

# Group Interim Report

1 January - 30 June 2022





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



# Management's report



## Financial highlights for the Group

	First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	2021 DKK mill.	
<b>Income statement</b>				
Net interest income	1,010.0	662.2	1,642.7	
Net fee and commission income	789.8	472.7	1,196.7	
Value adjustments and dividends	-274.7	157.4	293.4	
Other operating income	53.5	264.0	412.2	
Profit from equity investments in associated companies	0.2	89.2	95.3	
<b>Total income</b>	<b>1,578.9</b>	<b>1,645.5</b>	<b>3,640.3</b>	
Costs and depreciation/amortisation	-1,425.1	-970.8	-2,424.4	
Impairments on loans and receivables etc.	62.9	48.5	162.3	
<b>Total costs</b>	<b>-1,362.2</b>	<b>-922.3</b>	<b>-2,262.1</b>	
<b>Profit before tax</b>	<b>216.7</b>	<b>723.2</b>	<b>1,378.2</b>	
Tax	-41.1	-87.9	-49.4	
<b>Profit for the period</b>	<b>175.6</b>	<b>635.3</b>	<b>1,328.9</b>	
<b>Selected balance sheet items</b>				
Loans and other receivables at amortised cost	44,312.8	40,872.7	41,958.3	
Bonds at fair value	29,336.6	29,190.2	28,116.2	
Total assets	106,086.5	105,399.9	107,460.6	
Deposits incl. pooled schemes	88,566.4	87,207.7	89,236.6	
Equity	11,472.1	11,457.4	11,852.9	
<b>Selected ratios and key figures</b>				
Capital ratio	%	17.8	19.7	18.2
Common Equity Tier 1 capital ratio	%	14.5	16.1	14.9
Return on equity before tax	%	1.6	8.4	14.8
Return on equity after tax	%	1.3	7.4	13.9
Ratio of operating income to operating expenses per DKK	DKK	1.16	1.78	1.61
Liquidity coverage ratio (LCR)	%	250.5	288.2	249.4
Impairment ratio for the period	%	0.2	-0.1	0.5
Lending growth for the period	%	5.6	71.6	76.2

Vestjysk Bank A/S has been consolidated since 31 May 2021.

See note 28 for definitions of ratios and key figures.

## Highlights for the first half-year

### General

In the first half of 2022, the global economy was strongly influenced by increasing interest rates, very high inflation and the Russian invasion of Ukraine. This led to great uncertainty and volatility in financial markets.

In Denmark, the period saw a considerable increase in inflation to more than 8%, increasing interest rates for home loans, and signs of recession in the Danish economy. This has put pressure on the private segment, although it continues to appear robust, with record employment and more than DKK 1,000 bn. in bank accounts. House prices are also continuing to rise, despite generally more subdued developments in the housing market. Together, this gives Danes a solid buffer at a time when consumer prices are rising at the highest rate since 1983. Prices of gas and petrol have been particularly affected and they are currently removing over DKK 3,000 more from Danish purses every month.

Economic uncertainty has also increased for the business customer segment due to the sharp increases in manufacturing prices, as well as uncertainty with regard to the Russian invasion of Ukraine and future energy prices. Furthermore, in the course of 2022 and 2023, many businesses will have to repay corona loans to the Danish state amounting to more than DKK 34 bn.

### Results severely affected by financial market turbulence

The overall result for the Arbejdernes Landsbank Group, which also includes Vestjysk Bank and AL Finans, amounted to a profit of DKK 217 mill. before tax for the half-year. The result excl. value adjustments and dividends was satisfactory and in line with expectations, but due to turbulence in the financial markets, the overall result ends at a lower and thereby less satisfactory level than expected.

The lower profit is due to net negative value adjustments and dividends of DKK 275 mill. following financial turbulence, with rising interest rates, increased credit spreads and falling share prices driven by increasing interest rates and inflation. Conversely, income from the Group's core business continues to grow and is higher than expected because of a continued influx of new customers, high customer activity and volume growth. Thus, total lending by the Group has increased by 5.6% since the beginning of the year. In addition, there was a 1.8% growth in mortgage-credit loans provided through Totalkredit and DLR. Expenses are generally as expected, whereas

impairments are better than expected due to a reversal of COVID-19-related management estimates.

For Arbejdernes Landsbank alone, profit before tax for the half-year ended at DKK 130 mill. The Vestjysk Bank subsidiary, of which Arbejdernes Landsbank holds 73% of the shares, ended the first half-year with a profit of DKK 196 mill. before tax. AL Finans contributed a strong DKK 31 mill. after tax.

2022 is the first full financial year for the new larger Arbejdernes Landsbank Group, which was joined by Vestjysk Bank in June 2021. Until 31 May 2021, earnings from Vestjysk Bank were included as "Profit from equity investments in associated companies" in a one-line item on the income statement, whereas, from 1 June 2021, Vestjysk Bank was included on the income statement line by line. This change halfway through the 2021 financial year makes it difficult to compare the 2022 items in the Group income statement with 2021 items.

### Large cooperative housing portfolio from Swedbank

In the spring, Arbejdernes Landsbank took over approx. 1,300 cooperative housing loans and cooperative housing credits from Swedbank. Our new customers primarily live in cooperative housing associations in Copenhagen, and the total cooperative housing portfolio amounts to approx. DKK 1 bn. We have also taken over three financial advisors from Swedbank.

We see great commercial value in our purchase of this customer portfolio, and with our specialisation within the cooperative housing area, and the private customer area in general, we can be of great help to these customers. Moreover, the acquisition aligns well with our Strategy 2025 and its focus on growth.

### Establishment of "Lokal Erhverv" for small business customers

The first half of 2022 has seen significant change at Arbejdernes Landsbank, especially in the internal organisation. As a supplement to our six business centres, we have set up six corresponding business units called "Lokal Erhverv" to strengthen our advisory services for small business customers, with special focus on the interaction with their personal finances. The aim is to have more, and more satisfied, business customers and to be more attentive to all types of business. At the same time, our branches can now focus even more on private customers.

### Division into seven regions

Arbejdernes Landsbank has also implemented changes in the private customer area: We have divided our branch network into seven regions: three in Jutland, one on Funen and three on Zealand and the islands.

The new management structure aims to shift part of the management and decision-making power to other regions of Denmark. More and larger decisions are to be made regionally and locally to bring us closer to our customers and enable us to make decisions faster and more efficiently with our customers.

### Sustainable banks

Sustainability is moving higher up the agenda for the Group every year. The overall goal for Arbejdernes Landsbank is to be recognised as one of the most sustainable banks in Denmark by 2025. This will primarily be achieved by increasing the percentage of sustainable loans, credits and investments, and by reducing externally funded carbon emissions as well as internal emissions related to our own operations.

In 2020, we signed the UN Principles for Responsible Banking, and in June 2022, we received the first UN evaluation report. Among other things, the report emphasises that the sustainability strategy is firmly integrated in Arbejdernes Landsbank's Executive Management and in strategic work on the climate agenda across business areas and units.

Work on sustainability encompasses the entire Group, and in the first half-year of 2022, Vestjysk Bank also set up a Sustainability Committee with members from the executive management and the board of directors. The committee has overall responsibility for implementing the sustainability strategy in Vestjysk Bank.

In the investment area, Arbejdernes Landsbank and Vestjysk Bank have prepared for implementation of new legislation to incorporate customers' sustainability preferences as an integral part of advisory services and the composition of customers' investment portfolios from August 2022.

### Continued integration with Vestjysk Bank

With the acquisition of 73% of the shares in Vestjysk Bank in June 2021, the Group realised part of its 2025 strategy to spread its geographical presence, increase the customer base and thereby take a stronger position in the business segment on the basis of growth in our own business and acquisitions.

The Management's ambition remains to run Arbejdernes Landsbank and Vestjysk Bank as two independent banks, each with their strong brands and focus. The shareholding in Vestjysk Bank means that, in future, the Group will be able to play a larger role in the business customer market, increase the overall level of business activity, and secure a strong balance between business and private, so that the Group is in a better position to face future capital requirements for financial companies.

The Arbejdernes Landsbank 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. Furthermore, we expect that the new, larger banking group will be able to achieve efficiency improvements through continued investments in IT and optimisation of staff and support functions. Consequently, we expect to realise a synergy potential over time by developing and increasing cooperation within the Group. Up to now, focus has been on Group management, e.g. by assigning responsibility for risk management, internal audit, compliance and AML to departments at Group level.

### SIFI and the first rating from Moody's

Because of our ownership of Vestjysk Bank, in June 2021, the Group was designated as a systemically important financial institution (SIFI). This means that we are subject to greater responsibility and have even greater importance for society. Designation as a SIFI entails stricter requirements for us; both in terms of administration and capital. Efforts in this regard continued in the first half-year of 2022, and will also continue in the years to come.

After being designated as a SIFI in June 2021, the next step was to achieve a Group creditworthiness rating. Therefore, the Bank has entered into collaboration with Moody's, a credit risk assessment firm, to deliver credit ratings for the Group.

On 31 May 2022, Moody's published its first assessment of the Group. The Group was assigned a rating of Baa2 for the baseline credit assessment (around mid-scale) and a rating of A2/P-1 for bank deposits. The rating is considered good and satisfactory, indicating a strong liquidity and capital position, but also with room for improvement, for example with regard to profitability and group management.



### New capital of up to DKK 10 bn.

The credit ratings from Moody's are part of an effort to attract new investors and new capital, as a result of stricter MREL requirements for SIFIs. MREL stands for "minimum requirement for own funds and eligible liabilities", and aims to ensure that a bank has adequate capital to pay for its own winding-up if it goes bankrupt. This is not a likely scenario for the Group, but nevertheless, it is a requirement from the Danish FSA.

Therefore, on 15 June 2022, the Group published a base prospectus to obtain the desired financing of up to DKK 10 bn. This will take place through a so-called MTN (Medium Term Note) programme, which makes it possible to issue senior non-preferred (SNP) bonds.

Historically, the Bank's existing group of owners, primarily trade unions, have supplied the necessary capital to the Bank. However, the very strict MREL requirements have now caused the Group to aim for a broader group of investors and obtain funds by issuing listed bonds.

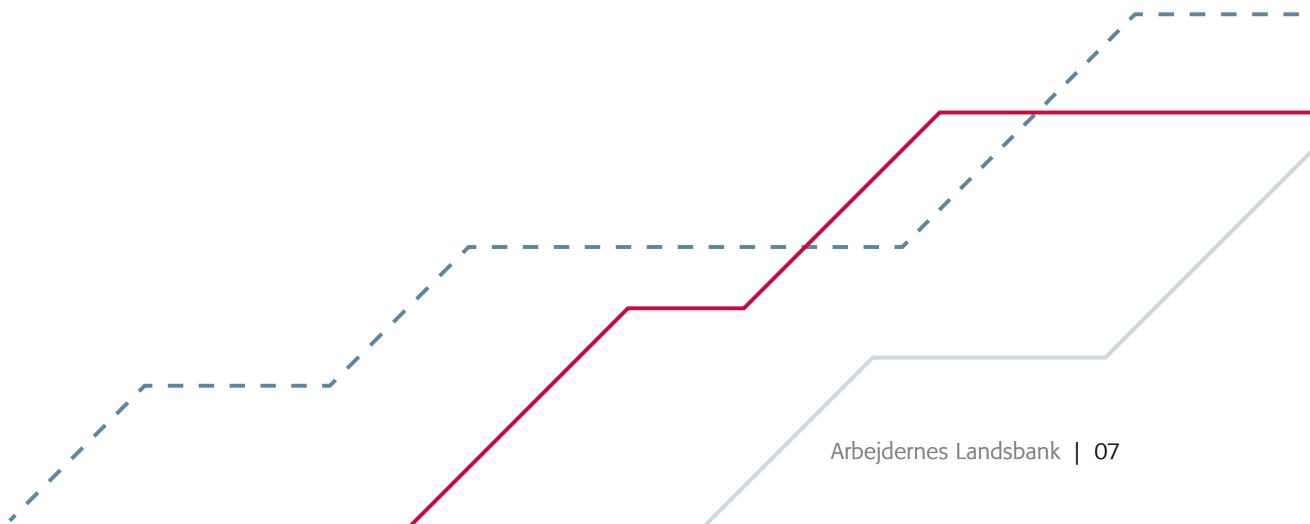
### Danes' preferred bank for the 13th consecutive year

In January 2022, for the 13th consecutive year, Arbejdernes Landsbank was lauded as Danes' preferred bank in Voxmeter's major annual survey of customer satisfaction in the sector. In the same survey, Vestjysk Bank was placed as number nine. The Group has strong focus on maintaining and improving customer satisfaction with both banks in the future.

