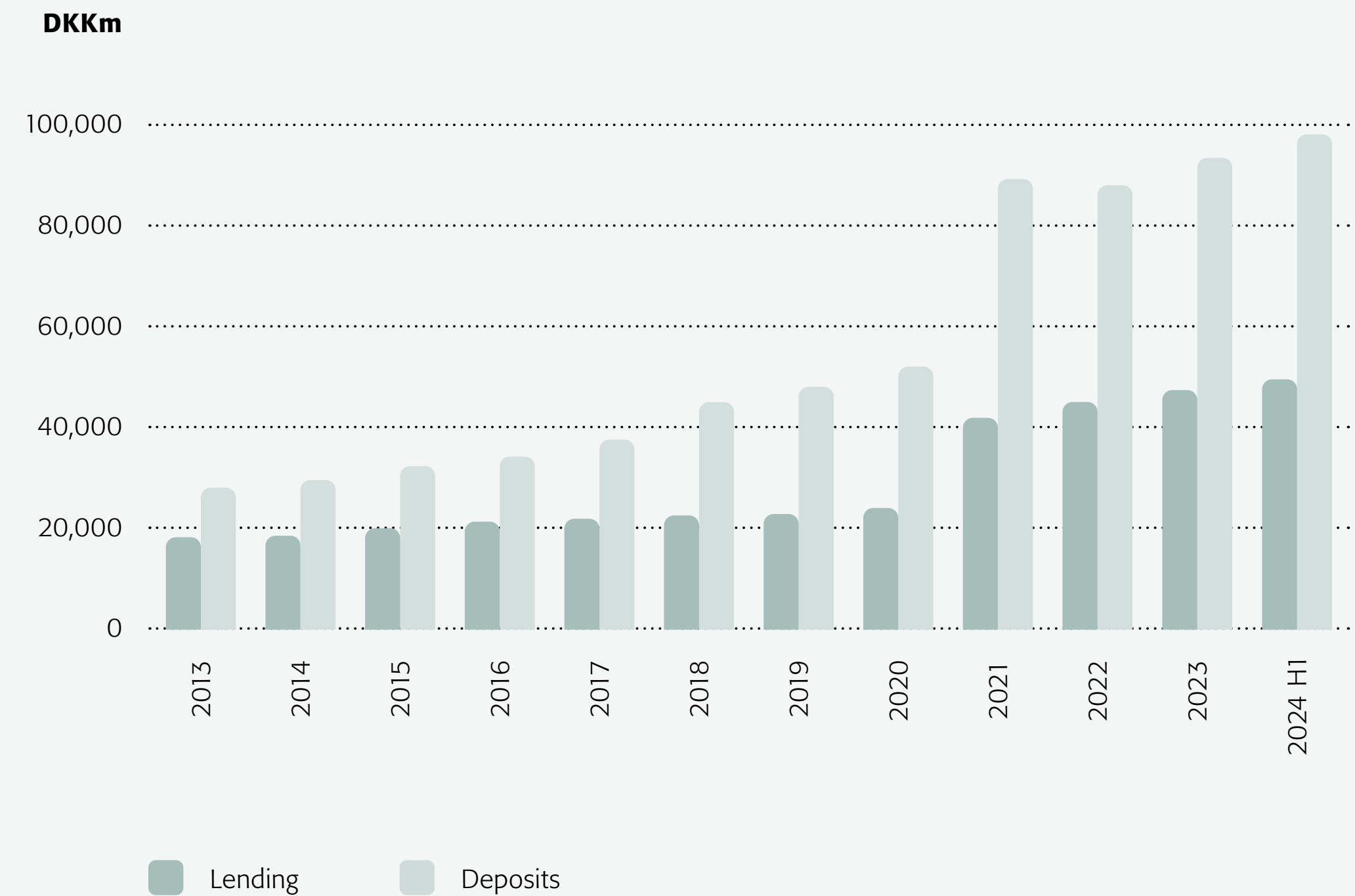
## Customer growth, 2014-2024 H1



# Growth in lending and deposits

- Solid organic growth since 2013
- The majority ownership of Vestjysk Bank affected the Group's lending and deposits from 2021

## Group balance



# Outlook 2024 H1

- In 2024, the Group expects continued growth in business volumes.
- In addition, costs are expected to increase due to salary increases and continued investments in digitalisation and regulatory tasks.
- An expectation of lower interest rates in 2024 will have a negative effect on expected income.
- Overall, the Group's pre-tax profit is expected to be in the range of DKK 2.0-2.4 bn.