Being first of the 20 largest Danish banks for customer satisfaction, for the 13th consecutive year, once again confirms that a large part of society values the way we run our bank. Recognition as Danes' preferred bank also helps to attract new customers. In the first half of 2022, we had an influx of around 5,000 customers, and we are thereby very close to 350,000 customers. The Group as a whole now has more than 500,000 customers.

### Expectations for the profit for 2022

As mentioned above, the Group's profit for the first half of 2022 has been severely affected by the financial turbulence caused by increasing interest rates and inflation and the Russian invasion of Ukraine. In the second half of 2022, we expect better results for value adjustments, continued high customer growth, and a healthy development in customer activity. Although the financial turbulence has led to greater uncertainty with regard to the profit for 2022, we maintain our expectations for a profit for the year of around DKK 900-1,100 mill. before tax.



## Financial review

### Profit for the period

In the first half of 2022, the Group earned a profit before tax of DKK 216.7 mill. against a profit in the same period last year of DKK 723.2 mill. The profit after tax was DKK 175.6 mill. against a profit last year of DKK 635.3 mill. The profit after tax provides a return on average equity of 1.3%, against a return last year of 7.4%. Last year, one-off items related to the acquisition of the majority shareholding in Vestjysk Bank had a positive effect on the profit.

The profit for the period is lower than expected at the beginning of the year, and is less satisfactory than forecast.

When compared with the same period last year, Group income and costs for the first half-year have been influenced by the fact that Vestjysk Bank was only included in individual items of the consolidated income statement for the period from 31 May to 30 June last year, whereas the subsidiary has been included for the entire first half of 2022.

The result includes the following:

Increased earnings from net interest and fee income of DKK 1,799.9 mill. against DKK 1,134.9 mill. in the first half of 2021. In addition to the effect of Vestjysk Bank, the increase is attributable to positive developments in customer activity.

Value adjustments and dividends amounted to DKK -274.7 mill., and this is primarily attributable to the current financial turbulence, leading to rising interest rates and an increased credit spread.

Costs and depreciation/amortisation increased to DKK 1,425.1 mill. from DKK 970.8 mill. in the first half of 2021. The increase is primarily attributable to the effect of full recognition of the new subsidiary for the first half of 2022, but also to increased costs related to stricter regulatory requirements and IT.

Impairments on loans and receivables, etc. provided an income of DKK 62.9 mill., despite the fact that the first half of 2022 was characterised by increasing inflation, interest rates and consumer prices as well as stagnating housing prices, resulting in increased management estimates. However, the negative effect of this was balanced out by a partial reversal of provisions made previously for management estimates related to COVID-19.

### Income

Total Group income amounted to DKK 1,578.9 mill., which is lower than in the first half of 2021. However, when disregarding the negative development in value adjustments and dividends, income has increased, partly as a result of full recognition of the subsidiary, and partly as a result of positive developments in the core business, with high customer activity and a continued influx of new customers.

	First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	Change DKK mill.
<b>Group</b>			
Net interest income	1,010.0	662.2	347.9
Net fee and commission income	789.8	472.7	317.1
Value adjustments and dividends	-274.7	157.4	-432.1
Other operating income	53.5	264.0	-210.4
Profit/loss from equity investments in associated companies	0.2	89.2	-89.0
<b>Total income</b>	<b>1,578.9</b>	<b>1,645.5</b>	<b>-66.6</b>

Net interest income for the first half-year increased by DKK 347.9 mill. to DKK 1,010.0 mill. In addition to the effect of recognition of the new subsidiary, the positive development is due to a general increase in the level of activity in the core business, as well as the introduction of negative interest rates.

Net fee and commission income was DKK 789.8 mill., an increase of DKK 317.1 mill. in relation to the first half of 2021. Besides the effect of recognition of the subsidiary, the increase is due to a continued increase in facilitation of mortgage-credit loans, as well as higher fee income caused by the positive development in core business, with high customer activity and a continued influx of customers.

Due to turbulence in the financial markets, value adjustments developed negatively, and value adjustments and dividends saw a loss of DKK 274.7 mill. in the first half of 2022 against a profit of DKK 157.4 mill. for the same period in 2021.

The decline of DKK 210.4 mill. in other operating income is primarily due to last year's non-recurring income in the form of goodwill related to the acquisition of shares in Vestjysk Bank.

Last year, profit from equity investments in associated companies included income from Vestjysk Bank from the



period before the company became a group company (as at 31 May 2021), and consequently, this item fell in 2022.

### Costs and depreciation/amortisation

Total Group costs and depreciation/amortisation were DKK 1,425.1 mill., an increase of DKK 454.3 mill. in relation to the first half of 2021. The increase is attributable to the effect of recognising the new Vestjysk Bank subsidiary, but also to a general increase in the cost base for the Group as a result of increased costs arising from stricter regulatory requirements and IT requirements.

	First half-year 2022	First half-year 2021	Change
	DKK mill.	DKK mill.	DKK mill.
<b>Group</b>			
Staff expenses	757.8	492.7	265.1
Administrative expenses	557.3	397.7	159.6
Amortisation/depreciation as well as impairments on intangible assets and property, plant and equipment	81.0	61.1	19.9
Other operating expenses	29.1	19.3	9.7
<b>Total costs and depreciation/amortisation</b>	<b>1,425.1</b>	<b>970.8</b>	<b>454.3</b>

Staff expenses showed an increase in the first half of 2022 of DKK 265.1 mill., of which DKK 220.0 mill. is attributable to the new subsidiary, Vestjysk Bank. After this, there was a 9.0% increase, and this was due to stricter regulatory requirements for the Group due to its status as a SIFI, as well as management of an increase in the number of employees because of continued customer growth, and the general trend in levels of pay.

Other administrative expenses increased by DKK 159.6 mill. compared with the first half of 2021. Adjusted for the share of costs attributable to the new subsidiary, this corresponds to an increase of 4.1%. Most of this increase is attributable to higher IT costs.

### Impairments on loans and receivables etc.

Impairments in the first half of 2022 amounted to an income of DKK 62.9 mill. against an income of DKK 48.5 mill. after the first half of 2021, when the effects of COVID-19 still had a significant influence on loss provisions. The write-back of impairments in the first half of 2022 is due to a lower management estimate related to the expected economic effects of COVID-19. However, this is partly outweighed by new management estimates because of increasing interest rates and inflation as well as stagnating housing

prices. Generally, the loan portfolio has seen a positive development.

### Results by segment

Income and costs by segment are described in note 4.

The customer activities segment realised growth in business volume and income in the first half of 2022 compared with last year. Increasing administrative costs pull in the opposite direction, while the first half of 2022 also saw write-backs of impairments. The total profit before tax for the segment was DKK 322.6 mill. This is better than expected, and at the same level as in 2021.

In 2022, the Vestjysk Bank segment has been fully incorporated in the segment note, while in the first half of 2021, only the June results of Vestjysk Bank were included as an independent segment in the consolidated financial statements, and this obviously influences the comparison. In first half of 2022, the profit before tax was DKK 198.1 mill. against DKK 23.9 mill. in the same period last year.

Due to turbulence in the financial markets, with increasing interest rates, falling share prices and larger credit spreads, investment activities performed worse than expected in the first half of 2022, and the result is considerably below the 2021 level.

Other activities include the Bank's properties, certain sector-related shares and associated companies. In this segment, the results for Vestjysk Bank for January to May 2021 have been included as profit from equity investments in associated companies, and goodwill in connection with the acquisition of Vestjysk Bank was included under other operating income. This affects the comparison, but when disregarding the items related to Vestjysk Bank, the result is at the same level as last year and in line with expectations.

### Balance sheet

The balance sheet total fell by DKK 1.4 bn. to DKK 106.1 bn. in the first half of 2022. Among other things, this is due to a decline in assets linked to pooled schemes as a result of the current turbulence in the financial markets.

At the end of the first half-year 2022, Group deposits amounted to DKK 73.1 bn. against DKK 71.7 bn. at the start of the year. The increase reflects an increase in deposits in Arbejdernes Landsbank as well as Vestjysk Bank.

Group loans increased by DKK 2.4 bn., corresponding to an overall lending growth of 5.6% for the Group. Deposits

in pooled schemes fell by DKK 2.0 bn., and the portfolio of securities in the form of bonds and shares increased by DKK 1.3 bn.

Equity amounted to DKK 11.5 bn. against DKK 11.9 bn. at the start of the year, and the largest change in equity is a distribution of dividends amounting to DKK 0.5 bn.

### Capital management

The Group's capital target at 30 June 2022 has been set as the solvency need plus capital conservation buffer and an excess cover of 5.0 percentage points. The excess cover has been set to absorb future capital requirements in the form of a fully phased-in countercyclical capital buffer and a SIFI buffer of 1.0 percentage point. The designation of Arbejdernes Landsbank as a SIFI means that the Group will be subject to a SIFI capital buffer of 1.0 percentage point from the end of 2022. The SIFI capital buffer must be met with Common Equity Tier 1 capital. Note that the part of the minority interests' capital, which may not be included in the own funds, see note 21, but which is included in the capital target for Vestjysk Bank, has been included to cover the Group's targets for capital buffers.

With a solvency need of 10.0% as at 30 June 2022, the Group's capital targets are:

	Common Equity Tier 1 capital %	Tier 1 capital %	Own funds %
<b>Group</b>			
Capital target	14.1	16.0	18.5
Deduction for minority interests	-0.7	-0.9	-1.1
<b>Adjusted capital target</b>	<b>13.4</b>	<b>15.1</b>	<b>17.4</b>
Capital 30.06.2022	14.5	15.6	17.8
<b>Excess cover</b>	<b>1.1</b>	<b>0.5</b>	<b>0.4</b>

The Group's total capital ratio was 17.8% compared with 18.2% at the end of 2021. In this context the Group has an individual solvency need of 10.0% and a combined capital buffer requirement of 2.5% that currently only comprises the capital conservation buffer of 2.5% as there is no current requirement for a countercyclical capital buffer. The countercyclical capital buffer will be reactivated at a rate of 1.0% from 30 September 2022, and further increased to 2.0% from the end of 2022. At a meeting in March 2022, the Systemic Risk Council decided to increase the buffer to 2.5% with effect from 31 March of 2023.