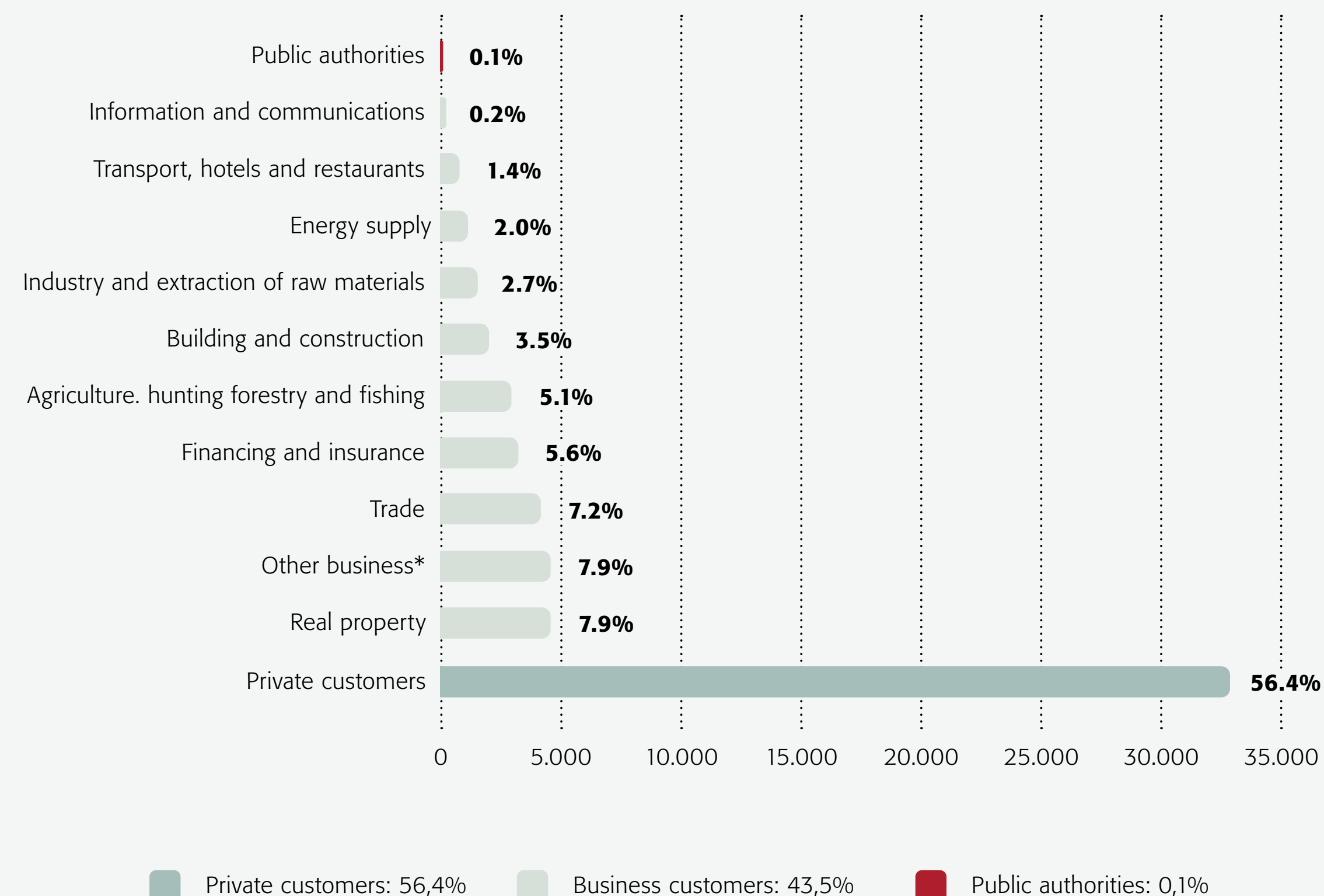
# Credit **update**

# Well-diversified loan book in terms of industries

- The group has a loan exposure of DKKbn 51 of which DKKbn 21 is located in Vestjysk Bank. Guarantees amount to DKKbn 9 in the Group ledger
- Traditionally focus on private customers
- The acquisition of the shares in Vestjysk Bank contributed to:
  - A strong position on the market for business customers
  - A well diversified portfolio in sectors and industries
  - Focused effort in Vestjysk Bank in getting a more balanced an well-diversified loan book

## Group loans and guarantees

broken down by sectors and industries, DKKm



\*Trade unions, Associations, Rental and leasing companies and liberal professions.

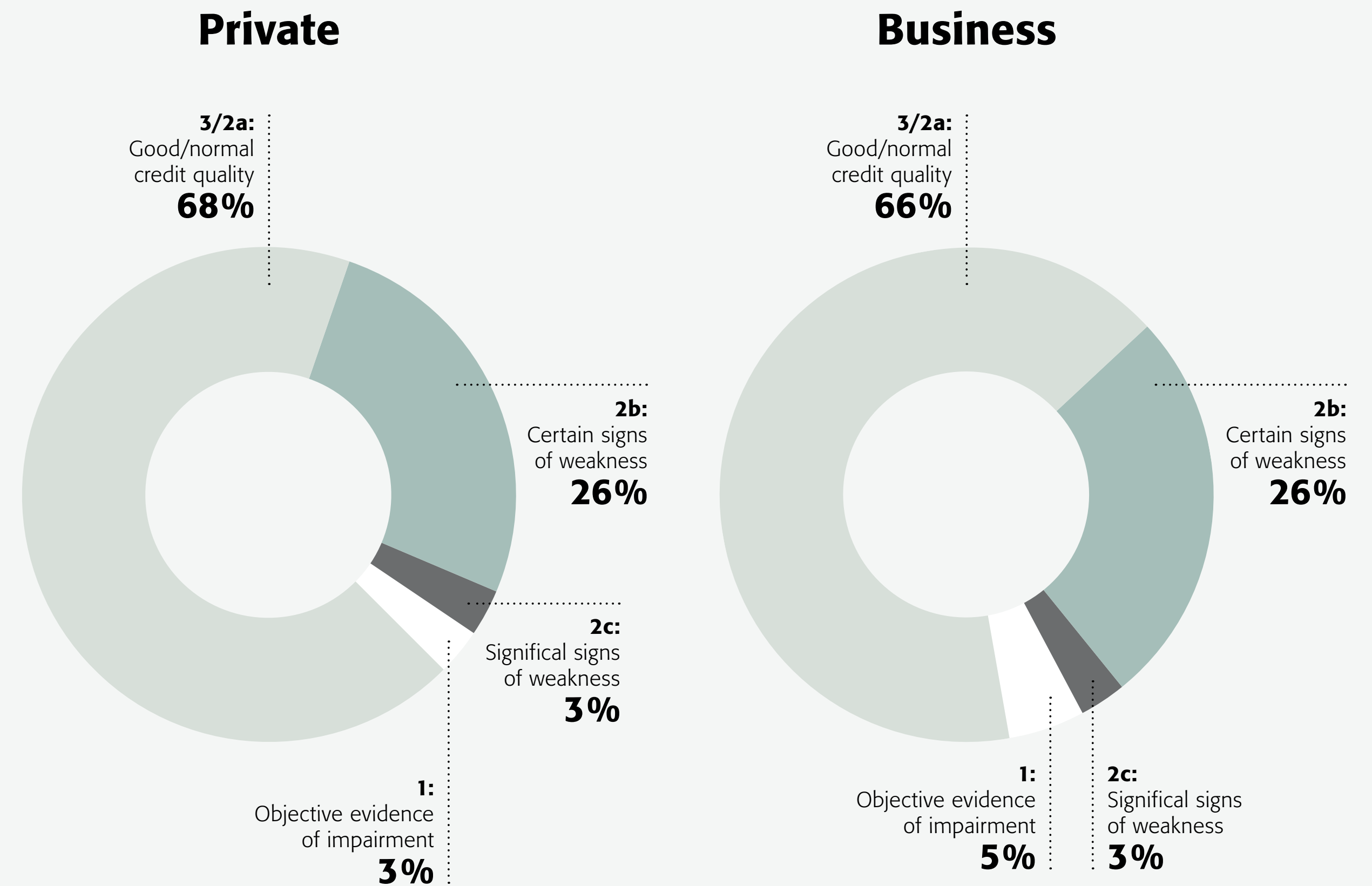


# Credit Quality

## - A Strong Loan Book

- 68% of Group exposures is classified in the best group indicating a normal/good credit quality
- Exposure to private customers has a better classification than the group's business customers
- The Group's business exposure is characterized by Vestjysk Bank's business lending, where a significant part of the portfolio experienced financial difficulties in the early 2010s

### Group's gross exposures to private and business customers divided into the Danish FSA's scoring system

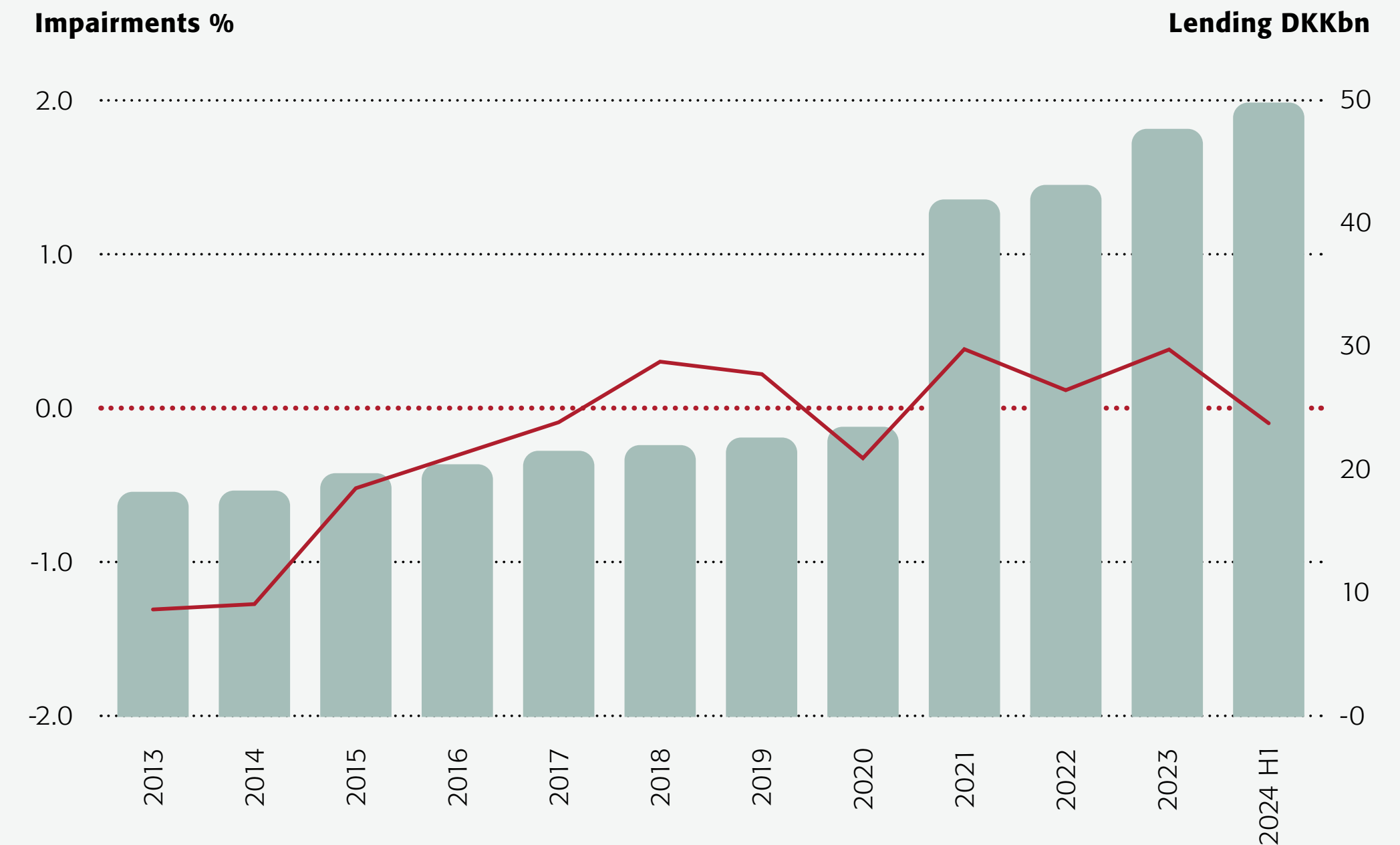


# High credit-standards

- proved by low level of impairments during the last decade

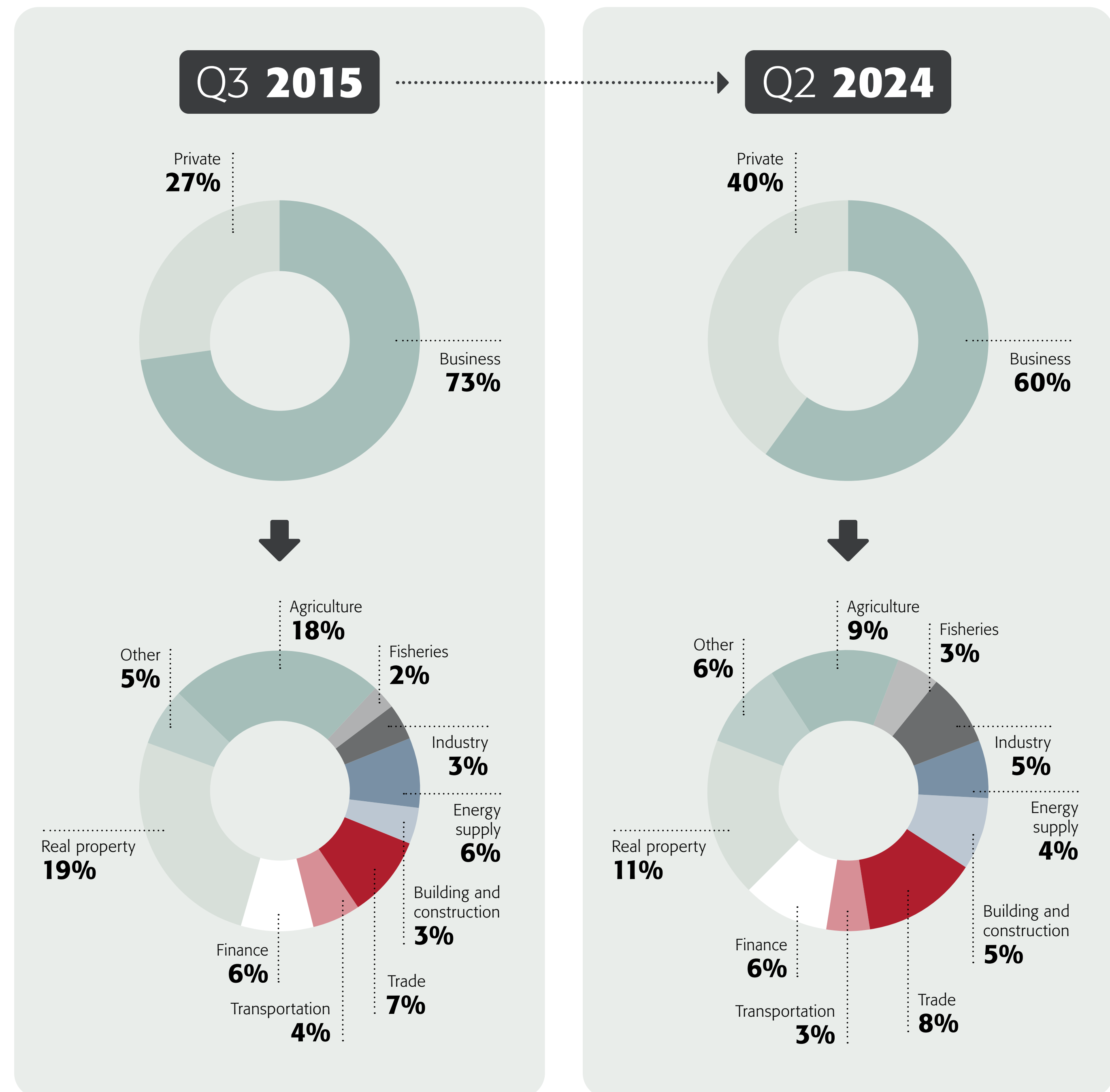
- Primary lending to residential customers with security in real estate

## Group



# Vestjysk Bank's loan book has improved significantly

- After facing financial difficulties in the wake of the financial crisis Vestjysk Bank has managed to improve credit quality significantly
- Loans to customers with good quality has increased to more than 60% of the portfolio
- Loans to impaired customers or customers with significant signs of weakness is now below 10%
- More balanced and well-diversified loan book.
  - Increased private vs. business
  - Decreased share of real property and agriculture



# Management judgement

- AL Group has DKKm 528 in management judgement covering Model uncertainties, Portfolios and Macro-economic uncertainties



Group management estimates (DKKm)	2022	2023	2024 H1
<b>Model uncertainties</b>	<b>23</b>	<b>22</b>	<b>32</b>
<b>Portfolios</b>	<b>83</b>	<b>220</b>	<b>219</b>
- Including agricultural customers, African Swine Fever (AFS)	65	65	65
- Including agricultural customers, CO <sub>2</sub> tax	0	150	150
- Including agricultural customers, re-establishment of equity	10	0	0
- Other	8	5	4
<b>Macro-economic uncertainties</b>	<b>435</b>	<b>340</b>	<b>277</b>
- Including private customers, economic uncertainty	157	128	65
- Including business customers, economic uncertainty	208	147	147
- Including agricultural customers, rising interest rates	0	65	65
- Including agricultural customers, low commodity prices	60	0	0
- Other	10	0	0
<b>Total</b>	<b>541</b>	<b>582</b>	<b>528</b>