The Group's overall capital requirement amounts to 12.5%, and consequently, as at 30 June 2022, the Group had a capital excess cover of 5.3 percentage points, corresponding to DKK 3.4 bn. The Group's excess cover on the capital and MREL requirement in relation to the risk-weighted exposures is described in the following table:

	30.06.2022 %	Statutory requirement %	Excess cover % points
<b>Group</b>			
Common Equity Tier 1 capital ratio	14.5	8.1	6.4
Tier 1 capital ratio	15.6	10.0	5.6
<b>Capital ratio</b>	<b>17.8</b>	<b>12.5</b>	<b>5.3</b>
MREL (%)	17.8	15.6	2.2

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 relative 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 table:

	30.06.2022 %	01.01.2026 %
<b>Group</b>		
Solvency need	10.0	10.0
<b>Required loss-absorption amount</b>	<b>10.0</b>	<b>10.0</b>
Solvency need	10.0	10.0
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	0.0	1.0
<b>Required recapitalisation amount</b>	<b>12.5</b>	<b>13.5</b>
Phase-in	-9.4	0.0
<b>MREL requirement</b>	<b>13.1</b>	<b>23.5</b>
Capital conservation buffer requirement	2.5	2.5
Countercyclical buffer requirement	0.0	0.0
SIFI buffer requirement	0.0	1.0
<b>Combined capital buffer requirement</b>	<b>2.5</b>	<b>3.5</b>
<b>Total MREL and combined capital buffer requirement</b>	<b>15.6</b>	<b>27.0</b>

The MREL requirement can be met by Common Equity Tier 1 instruments and Senior-Non-Preferred (SNP) instruments. The Group expects that the requirement for the MREL add-on will primarily be met by issuing SNP instruments.

Up to the final phase-in of the MREL add-on on 1 January 2026, the Group expects to have to issue a minimum of DKK 9 bn. in SNP instruments to cover the MREL requirement, depending on changes in risk exposures, solvency need and requirements for the countercyclical capital buffer. The Group expects to commence issuing SNP instruments in the second half of 2022. The Bank obtained a satisfactory Moody's rating of Baa2 for the baseline credit assessment, and a rating of A2/P-1 for bank deposits, and this will help support the Bank's future issue.

On 24 January 2022, with approval from the Danish FSA, Arbejdernes Landsbank redeemed nom. DKK 429 mill. in Additional Tier 1 capital and at the same time issued new capital of the same quality and of the same size.

On 16 August 2022, Arbejdernes Landsbank issued nom. DKK 380 mill. of Additional Tier 1 capital to cover redemption of DKK 155 mill. of Additional Tier 1 capital and DKK 225 mill. of Tier 2 capital in Vestjysk Bank. All else being equal, the Group's conversion of capital is likely to increase Group own funds by DKK 108 mill., which will increase the Group's capital ratio by 0.2 percentage points to DKK 18.0%.

### Liquidity management

The Group's largest source of financing is deposits from customers, amounting to DKK 73.1 bn. and 69% of the balance sheet as at 30 June 2022. A large percentage of the deposits are from small and medium-sized enterprises and private customers.

Over the years, the deposits base has been stable, thus securing the Group's financing 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 first half of 2022, the deposits surplus amounted to DKK 28.8 bn., and this is DKK 1.1 bn. lower than at the end of 2021. Both deposits and loans have increased since the end of 2021, but loans increased by more relative to deposits.

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

The Group's target is 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 250.5% as at 30 June 2022 against 249.4% as at 31 December 2021, and this is comfortably in line with the Group's internal frameworks and the legal requirement.

### Risk management

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

In the second half of 2022, Arbejdernes Landsbank will continue its focus on integrating Vestjysk Bank into Group operational risk management across defence lines.

Reports on significant risks, including consequences of the expiry of the government's business aid packages and the economic effects of increasing inflation, interest rates, energy prices and consumer prices, form part of regular reporting to the Board of Directors.

Arbejdernes Landsbank publishes quarterly Pillar 3 reports, including selected risk ratios and key figures, calculated at Group level. The most recent report is available (in Danish) on the Bank's website: <https://www.al-bank.dk/media/133866/solvensbehov-og-soejle-3-30-06-2022.xlsx>

### Benchmarks from the Danish Financial Supervisory Authority

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



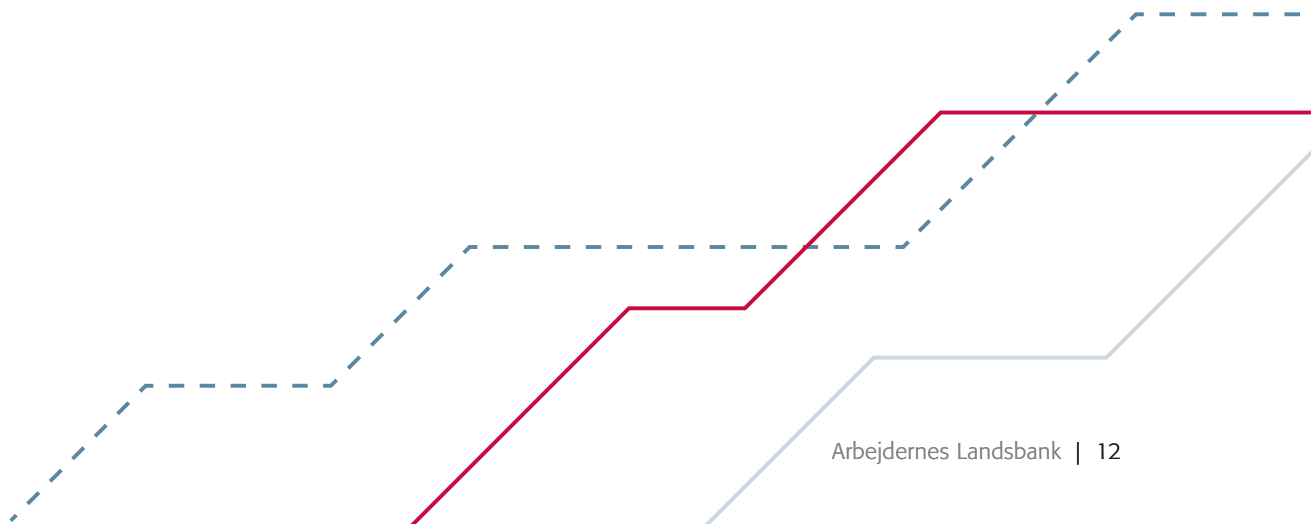
	Limit values 30.06.2022	
	%	%
Bank		
Large exposures	< 175	41.9
Lending growth	< 20	10.7
Commercial property exposure	< 25	2.2
Liquidity benchmark	> 100	226.2
The definition of the ratios and key figures is explained in note 28.		

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

### Outlook

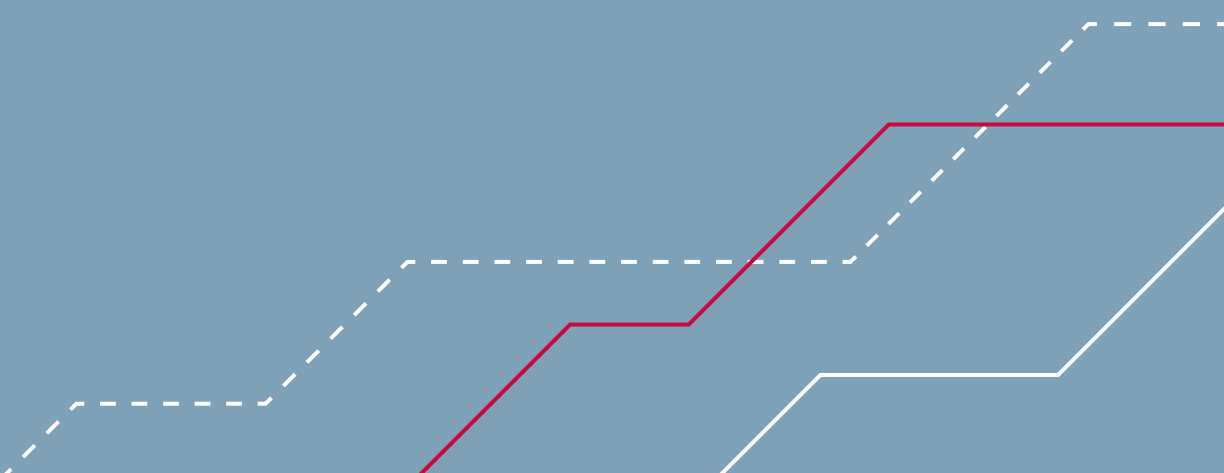
The Group's profit before tax for the year is still expected to be between DKK 900 and 1,100 mill., which is unchanged in relation to the expectations announced in the 2021 annual report. In the first half of 2022, the Group realised losses on the bond portfolio due to rapidly increasing interest rates, but this loss is expected to be partly recovered in the second half-year. Furthermore, the positive development in customer activities is expected to continue because of the influx of new customers and the low level of impairments.

Uncertainty related to COVID-19 is assessed to have been significantly reduced, while there is considerably more uncertainty with regard to general economic developments.





# Statement by Management



## Statement by Management

Today, the Board of Directors and Executive Management presented and adopted the interim report of Aktieselskabet Arbejdernes Landsbank for the period 1 January to 30 June 2022.

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

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

In our opinion, the interim financial statements give a true and fair view of the assets, liabilities and financial position

of the Group and of the Bank as at 30 June 2022, 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 2022.

In our opinion, the Management's report provides a true and fair report of the developments of the activities and financial situation of the Group and of the Bank, as well as a description of the most significant risks and uncertainty factors that the Group and the Bank may be facing.

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

Copenhagen, 23 August 2022

### Executive Management:

Gert R. Jonassen  
*CEO*

Jan W. Andersen  
*Deputy CEO*

Frank Mortensen  
*Executive Bank Director*

Svend Randers  
*Executive Bank Director*

Simon S. Jørgensen  
*Executive Bank Director*

### Board of Directors:

Claus Jensen  
*Chairman*

Ole Wehlast  
*Vice Chairman*

Torben Möger Pedersen

Lars Andersen

Christian Riewe

Ulla Sørensen

Lizette Risgaard

Anja C. Jensen

Lars Holst

Yvonne Hansen  
*Employee representative*

Jesper Pedersen  
*Employee representative*

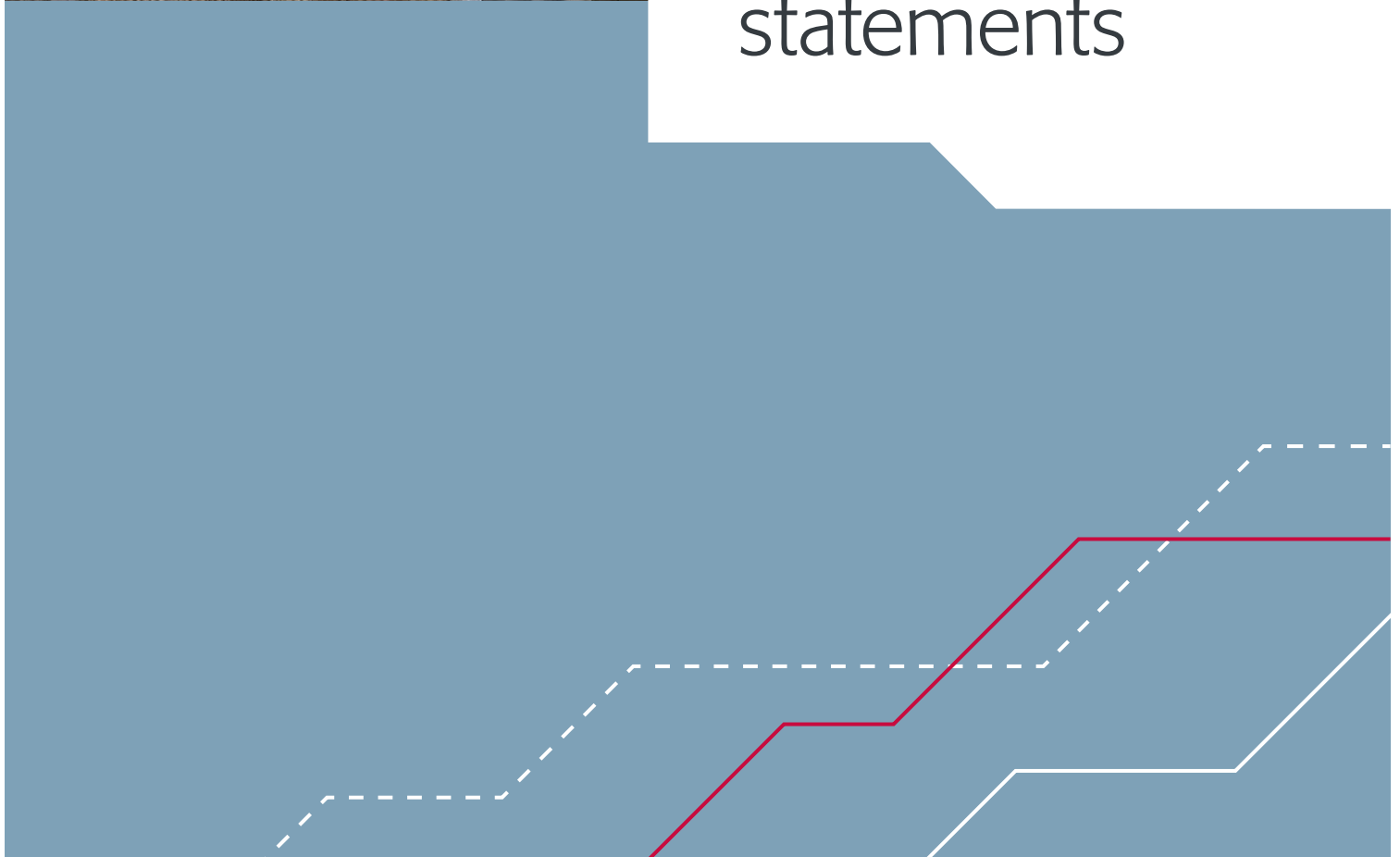
Nadja Lind Bøgh Karlsen  
*Employee representative*

Tina Holm  
*Employee representative*





# Interim financial statements



## Income statement

Note		Group	First half-year	Bank	First half-year
		First half-year 2022 DKK mill.	2021 DKK mill.	First half-year 2022 DKK mill.	2021 DKK mill.
5	Interest income calculated using the effective interest-rate method	907.6	597.8	425.3	433.0
5	Other interest income	52.7	48.3	33.8	46.8
5	Positive interest expenses on financial liabilities	143.2	62.9	83.7	55.0
6	Interest expenses	-56.0	-27.3	-24.6	-22.0
6	Negative interest income on financial assets	-37.4	-19.6	-23.0	-17.5
	<b>Net interest income</b>	<b>1,010.0</b>	<b>662.2</b>	<b>495.3</b>	<b>495.2</b>
	Dividends from shares etc.	70.1	47.0	47.8	41.6
7	Fee and commission income	843.8	509.4	446.2	422.3
7	Fees and commissions paid	-53.9	-36.6	-23.6	-27.5
	<b>Net interest and fee income</b>	<b>1,870.0</b>	<b>1,181.9</b>	<b>965.7</b>	<b>931.6</b>
8	Value adjustments	-344.8	110.4	-203.6	103.4
	Other operating income	53.5	264.0	18.7	243.1
9	Staff and administrative expenses	-1,315.0	-890.4	-801.7	-734.0
	Amortisation/depreciation as well as impairments on intangible assets and property, plant and equipment	-81.0	-61.1	-39.5	-37.1
	Other operating expenses	-29.1	-19.3	-24.3	-16.5
10	Impairments on loans and receivables etc.	62.9	48.5	82.4	115.8
	Profit from equity investments in associated companies and group companies	0.2	89.2	132.4	105.8
	<b>Profit before tax</b>	<b>216.7</b>	<b>723.2</b>	<b>130.2</b>	<b>712.0</b>
11	Tax	-41.1	-87.9	-7.9	-89.3
	<b>Profit for the period</b>	<b>175.6</b>	<b>635.3</b>	<b>122.3</b>	<b>622.7</b>
	Broken down by:				
	Shareholders of Arbejdernes Landsbank	110.4	606.8	110.4	606.8
	Holders of Additional Tier 1 instruments	22.7	17.7	11.9	15.9
	Minority interests	42.6	10.8	0.0	0.0
	<b>Profit for the period</b>	<b>175.6</b>	<b>635.3</b>	<b>122.3</b>	<b>622.7</b>
12	<b>Earnings per share</b>				
	Earnings per share (DKK)	0.05	0.58	0.05	0.58
	Diluted earnings per share (DKK)	0.05	0.58	0.05	0.58

## Statement of comprehensive income

Note	Group First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	Bank First half-year 2022 DKK mill.	First half-year 2021 DKK mill.
	<b>175.6</b>	<b>635.3</b>	<b>122.3</b>	<b>622.7</b>
<i>Profit for the period</i>				
<b>Other comprehensive income</b>				
Items that cannot be reclassified to the income statement				
Other comprehensive income after tax concerning associated and group companies	0.0	0.4	-2.8	1.2
Changes in the revalued amount of owner-occupied properties	-3.8	1.2	0.0	0.0
11 Tax	0.0	0.6	0.0	0.6
<b>Total other comprehensive income</b>	<b>-3.8</b>	<b>2.2</b>	<b>-2.8</b>	<b>1.7</b>
<b>Comprehensive income for the period</b>	<b>171.8</b>	<b>637.5</b>	<b>119.5</b>	<b>624.4</b>
Broken down by:				
Shareholders of Arbejdernes Landsbank	107.6	608.5	107.6	608.5
Holders of Additional Tier 1 instruments	22.7	17.7	11.9	15.9
Minority interests	41.5	11.2	0.0	0.0
<b>Comprehensive income for the period</b>	<b>171.8</b>	<b>637.5</b>	<b>119.5</b>	<b>624.4</b>



## Balance sheet

Note	Group		Bank		
	30.06.2022 DKK mill.	31.12.2021 DKK mill.	30.06.2022 DKK mill.	31.12.2021 DKK mill.	
<b>Assets</b>					
	Cash in hand and demand deposits with central banks	9,521.7	12,345.1	5,528.2	7,170.7
10	Receivables from credit institutions and central banks	619.1	678.0	1,124.8	788.5
10, 13	Loans and other receivables at amortised cost	44,312.8	41,958.3	26,965.0	25,073.3
14	Bonds at fair value	29,336.6	28,116.2	20,054.1	18,800.0
	Shares etc.	2,036.4	1,981.2	819.7	1,121.8
	Equity investments in associated companies	141.8	141.6	13.8	13.8
	Equity investments in group companies	0.0	0.0	4,177.8	4,048.2
	Assets linked to pooled schemes	15,467.8	17,516.6	7,329.1	8,293.3
	Intangible assets	231.6	249.9	0.0	0.0
	Investment properties	71.3	242.7	39.2	39.2
	Owner-occupied properties	1,906.9	1,719.4	1,366.8	1,369.3
15	<b>Total land and buildings</b>	<b>1,978.3</b>	<b>1,962.1</b>	<b>1,406.0</b>	<b>1,408.4</b>
	Other property, plant and equipment	160.5	186.9	88.3	108.1
	Current tax assets	23.2	0.0	43.5	11.9
	Deferred tax assets	252.8	272.8	0.0	0.0
	Assets held temporarily	81.2	246.6	46.7	198.0
	Other assets	1,790.9	1,676.5	1,040.9	931.1
	Prepayments and accrued income	131.9	128.9	84.4	32.6
	<b>Total assets</b>	<b>106,086.5</b>	<b>107,460.6</b>	<b>68,722.4</b>	<b>67,999.8</b>

## Balance sheet (cont.)

Note	Group		Bank	
	30.06.2022 DKK mill.	31.12.2021 DKK mill.	30.06.2022 DKK mill.	31.12.2021 DKK mill.
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
<b>Debt</b>				
	600.6	380.8	592.2	375.7
16	73,098.6	71,720.0	48,167.5	45,638.0
	15,467.8	17,516.6	7,329.1	8,293.3
17	348.6	348.4	0.0	0.0
	121.0	0.0	121.0	0.0
	0.0	73.9	0.0	0.0
	3,141.7	3,685.1	1,745.0	2,468.1
	84.8	94.9	12.3	20.9
<b>Total debt</b>	<b>92,863.1</b>	<b>93,819.7</b>	<b>57,967.0</b>	<b>56,796.0</b>
<b>Provisions</b>				
	21.7	25.7	0.0	0.0
	0.0	0.0	68.8	63.2
10	36.6	36.2	9.8	14.9
	194.3	228.5	46.1	70.5
<b>Total provisions</b>	<b>252.6</b>	<b>290.4</b>	<b>124.8</b>	<b>148.6</b>
18	1,498.6	1,497.7	900.0	900.0
<b>Total liabilities</b>	<b>94,614.4</b>	<b>95,607.8</b>	<b>58,991.8</b>	<b>57,844.6</b>
<b>Equity</b>				
	2,100.0	2,100.0	2,100.0	2,100.0
	474.6	476.5	474.2	476.5
	0.0	0.0	1,102.2	972.5
	505.8	505.8	0.0	0.0
	6,215.5	6,105.1	5,619.6	5,638.4
20	0.0	525.0	0.0	525.0
<b>Shareholders of Arbejdernes Landsbank</b>	<b>9,296.0</b>	<b>9,712.4</b>	<b>9,296.0</b>	<b>9,712.4</b>
22	748.7	754.5	434.7	442.8
	1,427.5	1,385.9	0.0	0.0
<b>Total equity</b>	<b>11,472.1</b>	<b>11,852.9</b>	<b>9,730.7</b>	<b>10,155.2</b>
<b>Total equity and liabilities</b>	<b>106,086.5</b>	<b>107,460.6</b>	<b>68,722.4</b>	<b>67,999.8</b>

## Statement of changes in equity

### Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserves provided for by the articles of association **) DKK mill.	Retained earnings DKK mill.	Proposed dividend DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Minority interests DKK mill.	Total equity DKK mill.
<b>Group first half-year 2022</b>									
Equity brought forward	2,100.0	476.5	505.8	6,105.1	525.0	<b>9,712.4</b>	754.5	1,385.9	<b>11,852.9</b>
<b>Comprehensive income</b>									
Profit for the period	0.0	0.0	0.0	110.4	0.0	<b>110.4</b>	22.7	42.6	<b>175.6</b>
<b>Other comprehensive income</b>									
Changes in the revalued amount of owner-occupied properties	0.0	0.4	0.0	-3.2	0.0	<b>-2.8</b>	0.0	-1.0	<b>-3.8</b>
Other additions and disposals *)	0.0	-2.3	0.0	2.3	0.0	<b>0.0</b>	0.0	0.0	<b>0.0</b>
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-1.8</b>	<b>0.0</b>	<b>-0.9</b>	<b>0.0</b>	<b>-2.8</b>	<b>0.0</b>	<b>-1.0</b>	<b>-3.8</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>-1.8</b>	<b>0.0</b>	<b>109.4</b>	<b>0.0</b>	<b>107.6</b>	<b>22.7</b>	<b>41.5</b>	<b>171.8</b>
<b>Transactions with owners</b>									
Issue of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	429.0	0.0	<b>429.0</b>
Redemption of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	-429.0	0.0	<b>-429.0</b>
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	-28.5	0.0	<b>-28.5</b>
Dividend paid for 2021	0.0	0.0	0.0	0.0	-525.0	<b>-525.0</b>	0.0	0.0	<b>-525.0</b>
Dividend on own shares received	0.0	0.0	0.0	1.5	0.0	<b>1.5</b>	0.0	0.0	<b>1.5</b>
Purchase of own shares	0.0	0.0	0.0	-0.9	0.0	<b>-0.9</b>	0.0	0.0	<b>-0.9</b>
Sale of own shares	0.0	0.0	0.0	0.4	0.0	<b>0.4</b>	0.0	0.0	<b>0.4</b>
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>-525.0</b>	<b>-524.0</b>	<b>-28.5</b>	<b>0.0</b>	<b>-552.5</b>
<b>Equity carried forward</b>	<b>2,100.0</b>	<b>474.6</b>	<b>505.8</b>	<b>6,215.5</b>	<b>0.0</b>	<b>9,296.0</b>	<b>748.7</b>	<b>1,427.5</b>	<b>11,472.1</b>

\*) Depreciation of revalued owner-occupied properties.