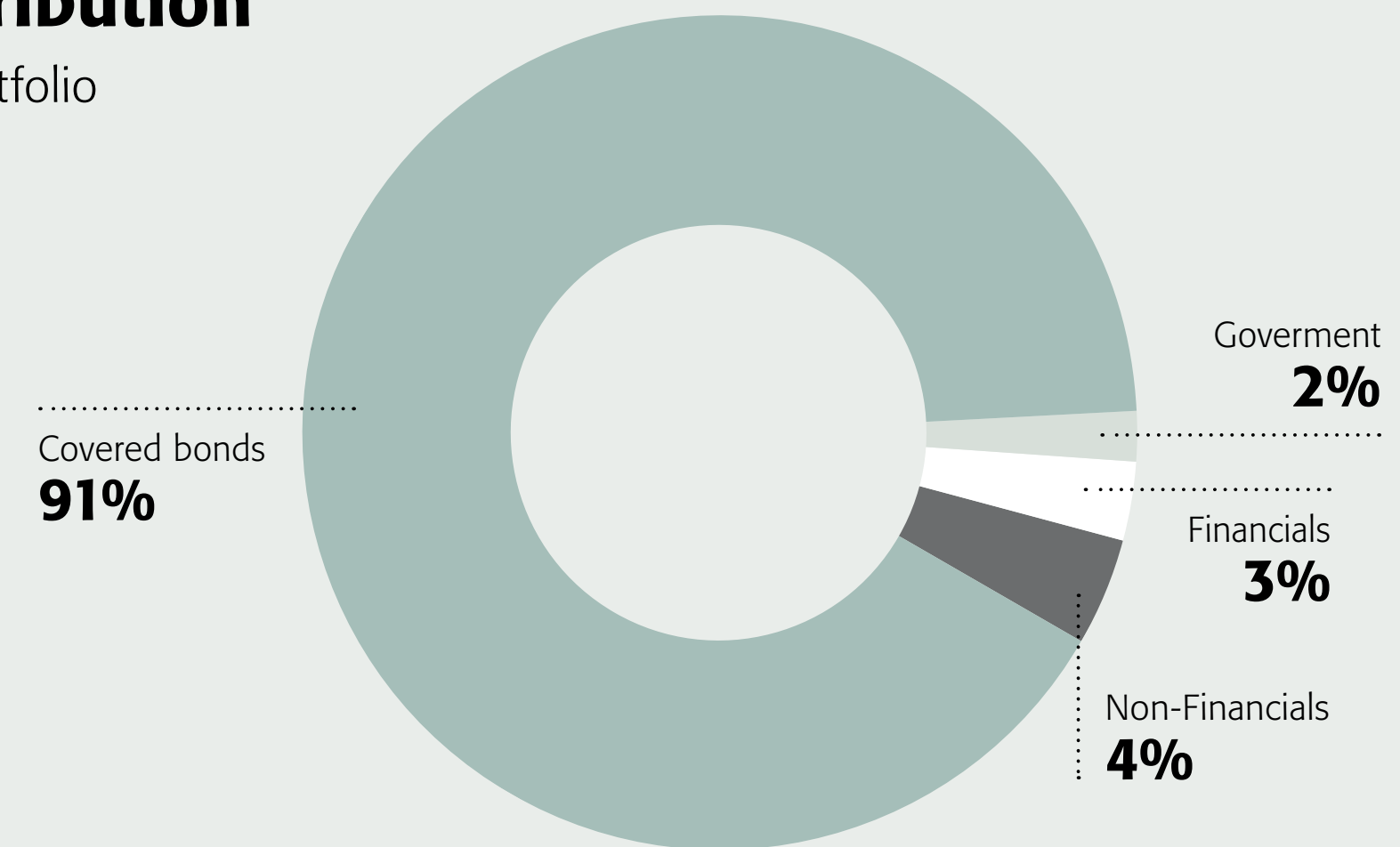
# Bond portfolio

- highly liquid and strong average rating

- Issuer segmentation is highly concentrated in covered bonds accounting for 91% of the total bond portfolio
- Highly concentrated in AAA-rated instruments and issuers. Only a small fraction of the Group's total portfolio of DKKbn 2.0 is invested in non-investment grade and non-rated bonds
- Average duration on group's bond portfolio is 0.6 years
- The Groups bond portfolio is valued at current market price

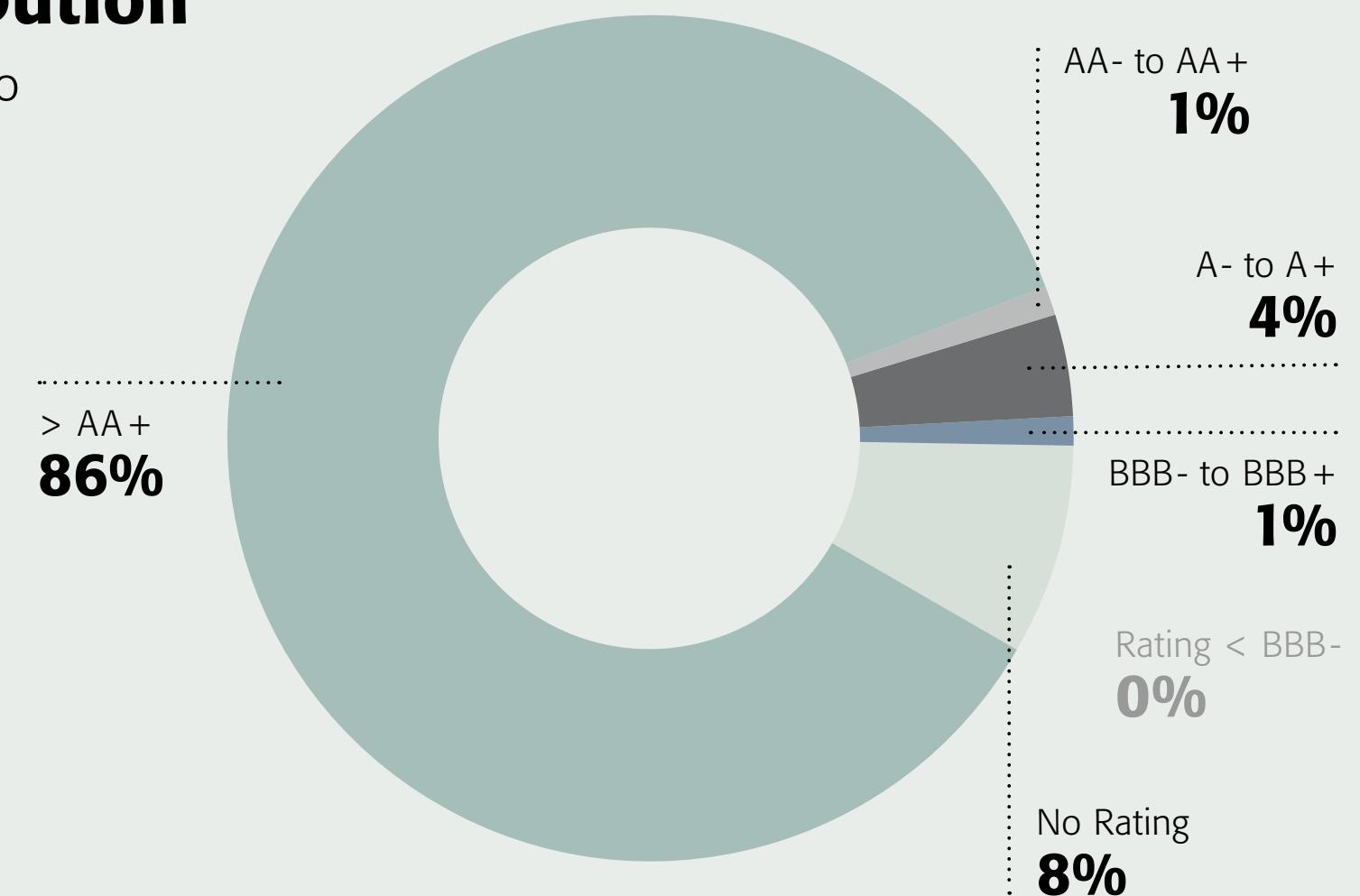
## Issuer Distribution

- Group Bond Portfolio



## Rating Distribution

- Group Bond Portfolio



# Capital and **liquidity** update

Bliv  
**BoligKlar**  
på 4 timer

Boo... s varsel.  
Sen... år du svar  
på... blive din.