\*\*) Reserves provided for by the articles of association totalling DKK 695.7 mill. consist of DKK 568.7 mill. from the conversion of Den Jyske Sparekasse to a limited company in 2018, and DKK 127.0 mill. that, in connection with a change in the articles of association in 2015, was transferred from guarantor capital to reserves provided for by the articles of association. The reserves provided for by the articles of association may not be used for dividends, but can be used to cover losses that are not covered by the elements that can be used for dividends. The minority interests' share of the reserves provided for by the articles of association amounted to DKK 189.9 mill.



## Statement of changes in equity

### Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserves provided for by the articles of association **) DKK mill.	Retained earnings DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Minority interests DKK mill.	Total equity DKK mill.
<b>Group first half-year 2021</b>								
Equity brought forward	300.0	405.7	0.0	5,973.4	<b>6,679.1</b>	446.1	0.0	<b>7,125.2</b>
<b>Comprehensive income</b>								
Profit for the period	0.0	0.0	0.0	606.8	<b>606.8</b>	17.7	10.8	<b>635.3</b>
<b>Other comprehensive income</b>								
Other comprehensive income after tax concerning associated companies	0.0	0.0	0.0	0.4	<b>0.4</b>	0.0	0.0	<b>0.4</b>
Changes in the revalued amount of owner-occupied properties	0.0	0.7	0.0	0.0	<b>0.7</b>	0.0	0.5	<b>1.2</b>
Other additions and disposals *)	0.0	2.6	0.0	-2.6	<b>0.0</b>	0.0	0.0	<b>0.0</b>
Tax	0.0	0.6	0.0	0.0	<b>0.6</b>	0.0	0.0	<b>0.6</b>
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>3.9</b>	<b>0.0</b>	<b>-2.1</b>	<b>1.7</b>	<b>0.0</b>	<b>0.5</b>	<b>2.2</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>3.9</b>	<b>0.0</b>	<b>604.7</b>	<b>608.5</b>	<b>17.7</b>	<b>11.2</b>	<b>637.5</b>
<b>Transactions with owners</b>								
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	<b>0.0</b>	-23.2	0.0	<b>-23.2</b>
Share issue	1,800.0	0.0	0.0	0.0	<b>1,800.0</b>	0.0	0.0	<b>1,800.0</b>
Costs of share issue	0.0	0.0	0.0	-23.1	<b>-23.1</b>	0.0	0.0	<b>-23.1</b>
Additions on acquisition of subsidiary	0.0	0.0	423.2	-423.2	<b>0.0</b>	308.9	1,666.9	<b>1,975.9</b>
Shares acquired from minorities	0.0	0.0	29.0	-12.6	<b>16.5</b>	0.0	-50.8	<b>-34.4</b>
Purchase of own shares	0.0	0.0	0.0	-0.5	<b>-0.5</b>	0.0	0.0	<b>-0.5</b>
Sale of own shares	0.0	0.0	0.0	0.1	<b>0.1</b>	0.0	0.0	<b>0.1</b>
<b>Total transactions with owners</b>	<b>1,800.0</b>	<b>0.0</b>	<b>452.3</b>	<b>-459.3</b>	<b>1,793.0</b>	<b>285.7</b>	<b>1,616.1</b>	<b>3,694.8</b>
<b>Equity carried forward</b>	<b>2,100.0</b>	<b>409.6</b>	<b>452.3</b>	<b>6,118.8</b>	<b>9,080.6</b>	<b>749.5</b>	<b>1,627.3</b>	<b>11,457.4</b>

\*) Depreciation of revalued owner-occupied properties.

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

## Statement of changes in equity

## 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.	Total equity DKK mill.
<b>Bank first half-year 2022</b>								
Equity brought forward	2,100.0	476.5	972.5	5,638.4	525.0	9,712.4	442.8	10,155.2
<b>Comprehensive income</b>								
Profit for the period	0.0	0.0	132.4	-22.1	0.0	110.4	11.9	122.3
<b>Other comprehensive income</b>								
Other comprehensive income after tax concerning group companies	0.0	0.0	-2.8	0.0	0.0	-2.8	0.0	-2.8
Other additions and disposals *)	0.0	-2.3	0.0	2.3	0.0	0.0	0.0	0.0
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-2.3</b>	<b>-2.8</b>	<b>2.3</b>	<b>0.0</b>	<b>-2.8</b>	<b>0.0</b>	<b>-2.8</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>-2.3</b>	<b>129.7</b>	<b>-19.8</b>	<b>0.0</b>	<b>107.6</b>	<b>11.9</b>	<b>119.5</b>
<b>Transactions with owners</b>								
Issue of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	0.0	429.0	429.0
Redemption of Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	0.0	-429.0	-429.0
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	0.0	0.0	-20.0	-20.0
Dividend paid for 2021	0.0	0.0	0.0	0.0	-525.0	-525.0	0.0	-525.0
Dividend on own shares received	0.0	0.0	0.0	1.5	0.0	1.5	0.0	1.5
Purchase of own shares	0.0	0.0	0.0	-0.9	0.0	-0.9	0.0	-0.9
Sale of own shares	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.4
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>-525.0</b>	<b>-524.0</b>	<b>-20.0</b>	<b>-544.0</b>
<b>Equity carried forward</b>	<b>2,100.0</b>	<b>474.2</b>	<b>1,102.2</b>	<b>5,619.6</b>	<b>0.0</b>	<b>9,296.0</b>	<b>434.7</b>	<b>9,730.7</b>

\*) Depreciation of revalued owner-occupied properties.

## Statement of changes in equity

### Shareholders of Arbejdernes Landsbank

	Share capital DKK mill.	Revaluation reserves DKK mill.	Reserve under the equity method DKK mill.	Retained earnings DKK mill.	Total DKK mill.	Additional Tier 1 capital DKK mill.	Total equity DKK mill.
<b>Bank first half-year 2021</b>							
Equity brought forward	300.0	405.7	460.5	5,512.8	<b>6,679.1</b>	446.1	<b>7,125.2</b>
<b>Comprehensive income</b>							
Profit for the period	0.0	0.0	129.5	477.3	<b>606.8</b>	15.9	<b>622.7</b>
<b>Other comprehensive income</b>							
Other comprehensive income after tax concerning associated and group companies	0.0	0.0	1.2	0.0	<b>1.2</b>	0.0	<b>1.2</b>
Other additions and disposals *)	0.0	2.6	0.0	-2.6	<b>0.0</b>	0.0	<b>0.0</b>
Tax	0.0	0.6	0.0	0.0	<b>0.6</b>	0.0	<b>0.6</b>
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>3.1</b>	<b>1.2</b>	<b>-2.6</b>	<b>1.7</b>	<b>0.0</b>	<b>1.7</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>3.1</b>	<b>130.6</b>	<b>474.8</b>	<b>608.5</b>	<b>15.9</b>	<b>624.4</b>
<b>Transactions with owners</b>							
Interest paid on Additional Tier 1 capital	0.0	0.0	0.0	0.0	<b>0.0</b>	-19.4	<b>-19.4</b>
Share issue	1,800.0	0.0	0.0	0.0	<b>1,800.0</b>	0.0	<b>1,800.0</b>
Costs of share issue	0.0	0.0	0.0	-23.1	<b>-23.1</b>	0.0	<b>-23.1</b>
Shares acquired from minorities	0.0	0.0	16.5	0.0	<b>16.5</b>	0.0	<b>16.5</b>
Purchase of own shares	0.0	0.0	0.0	-0.5	<b>-0.5</b>	0.0	<b>-0.5</b>
Sale of own shares	0.0	0.0	0.0	0.1	<b>0.1</b>	0.0	<b>0.1</b>
<b>Total transactions with owners</b>	<b>1,800.0</b>	<b>0.0</b>	<b>16.5</b>	<b>-23.5</b>	<b>1,793.0</b>	<b>-19.4</b>	<b>1,773.6</b>
<b>Equity carried forward</b>	<b>2,100.0</b>	<b>408.9</b>	<b>607.6</b>	<b>5,964.2</b>	<b>9,080.6</b>	<b>442.5</b>	<b>9,523.2</b>

\*) Depreciation of revalued owner-occupied properties.

## Cash flow statement

Note	Group First half-year 2022 DKK mill.	First half-year 2021 DKK mill.
<b>Profit before tax</b>	<b>216.7</b>	<b>723.2</b>
Adjustment for non-cash operating items		
Badwill	0.0	-222.4
Amortisation and impairments on intangible assets	22.1	13.3
Depreciation, impairments and revaluations of property, plant and equipment	59.0	47.8
10 Impairments on loans and receivables etc.	-62.9	-48.5
Profit/loss from equity investments in associated companies	-0.2	-89.2
Change in working capital		
Loans and receivables with credit institutions etc.	-2,516.5	-957.8
Bonds and shares	-1,275.5	1,472.5
Deposits and debt to credit institutions etc.	1,598.5	1,273.6
Other non-derivative financial liabilities at fair value	121.0	175.7
Other assets and liabilities	-364.7	16.4
Corporation tax paid	-70.9	-72.6
<b>Cash flows from operating activities</b>	<b>-2,273.6</b>	<b>2,332.0</b>
Acquisition of associated companies	0.0	-316.9
Acquisition of subsidiaries	0.0	3,327.7
Acquisition of intangible assets	-3.8	-3.3
Acquisition of property, plant and equipment	-42.6	-18.8
Sale of property, plant and equipment	10.5	29.0
<b>Cash flows from investment activities</b>	<b>-35.8</b>	<b>3,017.8</b>
Proceeds of the issue of bonds	0.0	178.7
Repayment of lease commitments	-20.3	-14.5
22 Issue of Additional Tier 1 capital	429.0	0.0
22 Redemption of Additional Tier 1 capital	-429.0	0.0
Interest paid on Additional Tier 1 capital	-28.5	-23.2
Dividend paid, excluding dividend from own shares	-523.5	0.0
Proceeds of share issue	0.0	1,776.9
19 Purchase of own shares	-0.9	-0.5
19 Sale of own shares	0.4	0.1
<b>Cash flows from financing activities</b>	<b>-572.8</b>	<b>1,917.5</b>
<b>Cash flows for the period</b>	<b>-2,882.2</b>	<b>7,267.3</b>
Cash and cash equivalents brought forward	13,023.0	5,624.1
<b>Cash and cash equivalents carried forward</b>	<b>10,140.8</b>	<b>12,891.4</b>
Cash and cash equivalents carried forward include:		
Cash in hand and demand deposits with central banks	9,521.7	11,918.1
Receivables from credit institutions and central banks with a term to maturity of less than three months	619.1	973.3
<b>Cash and cash equivalents carried forward</b>	<b>10,140.8</b>	<b>12,891.4</b>

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 2022 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. This means that there may be rounding differences because the totals are rounded off, and the underlying decimals are not visible to the reader of the financial statements.