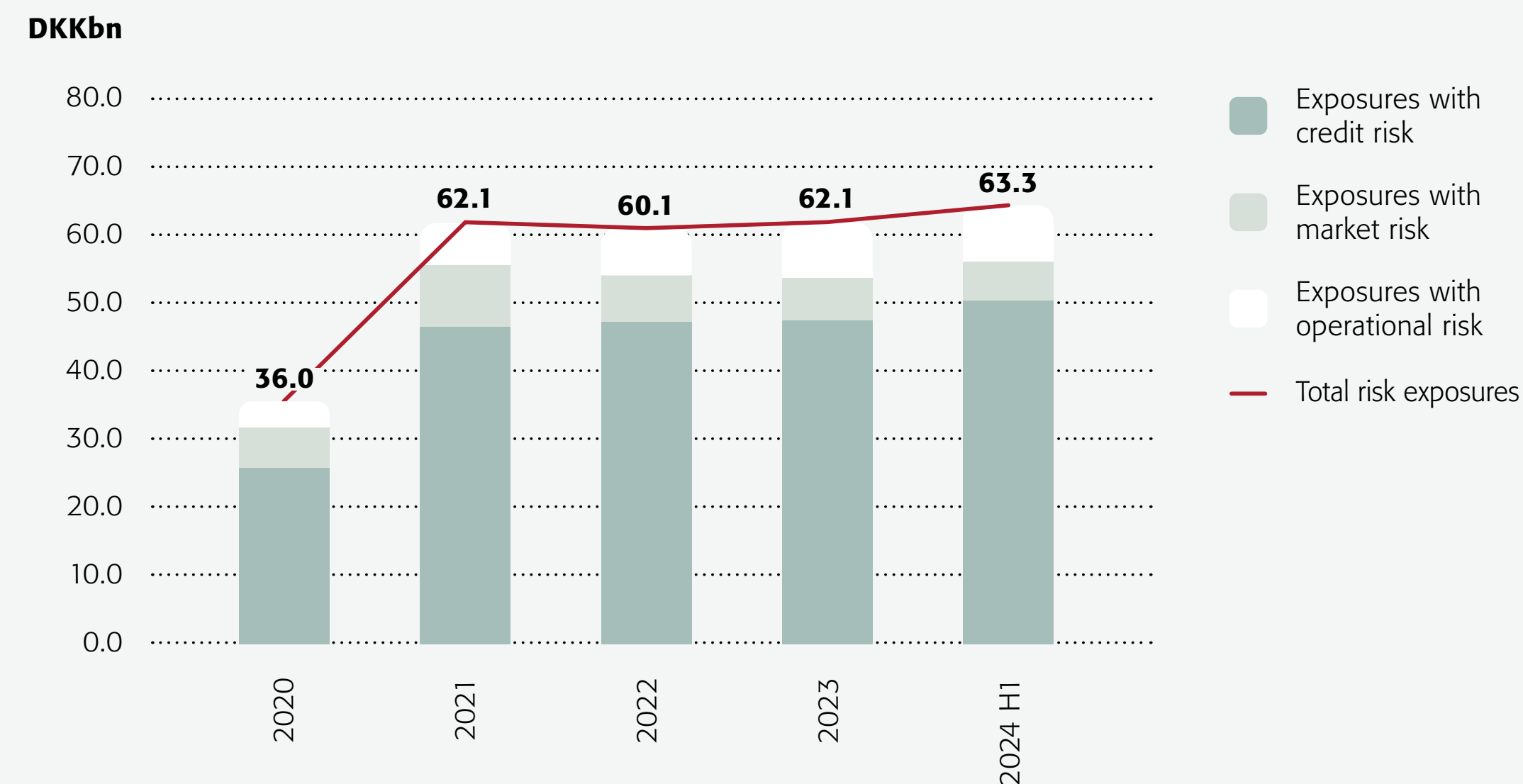
# Regulatory requirements and capital targets

- The Group's capital target has been set as the solvency need plus capital conservation buffer and an excess cover of 4.5 percentage points (based on severe recovery stress)
- Well-capitalised bank with a sufficient capital surplus across all areas
- Arbejdernes Landsbank applies the standardised approach for calculation of credit and market risk as well as CVA risk

## Group Capital ratios, 2024 H1

	Capital ratios	Capital target	Reg. requirement incl. buffers	Surplus/requirement
	%	%	%	%
CET1	18.0	13.7	12.0	6.0
Tier 1 capital	19.5	15.6	13.9	5.6
Total capital	21.5	18.6	16.5	5.1
Total capital incl. MREL	30.3		24.3	6.0

## Group Risk Exposure Amount (REA) 2020-2024 H1



# MREL requirement fully phased in from the beginning of 2026

- Current forecasts indicates total MREL issuances in the range of DKKbn 10-11, depending on future risk-weighted assets and size of actual countercyclical capital buffer (CCyB).
- Forecast is incl. estimated CCyB of 2.5%
- The Group anticipates a requirement for MREL eligible debt instruments in an amount of DKKbn 3.5 in 2024 and around DKKbn 3.0 in 2025. The amount is dependent on changes in REA, solvency need and capital requirements etc.