From 1 January 2022, the Group has implemented the following changed standards and interpretation contributions:

- Amendments to IFRS 3, Reference of the Conceptual Framework
- Amendments to IAS 16, Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IAS 37, Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to IFRSs 2018-2020 Cycle

Implementation of these standards and interpretation contributions will have no significant impact on recognition and measurement in 2022. Consequently, the accounting policies are unchanged in relation to the consolidated financial statements and the financial statements for the Bank for the year ended 31 December 2021. The 2021 Annual Report contains a full description of accounting policies.

## Note 2

## Significant accounting estimates and assessments

Measurement of certain assets and liabilities requires management estimates of how future events affect the value of these assets and liabilities. Estimates that are significant for the financial statements are made, for example, in connection with calculation of impairment on loans and fair values of unlisted financial instruments, see the description in note 2 of the 2021 Annual Report.

The estimates made are based on assumptions that the Management considers reasonable but which are inherently uncertain. Furthermore, the Group is subject to risks and uncertainties which may result in actual results deviating from these estimates.

In the first half of 2022, the significant estimates made by the Management when applying the Group accounting policies, and the estimation uncertainties related to these, primarily related to the following:

### Accounting estimates and assessments related to Group impairment charges

The first half of 2022 was generally characterised by increasing inflation, interest rates, energy prices and consumer prices, while housing prices have stagnated. Despite the negative trends in macro-economic indicators, the Group has reversed parts of its COVID-19-related management estimates as a consequence of the repayment of business aid packages. Furthermore, the Group has allocated management estimates to cover the lower disposable income of private customers as well as expected declines in housing prices in growth areas.

Otherwise, the estimates in this interim report are essentially the same as in the 2021 Annual Report.

## Note 3

## Events after expiry of the accounting period

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

Note		Group First half-year 2022 DKK mill.	First half-year 2021 DKK mill.
4	Segment information		
	The Group only operates from locations in Denmark.		
	Revenue	2,000.8	1,482.4
	Revenue is defined as interest income, fee and commission income as well as other operating income.		

	Customer activities DKK mill.	Investment activities DKK mill.	Vestjysk Bank DKK mill.	Other activities DKK mill.	Total DKK mill.
Group first half-year 2022					
<b>Income statement</b>					
Net interest income	497.2	60.7	449.3	2.9	1,010.0
Net fee and commission income	443.7	0.0	346.2	0.0	789.8
Value adjustments and dividends	134.7	-292.4	-119.0	2.0	-274.7
Other operating income	18.1	0.0	16.7	18.7	53.5
Profit from equity investments in associated companies	0.0	0.0	0.2	0.0	0.2
<b>Total income</b>	<b>1,093.7</b>	<b>-231.8</b>	<b>693.4</b>	<b>23.6</b>	<b>1,578.9</b>
Costs and depreciation/amortisation	-849.2	-30.6	-480.1	-65.3	-1,425.1
Impairments on loans and receivables etc.	78.1	0.0	-15.2	0.0	62.9
<b>Total costs</b>	<b>-771.1</b>	<b>-30.6</b>	<b>-495.3</b>	<b>-65.3</b>	<b>-1,362.2</b>
<b>Profit/loss before tax</b>	<b>322.6</b>	<b>-262.3</b>	<b>198.1</b>	<b>-41.7</b>	<b>216.7</b>
<b>Assets</b>					
Loans and other receivables at amortised cost	27,224.3	0.0	17,088.5	0.0	44,312.8
Bonds at fair value	0.0	20,024.2	9,312.4	0.0	29,336.6
Equity investments in associated companies	13.8	0.0	128.1	0.0	141.8
Other assets	8,094.3	5,999.4	15,154.4	3,047.3	32,295.3
<b>Total assets</b>	<b>35,332.3</b>	<b>26,023.6</b>	<b>41,683.4</b>	<b>3,047.3</b>	<b>106,086.5</b>
<b>Equity and liabilities</b>					
Deposits and other debt	48,235.8	0.0	24,862.8	0.0	73,098.6
Allocated equity	4,142.8	1,313.2	5,548.2	467.9	11,472.1
Other equity and liabilities	7,426.3	776.9	10,654.4	2,658.1	21,515.7
<b>Total equity and liabilities</b>	<b>59,804.9</b>	<b>2,090.2</b>	<b>41,065.4</b>	<b>3,126.0</b>	<b>106,086.5</b>
<b>Ratios and key figures</b>					
Average allocated equity	4,186.8	1,260.2	5,472.3	743.1	11,662.5
Cost rate	85.2	49.7	57.5	209.4	74.1

## Note

## 4 Segment information (continued)

	Customer activities DKK mill.	Investment activities DKK mill.	Vestjysk Bank DKK mill.	Other activities DKK mill.	Total DKK mill.
Group first half-year 2021					
<b>Income statement</b>					
Net interest income	478.2	84.8	104.9	-5.7	662.2
Net fee and commission income	413.2	0.0	59.5	0.0	472.7
Value adjustments and dividends	74.5	52.1	12.4	18.5	157.4
Other operating income	24.5	0.0	3.3	236.1	264.0
Profit from equity investments in associated companies	0.0	0.0	12.5	76.7	89.2
<b>Total income</b>	<b>990.4</b>	<b>136.8</b>	<b>192.7</b>	<b>325.6</b>	<b>1,645.5</b>
Costs and depreciation/amortisation	-773.0	-25.9	-106.6	-65.2	-970.8
Impairments on loans and receivables etc.	110.7	0.0	-62.2	0.0	48.5
<b>Total costs</b>	<b>-662.4</b>	<b>-25.9</b>	<b>-168.8</b>	<b>-65.2</b>	<b>-922.3</b>
<b>Profit before tax</b>	<b>328.0</b>	<b>110.9</b>	<b>23.9</b>	<b>260.4</b>	<b>723.2</b>
<b>Assets</b>					
Loans and other receivables at amortised cost	24,703.9	0.0	16,168.8	0.0	40,872.7
Bonds at fair value	0.0	20,605.0	8,585.2	0.0	29,190.2
Equity investments in associated companies	13.8	0.0	121.7	0.0	135.5
Other assets	8,773.6	7,805.7	16,022.5	2,599.7	35,201.5
<b>Total assets</b>	<b>33,491.3</b>	<b>28,410.7</b>	<b>40,898.1</b>	<b>2,599.7</b>	<b>105,399.9</b>
<b>Equity and liabilities</b>					
Deposits and other debt	46,301.0	0.0	24,512.8	0.0	70,813.8
Allocated equity	3,702.4	1,168.2	4,957.6	1,629.2	11,457.4
Other equity and liabilities	7,848.7	927.8	11,468.3	2,883.8	23,128.6
<b>Total equity and liabilities</b>	<b>57,852.1</b>	<b>2,096.0</b>	<b>40,938.6</b>	<b>4,513.1</b>	<b>105,399.9</b>
<p>On 31.05.2021, Vestjysk Bank A/S changed status from being an associated company to being a subsidiary. Consequently, earnings for Vestjysk Bank A/S for the period 30.09.2020-30.05.2021 are included in Other activities under Profit from equity investments in associated companies, while earnings for Vestjysk Bank A/S for the period 31.05.2021-30.06.2021 are shown as a new independent segment. Badwill calculated initially at DKK 222.4 mill. has been included in Other activities under Other operating income.</p>					
<b>Ratios and key figures</b>					
Average allocated equity	3,742.0	1,221.2	2,478.8	1,849.4	9,291.3
Cost rate	82.2	30.0	61.6	26.5	67.1



Note	Group First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	Bank First half-year 2022 DKK mill.	First half-year 2021 DKK mill.
<b>5 Interest income</b>				
Receivables from credit institutions and central banks	0.3	0.0	3.8	0.0
Loans and other receivables	907.4	597.8	421.6	432.9
<b>Total interest income calculated using the effective interest-rate method</b>	<b>907.6</b>	<b>597.8</b>	<b>425.3</b>	<b>433.0</b>
Bonds	89.6	75.6	72.4	74.5
Derivative financial instruments				
Currency contracts	-4.7	0.4	-5.7	0.4
Interest-rate contracts	-32.2	-27.7	-32.9	-28.1
<b>Total derivative financial instruments</b>	<b>-37.0</b>	<b>-27.2</b>	<b>-38.6</b>	<b>-27.7</b>
<b>Total other interest income</b>	<b>52.7</b>	<b>48.3</b>	<b>33.8</b>	<b>46.8</b>
Debt to credit institutions and central banks	1.1	0.7	1.1	0.7
Deposits and other debt	142.1	62.2	82.6	54.3
<b>Total positive interest expenses on financial liabilities</b>	<b>143.2</b>	<b>62.9</b>	<b>83.7</b>	<b>55.0</b>
<b>6 Interest expenses</b>				
Debt to credit institutions and central banks	-1.0	-0.1	-1.0	-0.1
Deposits and other debt	-15.9	-7.3	-7.3	-5.4
Issued bonds	-3.7	-0.4	0.0	0.0
Subordinated debt	-32.5	-18.2	-15.4	-15.3
Other interest expenses	-2.9	-1.4	-0.9	-1.3
<b>Total interest expenses</b>	<b>-56.0</b>	<b>-27.3</b>	<b>-24.6</b>	<b>-22.0</b>
Receivables from credit institutions and central banks	-26.5	-15.1	-17.5	-13.5
Bonds	-11.0	-4.5	-5.5	-4.0
<b>Total negative interest income on financial assets</b>	<b>-37.4</b>	<b>-19.6</b>	<b>-23.0</b>	<b>-17.5</b>
Of which, reverse transactions recognised under:				
Receivables from credit institutions and central banks	-0.3	-0.3	-0.3	-0.3