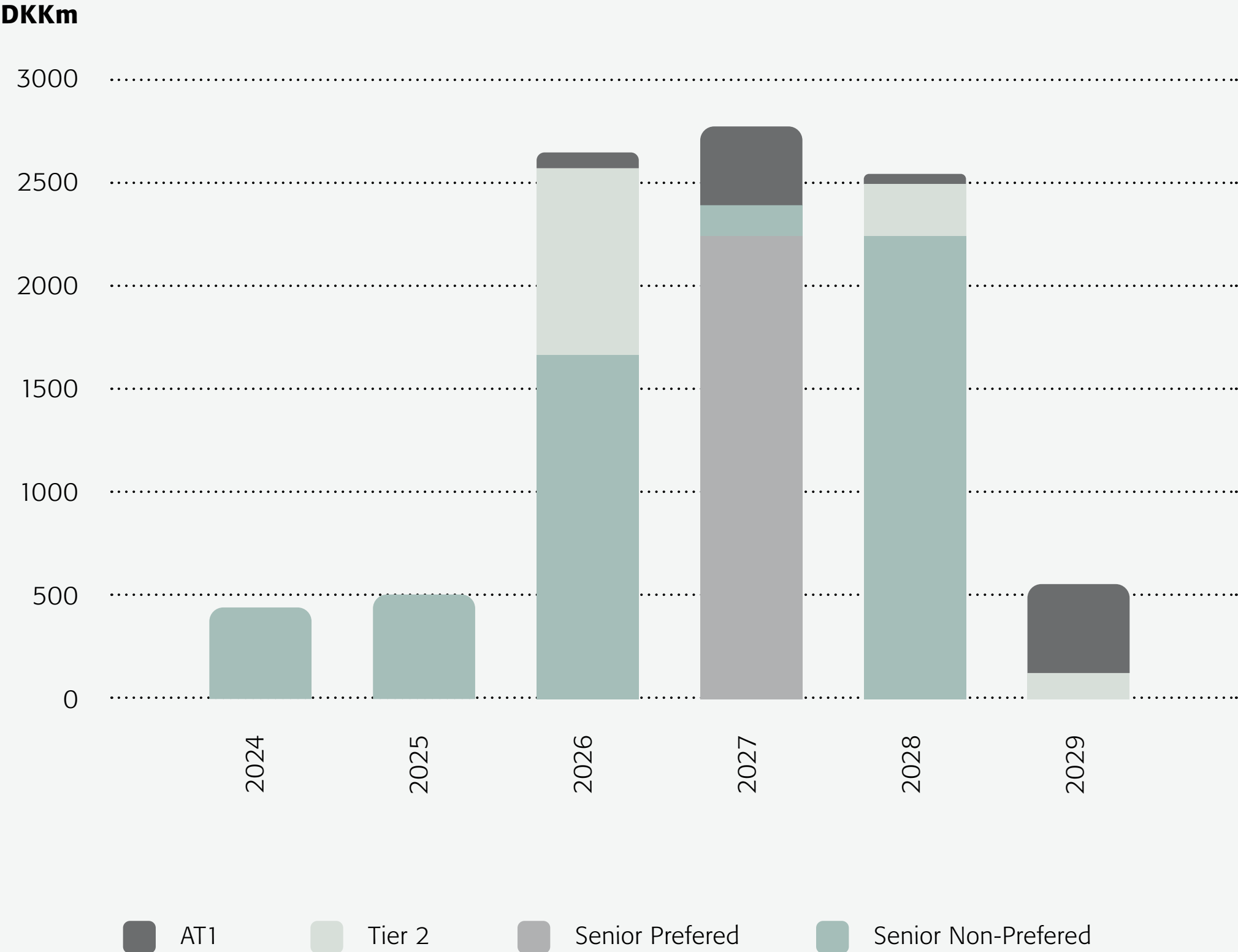
	01.01.2024	01.01.2026
<b>MREL requirement - Group level</b>	%	%
- Solvency need	10.1	10.1
<b>Requirement for loss absorption</b>	<b>10.1</b>	<b>10.1</b>
- Solvency need	10.1	10.1
- Capital conservation buffer	2.5	2.5
- SIFI buffer	1.0	1.0
- Systemic risk buffer	0.4	0.4
<b>Requirement for recapitalisation</b>	<b>14.0</b>	<b>14.0</b>
- Phase-in	-6.1	0.0
<b>MREL requirement</b>	<b>17.9</b>	<b>24.1</b>
- Capital conservation buffer	2.5	2.5
- Countercyclical buffer	2.5	2.5
- SIFI buffer	1.0	1.0
- Systemic risk buffer	0.4	0.4
<b>Combined buffer requirement</b>	<b>6.4</b>	<b>6.4</b>
<b>Total MREL and combined buffer requirement</b>	<b>24.3</b>	<b>30.4</b>



# Funding need

- The Group’s funding need is primarily driven by the MREL requirement
- The MREL requirement is fully phased in from the beginning of 2026
- When the Group is fully compliant with the MREL requirements, the focus will shift towards refinancing
- In March 2024, Arbejdernes Landsbank successfully issued our first SNP in EUR in a green format. The issue had a total volume of EURm 300
- In September 2024, Arbejdernes Landsbank issued a DKKm 1,000 Preferred Senior and a SEKm 800 Preferred Senior

## Group maturity profile



# Strong and stable funding profile

- In the first half year of 2024, deposit ex. pooled schemes amounted to DKKbn 80.7
- Primary funding source is stable household deposits with a household/corporate deposit ratio of roughly 70/30 – based on a large and solid customer base
  - Deposits make up around 79% of total funding base currently – around 75% after full MREL issuance
  - 79% of the deposits ex. Pooled schemes were covered by the Guarantee Fund
- The sum off the 20 largest deposits accounted for 5.8% of the Group’s total deposits ex. Pooled schemes.
- Bond issuances to ensure proper capital base and MREL targets – not due to liquidity concerns/needs

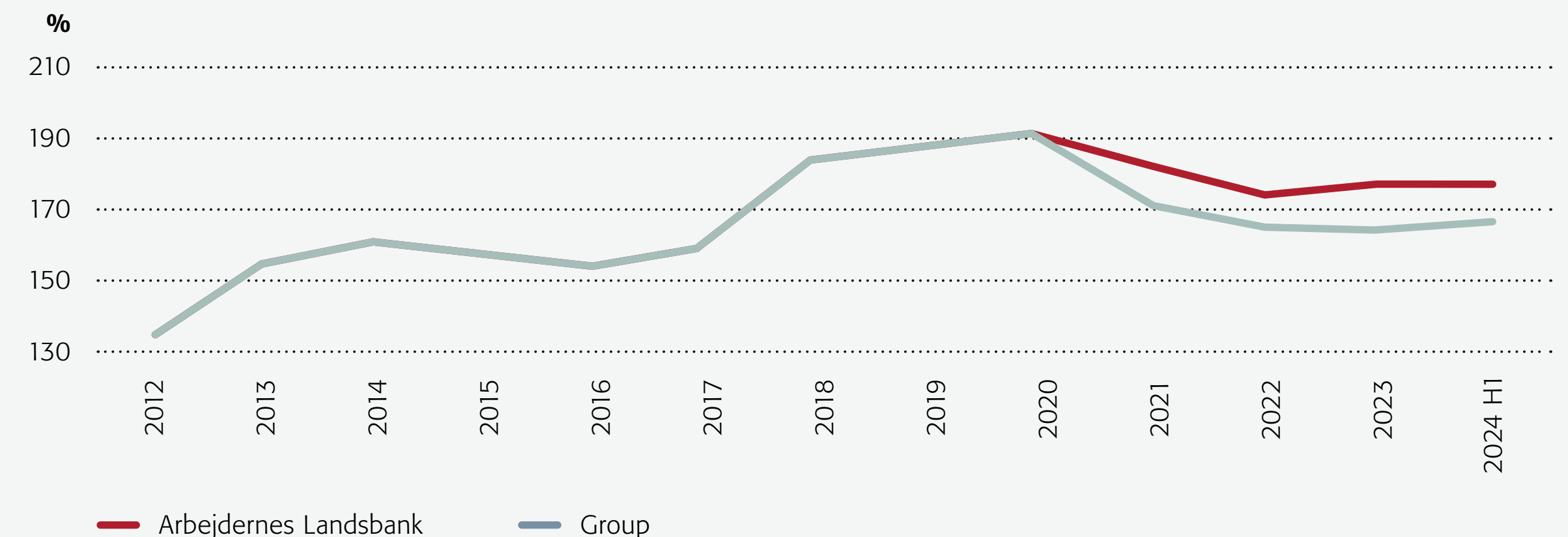
## Funding profile

DKKbn	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Money market funding*	0	0	0	0	0
Deposits excluding pooled schemes	74.4	75.3	77.0	77.2	80.7
Issued bonds	3.1	4.1	4.1	6.2	6.2
Tier 2 capital and AT1 capital	2.2	2.2	2.3	2.3	2.2
Shareholders’ equity	12.0	12.4	13.0	12.8	13.2
<b>Total funding</b>	<b>91.7</b>	<b>94.0</b>	<b>96.4</b>	<b>98.5</b>	<b>102.3</b>

\*High liquidity in the dansih money market leads to money market funding being so minimal that it cannot be reported in DKK billion

## Deposit surplus ratio

(deposits ex. AUM/net lending)

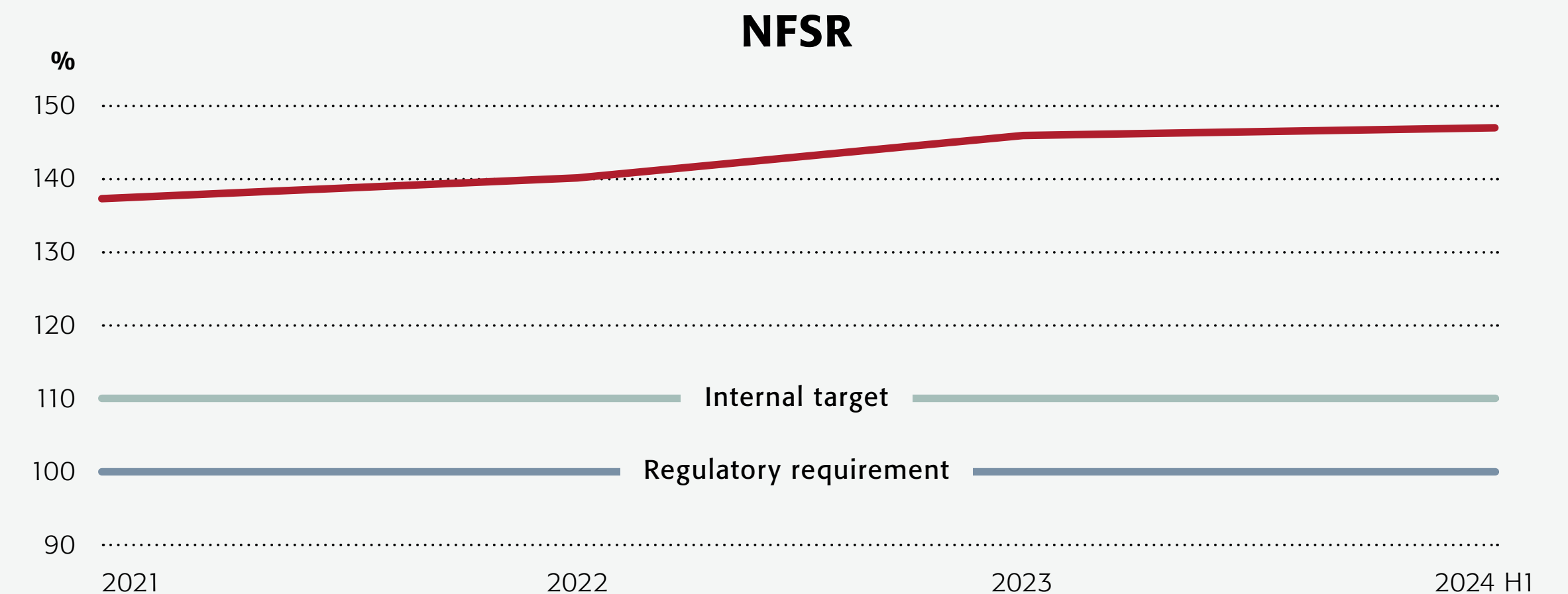
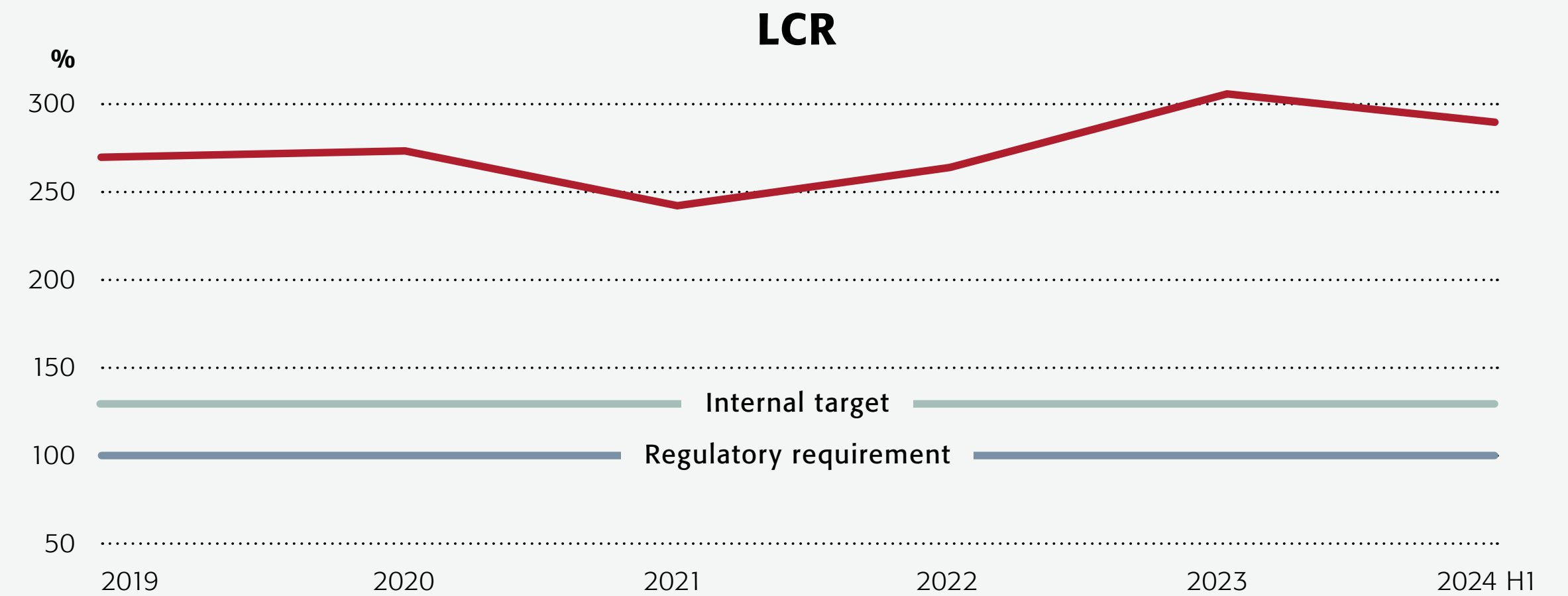


# Very strong liquidity risk profile

## Strong liquidity position with conservative risk profile

- Acquisition of Vestjysk Bank has not altered the liquidity risk profile significantly
- Substantial liquidity buffer and a large share of (very) stable deposits – 69% categorized as stable in LCR-methodology
  - Deposit base well diversified, consisting primarily of smaller household customers

## Strong liquidity metrics well above internal targets and regulatory requirements



# Rating

On the 16th of May 2024 Moody's announced their latest decision on Arbejdernes Landsbank, assigning the following ratings:

- Baseline credit rating: Baa2
- Bank deposit rating: A2/P-1
- Outlook: Stable

## Key strength and challenges from the Credit Opinion:

### Credit strengths:

- Popular retail franchise across Denmark
- Strong capitalization
- Very strong funding and liquidity profile
- Improving profitability

### Credit challenges:

- Increased asset risk and complexity in group risk management due to the consolidation of Vestjysk Bank
- Historic volatility in net income





**ESG**

# Sustainability strategy



### Ambitious sustainability strategy

Launched in 2020 with the goal of integrating sustainability and consideration of ESG issues into our products and processes through all our business areas as well as our own operations.

In 2023 we launched intermediate targets to support our goal of becoming net zero in 2050.

### Anchored in the board and executive management

The Executive Management Committee for Sustainability ensures coordination on the implementation of the sustainability strategy, and ensures compliance with policies and legislation.

The Board Committee for Sustainability support the Board with strategy, profiling and visibility within sustainability and ensures implementation.