Note		Group First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	Bank First half-year 2022 DKK mill.	First half-year 2021 DKK mill.
7	Net fee and commission income				
	Securities trading and custody accounts	168.0	107.4	82.8	90.2
	Money transmission services	132.3	88.2	77.5	76.5
	Loan fees	266.4	203.4	188.8	176.0
	Guarantee commission	92.9	50.3	42.1	41.5
	Other fees and commissions	184.3	60.1	55.0	38.1
	<b>Total fee and commission income</b>	<b>843.8</b>	<b>509.4</b>	<b>446.2</b>	<b>422.3</b>
	AL-BoligBonus	-12.6	-12.6	-12.6	-12.6
	Other fees and commissions paid	-41.4	-24.1	-11.0	-15.0
	<b>Total fees and commissions paid</b>	<b>-53.9</b>	<b>-36.6</b>	<b>-23.6</b>	<b>-27.5</b>
	<b>Net fee and commission income</b>	<b>789.8</b>	<b>472.7</b>	<b>422.6</b>	<b>394.8</b>
8	Value adjustments				
	Bonds	-859.1	-70.5	-676.4	-72.3
	Shares etc.	-59.5	58.1	-81.0	51.6
	Currency	46.3	21.7	29.8	19.2
	Derivative financial instruments				
	Currency contracts	0.4	0.2	0.3	0.1
	Interest-rate contracts	534.8	103.8	523.1	105.1
	Share contracts	0.3	-3.1	0.5	-0.3
	<b>Total derivative financial instruments</b>	<b>535.4</b>	<b>100.9</b>	<b>523.9</b>	<b>104.9</b>
	Assets linked to pooled schemes	-2,126.5	627.5	-1,024.0	498.3
	Deposits in pooled schemes	2,126.5	-627.5	1,024.0	-498.3
	Other assets	-7.9	-0.1	0.0	0.0
	Other liabilities	0.0	0.3	0.0	0.0
	<b>Total value adjustments</b>	<b>-344.8</b>	<b>110.4</b>	<b>-203.6</b>	<b>103.4</b>
9	Staff and administrative expenses				
	Management emoluments				
	Board of Directors	-2.1	-1.5	-2.0	-1.5
	Executive Management *)	-9.7	-6.3	-9.6	-6.3
	<b>Total management emoluments</b>	<b>-11.9</b>	<b>-7.8</b>	<b>-11.6</b>	<b>-7.8</b>
	Staff expenses				
	Remuneration	-584.2	-385.5	-359.6	-320.8
	Pensions (contribution-based)	-68.7	-38.9	-41.4	-31.7
	Social security expenses	-6.9	-5.5	-4.1	-3.4
	Payroll tax	-86.1	-55.0	-45.9	-43.8
	<b>Total staff expenses</b>	<b>-745.9</b>	<b>-484.9</b>	<b>-451.0</b>	<b>-399.7</b>
	Administrative expenses				
	IT expenses	-356.8	-253.8	-216.6	-205.0
	Other administrative expenses	-200.5	-143.8	-122.5	-121.5
	<b>Total administrative expenses</b>	<b>-557.3</b>	<b>-397.7</b>	<b>-339.0</b>	<b>-326.5</b>
	<b>Total staff and administrative expenses</b>	<b>-1,315.0</b>	<b>-890.4</b>	<b>-801.7</b>	<b>-734.0</b>

\*) The Executive Management was increased from two to five members on 1 May 2021.



## Note

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

## Group

	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Total DKK mill.
Accumulated impairments and provisions, broken down by stages as at 30 June 2022					
Receivables from credit institutions and central banks	0.2	0.0	8.0	0.0	<b>8.2</b>
Loans and other receivables at amortised cost	153.8	192.4	523.8	318.9	<b>1,189.0</b>
Guarantees	13.4	2.6	10.4	10.2	<b>36.6</b>
Unutilised credit lines and commitments	15.4	11.3	33.1	125.3	<b>185.1</b>
<b>Total impairments and provisions</b>	<b>182.8</b>	<b>206.3</b>	<b>575.3</b>	<b>454.5</b>	<b>1,418.8</b>
Accumulated impairments and provisions, broken down by stages as at 31 De-cember 2021					
Receivables from credit institutions and central banks	0.2	0.0	8.0	0.0	<b>8.2</b>
Loans and other receivables at amortised cost	176.2	171.8	443.0	235.8	<b>1,026.9</b>
Guarantees	8.6	1.3	13.7	12.6	<b>36.2</b>
Unutilised credit lines and commitments	31.8	19.6	27.7	140.0	<b>219.1</b>
<b>Total impairments and provisions</b>	<b>216.8</b>	<b>192.7</b>	<b>492.4</b>	<b>388.5</b>	<b>1,290.4</b>

The increase in stage 2 and stage 3 and in facilities credit-impaired on initial recognition is attributable to new impairments in Vestjysk Bank A/S. The Group acquired impairment charges related to Vestjysk Bank A/S totalling DKK 1,363.8 mill. as at 30 June 2022.



## Note

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

	Bank			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Total DKK mill.
Accumulated impairments and provisions, broken down by stages as at 30 June 2022				
Receivables from credit institutions and central banks	0.2	0.0	8.0	<b>8.2</b>
Loans and other receivables at amortised cost	85.2	50.7	344.3	<b>480.1</b>
Guarantees	3.1	0.8	5.9	<b>9.8</b>
Unutilised credit lines and commitments	6.5	6.4	24.6	<b>37.5</b>
<b>Total impairments and provisions</b>	<b>95.0</b>	<b>57.9</b>	<b>382.8</b>	<b>535.6</b>
Accumulated impairments and provisions, broken down by stages as at 31 December 2021				
Receivables from credit institutions and central banks	0.2	0.0	8.0	<b>8.2</b>
Loans and other receivables at amortised cost	101.9	60.5	366.3	<b>528.7</b>
Guarantees	7.3	0.8	6.8	<b>14.9</b>
Unutilised credit lines and commitments	24.4	13.2	24.3	<b>61.8</b>
<b>Total impairments and provisions</b>	<b>133.8</b>	<b>74.6</b>	<b>405.3</b>	<b>613.6</b>

The drop in impairments in all stages is attributable to reductions in management estimates, changes in the impairment model for individual segments and a positive portfolio development.

## Note

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

	Group						
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recogni- tion DKK mill.	Total gross value DKK mill.	Total impair- ments etc. DKK mill.	Carrying amount DKK mill.
Gross carrying amounts broken down by stages as at 30 June 2022							
Receivables from credit institutions and central banks	618.1	1.3	8.0	0.0	627.3	-8.2	619.1
Loans and other receivables at amortised cost	36,253.5	6,225.7	1,581.1	1,441.4	45,501.8	-1,189.0	44,312.8
Guarantees	16,148.5	1,245.3	154.0	263.6	17,811.4	-36.6	17,774.8
Unutilised credit lines and commitments	20,706.1	2,543.2	195.6	277.0	23,722.0	-185.1	23,536.9
<b>Total exposures</b>	<b>73,726.2</b>	<b>10,015.6</b>	<b>1,938.7</b>	<b>1,982.0</b>	<b>87,662.5</b>	<b>-1,418.8</b>	<b>86,243.6</b>
Gross carrying amounts broken down by stages as at 31 December 2021							
Receivables from credit institutions and central banks	662.4	15.8	8.0	0.0	686.2	-8.2	678.0
Loans and other receivables at amortised cost	34,405.4	5,735.3	1,369.0	1,475.5	42,985.2	-1,026.9	41,958.3
Guarantees	16,595.9	1,173.7	169.3	256.0	18,194.9	-36.2	18,158.7
Unutilised credit lines and commitments	19,950.7	2,464.7	307.4	197.0	22,919.8	-219.1	22,700.7
<b>Total exposures</b>	<b>71,614.3</b>	<b>9,389.4</b>	<b>1,853.8</b>	<b>1,928.5</b>	<b>84,786.1</b>	<b>-1,290.4</b>	<b>83,495.6</b>

The first half of 2022 saw an increase in the total exposure regarding loans and guarantees. The increase relates to all three stages (stage 1, stage 2 and stage 3). However, relatively larger growth can be observed in stages 2 and 3.

## Note

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

	Bank					
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Total gross value DKK mill.	Total impairments etc. DKK mill.	Carrying amount DKK mill.
Gross carrying amounts broken down by stages as at 30 June 2022						
Receivables from credit institutions and central banks	1,123.8	1.3	8.0	1,133.0	-8.2	1,124.8
Loans and other receivables at amortised cost	24,440.1	2,008.8	996.1	27,445.1	-480.1	26,965.0
Guarantees	7,345.6	649.6	87.7	8,082.9	-9.8	8,073.1
Unutilised credit lines and commitments	6,581.3	719.0	68.7	7,369.0	-37.5	7,331.4
<b>Total exposures</b>	<b>39,490.9</b>	<b>3,378.6</b>	<b>1,160.5</b>	<b>44,030.0</b>	<b>-535.6</b>	<b>43,494.3</b>
Gross carrying amounts broken down by stages as at 31 December 2021						
Receivables from credit institutions and central banks	772.9	15.8	8.0	796.7	-8.2	788.5
Loans and other receivables at amortised cost	22,704.4	1,887.4	1,010.2	25,602.0	-528.7	25,073.3
Guarantees	7,444.2	636.9	89.2	8,170.2	-14.9	8,155.3
Unutilised credit lines and commitments	5,533.0	711.1	81.7	6,325.9	-61.8	6,264.1
<b>Total exposures</b>	<b>36,454.5</b>	<b>3,251.1</b>	<b>1,189.1</b>	<b>40,894.8</b>	<b>-613.6</b>	<b>40,281.1</b>

A factor contributing to the stage 1 increase is the Bank's takeover of Swedbank's cooperative housing portfolio as at 8 June 2022 with a total exposure of DKK 1,090.4 mill. as at 30 June 2022. Furthermore, the Bank has seen a continued influx of new customers.

## Note

10 Impairments on loans and receivables etc. (continued)

	Group			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Total impairments DKK mill.
<b>Impairment account for receivables from credit institutions and central banks for the first half of 2022</b>				
Total impairments brought forward	0.2	0.0	8.0	<b>8.2</b>
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	<b>-0.1</b>
<b>Total impairments carried forward</b>	<b>0.2</b>	<b>0.0</b>	<b>8.0</b>	<b>8.2</b>
<b>Impairment account for receivables from credit institutions and central banks in 2021</b>				
Total impairments brought forward	2.5	0.0	8.0	<b>10.5</b>
Transfers to stage 2	-0.1	0.1	0.0	<b>0.0</b>
Impairments during the financial year as a consequence of changes in credit risk	-2.2	0.0	0.0	<b>-2.3</b>
Impairments on new exposures	0.1	0.0	0.0	<b>0.1</b>
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	<b>-0.1</b>
<b>Total impairments carried forward</b>	<b>0.2</b>	<b>0.0</b>	<b>8.0</b>	<b>8.2</b>

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



## Note

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

	Group				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Total Impairments DKK mill.
Impairment account for loans and other receivables at amortised cost in the first half of 2022					
Total impairments brought forward	176.2	171.8	443.0	235.8	1,026.9
Transfers to stage 1	28.0	-19.7	-8.3	0.0	0.0
Transfers to stage 2	-10.6	18.5	-7.9	0.0	0.0
Transfers to stage 3	-1.8	-7.9	9.8	0.0	0.0
Impairment charges during the period as a consequence of changes in credit risk	-62.2	32.8	93.3	83.1	147.0
Impairments during the period as a consequence of changes in impairment models and risk parameters	-4.0	-5.9	-0.2	0.0	-10.1
Impairments on new exposures	38.2	8.1	11.4	0.0	57.7
Reversed impairments on redeemed exposures	-9.8	-5.3	-12.2	0.0	-27.4
Interest adjustment	0.0	0.0	11.1	0.0	11.1
Ascertained losses covered by previous impairments	0.0	0.0	-16.2	0.0	-16.2
<b>Total impairments carried forward</b>	<b>153.8</b>	<b>192.4</b>	<b>523.8</b>	<b>318.9</b>	<b>1,189.0</b>
Impairment account for loans and other receivables at amortised cost in 2021					
Total impairments brought forward	153.3	169.4	499.9	15.7	838.3
Transfers to stage 1	62.9	-49.3	-13.6	0.0	0.0
Transfers to stage 2	-6.2	11.8	-5.6	0.0	0.0
Transfers to stage 3	-0.6	-18.0	18.6	0.0	0.0
Impairments during the financial year as a consequence of changes in credit risk	-13.6	99.1	38.0	220.1	343.6
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	-14.3	-10.4	2.0	0.0	-22.7
Impairments on new exposures	31.5	9.9	26.6	0.0	68.0
Reversed impairments on redeemed exposures	-36.8	-40.6	-40.2	0.0	-117.6
Interest adjustment	0.0	0.0	9.1	0.0	9.1
Ascertained losses covered by previous impairments	0.0	0.0	-91.8	0.0	-91.8
<b>Total impairments carried forward</b>	<b>176.2</b>	<b>171.8</b>	<b>443.0</b>	<b>235.8</b>	<b>1,026.9</b>

In the first half of 2022, the impairment account for loans and other receivables at amortised cost increased by DKK 162.1 mill. This development is largely driven by impairments on new exposures, including the portfolio acquired from Swedbank and the shift in the Group's risk profile, with relative growth in gross exposure in stages 2 and 3, see page 34.