### Guided by UN principles

In 2021 we signed and reported to UN Principles for Responsible Banking, UN Principles for Responsible Investments and UN Global Compact.

We follow relevant guidelines from UN and report our progress on implementation of the principles annually.

### Integrated through policies

The policy on corporate social responsibility and sustainability has been signed by the Board of Directors and ESG considerations has been integrated in credit and investment policies.

## Strategy for sustainability

### UN Sustainable Development Goals



Sustainable finance	Sustainable asset management	Sustainable own portfolio	Sustainable internal operations
<b>Objective</b>	<b>Objective</b>	<b>Objective</b>	<b>Objective</b>
Supporting and inspiring our customers to adjust to a green economy and to make more sustainable choices.	Integrating sustainability as a key element in investment policies underlying the Bank's discretionary mandates.	Integrating sustainability in our investment strategy for the part of the deposits surplus in which conversion of investments is possible.	Integrating sustainability in the physical environment, the everyday green choices, the surrounding environment and the mental space.

### UN principles



### Reporting

### Governance

Source: Arbejdernes Landsbank Groups Responsibility and Sustainability Report 2022

# Sustainability initiatives



## Loans and Credits

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### ESG integrated in the credit

The credit rating of relevant business customers include ESG-risks and sustainability factors.

### Electric and hybrid vehicles financing

DKKbn 2.87 loans making up 44% of the total car loan portfolio in AL Finans.

### Home energy efficiency

Dedicated loans with favourable conditions for small and large home renovations.

### ESG tool for business customers

Business customers get access to a digital ESG tool to support their sustainable and reporting efforts.



## Asset Management

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### Policy for responsible investments

Declaring our sustainability ambitions and requirements to service providers and suppliers.

### ESG screening

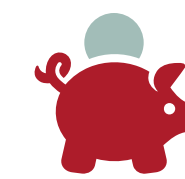
76% of AUM has been ESG screened in 2023.

### SFDR article 8 eligibility

68.5% of AUM in 2023 is estimated to be eligible to article 8 in the EU SFDR.

### Nordic Swan Ecolabel

12% of AUM in 2023 is placed in Nordic Swan Ecolabel funds with strict ESG requirements.



## Own Portfolio

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### Responsible investments

Long tradition for the importance of responsible investments.

### Green Bonds

DKK 894 mill. invested in green bonds amounting to 4.7% of total bonds in portfolio – ambition grow share as supply of green bonds increases.

### Investments in green solutions

Investments in funds and companies that develop and produce green energy solutions.

### Social impact investments

Anchor investor in social impact bond fund with focus on both social and financial return.



## Operations

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### Growing sustainability skills

Business advisors and investment advisors completed training in 2023 to better discuss ESG issues with customers.

### Group climate impact report

Analysis of direct and indirect CO2e-emissions for the group made publicly available.

### Diversity and inclusion strategy

Efforts to strengthen our culture, including development of HR policies, HR processes and HR structures and training.

### Best sustainable brand

Rated best sustainable brand in the industry in 2023 by Sustainale Brand Index™.



# Green Bond **Framework**



# Successful first Green Bond issue

- Arbejdernes Landbank issued our first Green Bond in September 2023
- Following the launch of the bank's first Green Bond Framework in 2023, a DKKm 1,000 5NC4 Senior Preferred bond was issued in green format
- Arbejdernes Landbank can issue Green Bonds in formats such as Senior Preferred debt and Senior Non-preferred debt

## Outstanding Green Bonds:

- DKKm 1,000 Preferred Senior issued in 2023, maturing in 2028 with a call in 2027
- EURm 300 Non-Preferred Senior issued in 2024, maturing in 2029 with call in 2028



# Green Bond Framework

## - Key highlights

- Aim to support AL Group's sustainability goal of reaching net zero in 2050
- Aligned with the four core components of the ICMA Green Bond Principles 2021
- Broadly aligned with the EU Taxonomy for sustainable activities
- Sustainalytics has conducted a Second-party opinion on Arbejdernes Landsbank's Green Bond Framework and has concluded the following:

*"Sustainalytics is confident that Arbejdernes Landsbank is well positioned to issue green bonds and that the Arbejdernes Landsbank Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021."*



JUNE 2023

## Green Bond Framework

 Arbejdernes Landsbank

# Arbejdernes Landsbank's Green Bond Framework

## Use of Proceeds

- An amount equal to the proceeds of the Green Bonds will finance or refinance, in whole or in part, loans provided by Arbejdernes Landsbank that promote environmental benefits as determined by Arbejdernes Landsbank and in line with Arbejdernes Landsbank's corporate sustainability policy that correspond to the long-term vision of a social and environmentally sustainable society

## Process for project evaluation and selection

- Arbejdernes Landsbank has established a Green Bond Committee (GBC) that will ensure ongoing compliance with the Green Bond Framework. The GBC is responsible for evaluating and selecting projects that are in line with the framework's eligibility criteria. The GBC is comprised of representatives from Investor Relations, ESG and Sustainability, Credit, and the Business Department. The committee meets at least on an annual basis or when needed

## Management of Proceeds

- To manage the proceeds from green bonds the Green Bond Committee has established an Eligible Green Portfolio to ensure monitoring of the allocated proceeds. The Proceeds will be earmarked against the Eligible Green Portfolio and will be monitored within the internal systems of the bank

## Reporting

- Allocation reporting
- Impact reporting of environmental impacts of the Eligible Green Assets on an annual basis

# Eligible Green Projects & Assets



## Renewable energy

**Financing of loans for renewable energy production facilities, construction of supporting infrastructure, including, but not limited to, from the following sources:**

- Wind power
- Solar energy
- Geothermal energy
- Bio energy
- Green hydrogen
- District heating/cooling distribution
- Energy storage



UN SDG mapping



## Energy efficiency

**Financing of loans for energy efficiency measures including, but not limited to:**

- Addition of insulation to existing envelope components
- Replacement of existing windows and external doors
- Installation and replacement of energy efficient light sources
- Installation, replacement, maintenance and repair of heating, ventilation, and air-conditioning (HVAC) and water heating systems



UN SDG mapping



## Clean transportation

**Financing of loans for zero emission and low carbon transport solutions for public, passenger and freight purposes, including:**

- Road transport
- Relevant supporting infrastructure, including:
  - Infrastructure dedicated to non-motorized mobility,
  - Electrical charging and hydrogen refueling stations and installations.



UN SDG mapping



## Green buildings

**Financing of loans for the construction of new buildings and existing buildings:**

- New buildings built after 31 December 2020
- Existing buildings built before 31 December 2020
  - Renovations



UN SDG mapping

# Eligible Green Assets Portfolio

- By category



DKKm	Total	Renewable energy	Energy efficiency	Clean transportation	Green Buildings
Eligible Green Assets Portfolio, Q2 2024	<b>4,421*</b>	0	0	2,619	1,802**

Arbejdernes Landsbank's method for assessing the top 15% most energy efficient buildings are based on Nykredit's MOE top 15% report. The report is an interpretation of the EU Taxonomy's 15% most energy efficient buildings-criterion in a Danish context, in terms of thresholds on energy use for different building categories.

The method for identifying the top 15% has been presented and evaluated by Sustainalytics as part of the second opinion process of the Green Bond Framework.

**\*DKKm 1,184 of the total amount of DKKm 4,421 Eligible Green Assets are currently available.**

**\*\*Please note that Arbejdernes Landsbank from December 2023 has excluded buildings built after a certain year in the top 15%, which is in accordance with the European Commissions Q&A on interpretation and implementation of the EU Taxonomy Regulation.**

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