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

## Note

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

	Group				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Total provisions DKK mill.
<b>Provision account for guarantees in the first half of 2022</b>					
Total provisions brought forward	8.6	1.3	13.7	12.6	<b>36.2</b>
Transfers to stage 1	0.6	-0.2	-0.4	0.0	<b>0.0</b>
Transfers to stage 2	-0.2	0.3	-0.1	0.0	<b>0.0</b>
Transfers to stage 3	0.0	-0.1	0.1	0.0	<b>0.0</b>
Provisions during the period as a consequence of changes in credit risk	2.1	0.7	-2.5	-2.3	<b>-2.0</b>
Provisions during the period as a consequence of changes in impairment models and risk parameters	-0.2	-0.1	0.0	0.0	<b>-0.3</b>
Provisions for new exposures	3.0	0.8	0.0	0.0	<b>3.8</b>
Reversed provisions for redeemed exposures	-0.6	-0.1	-0.4	0.0	<b>-1.1</b>
<b>Total provisions carried forward</b>	<b>13.4</b>	<b>2.6</b>	<b>10.4</b>	<b>10.2</b>	<b>36.6</b>
<b>Provision account for guarantees in 2021</b>					
Total provisions brought forward	7.2	1.0	14.3	0.0	<b>22.5</b>
Provisions in connection with acquisition of subsidiary	12.6	0.0	0.0	17.7	<b>30.3</b>
Transfers to stage 1	1.9	-0.3	-1.6	0.0	<b>0.0</b>
Transfers to stage 2	-0.6	1.1	-0.5	0.0	<b>0.0</b>
Transfers to stage 3	-5.0	-0.1	5.0	0.0	<b>0.0</b>
Provisions during the financial year as a consequence of changes in credit risk	-5.5	-0.6	-0.6	-5.1	<b>-11.8</b>
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-2.2	0.3	0.0	0.0	<b>-1.9</b>
Provisions for new exposures	5.5	0.2	1.7	0.0	<b>7.5</b>
Reversed provisions for redeemed exposures	-5.4	-0.4	-4.7	0.0	<b>-10.4</b>
<b>Total provisions carried forward</b>	<b>8.6</b>	<b>1.3</b>	<b>13.7</b>	<b>12.6</b>	<b>36.2</b>

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

## Note

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

	Group				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recogni- tion DKK mill.	Total provisions DKK mill.
<b>Provision account for unutilised credit lines and commitments in the first half of 2022</b>					
Total provisions brought forward	31.8	19.6	27.7	140.0	219.1
Transfers to stage 1	6.9	-4.4	-2.5	0.0	0.0
Transfers to stage 2	-1.2	3.7	-2.5	0.0	0.0
Transfers to stage 3	-0.2	-0.3	0.5	0.0	0.0
Provisions during the period as a consequence of changes in credit risk	-14.4	-1.6	9.3	-14.8	-21.5
Provisions during the period as a consequence of changes in impairment models and risk parameters	-8.1	-5.8	0.0	0.0	-13.9
Provisions for new exposures	2.5	1.1	1.1	0.0	4.6
Reversed provisions for redeemed exposures	-1.8	-1.0	-0.5	0.0	-3.3
<b>Total provisions carried forward</b>	<b>15.4</b>	<b>11.3</b>	<b>33.1</b>	<b>125.3</b>	<b>185.1</b>
<b>Provision account for unutilised credit lines and commitments in 2021</b>					
Total provisions brought forward	34.9	8.5	25.7	0.0	69.1
Provisions in connection with acquisition of subsidiary	12.5	0.0	0.0	34.8	47.3
Transfers to stage 1	4.3	-3.5	-0.8	0.0	0.0
Transfers to stage 2	-5.8	9.3	-3.5	0.0	0.0
Transfers to stage 3	-0.2	-0.8	1.0	0.0	0.0
Provisions during the financial year as a consequence of changes in credit risk	-14.0	-1.3	10.0	105.2	99.9
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	1.1	4.9	0.0	0.0	6.0
Provisions for new exposures	5.4	3.2	0.2	0.0	8.8
Reversed provisions for redeemed exposures	-6.4	-0.7	-4.9	0.0	-12.0
<b>Total provisions carried forward</b>	<b>31.8</b>	<b>19.6</b>	<b>27.7</b>	<b>140.0</b>	<b>219.1</b>

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

## Note

10 Impairments on loans and receivables etc. (continued)

	Bank			Total impairments DKK mill.
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	
Impairment account for receivables from credit institutions and central banks for the first half of 2022				
Total impairments brought forward	0.2	0.0	8.0	<b>8.2</b>
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	<b>-0.1</b>
<b>Total impairments carried forward</b>	<b>0.2</b>	<b>0.0</b>	<b>8.0</b>	<b>8.2</b>
Impairment account for receivables from credit institutions and central banks in 2021				
Total impairments brought forward	2.5	0.0	8.0	<b>10.5</b>
Transfers to stage 2	-0.1	0.1	0.0	<b>0.0</b>
Impairments during the financial year as a consequence of changes in credit risk	-2.2	-0.1	0.0	<b>-2.3</b>
Impairments on new exposures	0.1	0.0	0.0	<b>0.1</b>
Reversed impairments on redeemed exposures	-0.1	0.0	0.0	<b>-0.1</b>
<b>Total impairments carried forward</b>	<b>0.2</b>	<b>0.0</b>	<b>8.0</b>	<b>8.2</b>
The figures for new and redeemed exposures may include changes whereby, for processing reasons, a new arrangement has been set up for redemption of an existing arrangement with the same customer.				

## Note

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

	Bank				
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Credit- impaired on initial recognition DKK mill.	Total impairments DKK mill.
Impairment account for loans and other receivables at amortised cost in the first half of 2022					
Total impairments brought forward	101.9	60.5	366.3	0.0	528.7
Transfers to stage 1	18.6	-10.8	-7.7	0.0	0.0
Transfers to stage 2	-3.3	9.6	-6.3	0.0	0.0
Transfers to stage 3	-1.1	-3.4	4.5	0.0	0.0
Impairment charges during the period as a consequence of changes in credit risk	-40.8	3.4	3.6	0.0	-33.8
Impairments during the period as a consequence of changes in impairment models and risk parameters	-4.0	-5.9	-0.2	0.0	-10.1
Impairments on new exposures	23.8	2.6	6.4	0.0	32.8
Reversed impairments on redeemed exposures	-9.8	-5.3	-20.0	0.0	-35.1
Interest adjustment	0.0	0.0	4.8	0.0	4.8
Ascertained losses covered by previous impairments	0.0	0.0	-7.2	0.0	-7.2
<b>Total impairments carried forward</b>	<b>85.2</b>	<b>50.7</b>	<b>344.3</b>	<b>0.0</b>	<b>480.1</b>
Impairment account for loans and other receivables at amortised cost in 2021					
Total impairments brought forward	144.4	165.2	489.0	15.7	814.4
Transfers to stage 1	61.3	-48.2	-13.0	0.0	0.0
Transfers to stage 2	-5.8	11.0	-5.2	0.0	0.0
Transfers to stage 3	-0.5	-17.9	18.4	0.0	0.0
Impairments during the financial year as a consequence of changes in credit risk	-73.0	-6.4	-28.5	-15.7	-123.6
Impairments during the financial year as a consequence of changes in impairment models and risk parameters	-14.3	-10.4	2.0	0.0	-22.7
Impairments on new exposures	26.6	7.8	23.6	0.0	58.0
Reversed impairments on redeemed exposures	-36.8	-40.6	-40.2	0.0	-117.6
Interest adjustment	0.0	0.0	9.1	0.0	9.1
Ascertained losses covered by previous impairments	0.0	0.0	-88.8	0.0	-88.8
<b>Total impairments carried forward</b>	<b>101.9</b>	<b>60.5</b>	<b>366.3</b>	<b>0.0</b>	<b>528.7</b>

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



## Note

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

	Bank			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Total provisions DKK mill.
<b>Provision account for guarantees in the first half of 2022</b>				
Total provisions brought forward	7.3	0.8	6.8	<b>14.9</b>
Transfers to stage 1	0.6	-0.1	-0.4	<b>0.0</b>
Transfers to stage 2	-0.1	0.2	-0.1	<b>0.0</b>
Transfers to stage 3	0.0	-0.1	0.1	<b>0.0</b>
Provisions during the period as a consequence of changes in credit risk	-4.2	-0.1	0.0	<b>-4.3</b>
Provisions during the period as a consequence of changes in impairment models and risk parameters	-0.2	-0.1	0.0	<b>-0.3</b>
Provisions for new exposures	0.3	0.4	0.0	<b>0.7</b>
Reversed provisions for redeemed exposures	-0.6	-0.1	-0.4	<b>-1.1</b>
<b>Total provisions carried forward</b>	<b>3.1</b>	<b>0.8</b>	<b>5.9</b>	<b>9.8</b>
<b>Provision account for guarantees in 2021</b>				
Total provisions brought forward	7.2	1.0	14.3	<b>22.5</b>
Transfers to stage 1	1.9	-0.3	-1.6	<b>0.0</b>
Transfers to stage 2	0.0	0.6	-0.5	<b>0.0</b>
Transfers to stage 3	0.0	-0.1	0.1	<b>0.0</b>
Provisions during the financial year as a consequence of changes in credit risk	0.3	-0.6	-2.5	<b>-2.8</b>
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	-2.2	0.3	0.0	<b>-1.9</b>
Provisions for new exposures	5.5	0.2	1.7	<b>7.5</b>
Reversed provisions for redeemed exposures	-5.4	-0.4	-4.7	<b>-10.4</b>
<b>Total provisions carried forward</b>	<b>7.3</b>	<b>0.8</b>	<b>6.8</b>	<b>14.9</b>

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

## Note

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

	Bank			
	Stage 1 DKK mill.	Stage 2 DKK mill.	Stage 3 DKK mill.	Total provisions DKK mill.
<b>Provision account for unutilised credit lines and commitments in the first half of 2022</b>				
Total provisions brought forward	24.4	13.2	24.3	<b>61.8</b>
Transfers to stage 1	5.5	-3.0	-2.5	<b>0.0</b>
Transfers to stage 2	-0.9	3.0	-2.2	<b>0.0</b>
Transfers to stage 3	-0.2	-0.1	0.3	<b>0.0</b>
Provisions during the period as a consequence of changes in credit risk	-13.6	-0.3	5.2	<b>-8.7</b>
Provisions during the period as a consequence of changes in impairment models and risk parameters	-8.1	-5.8	0.0	<b>-13.9</b>
Provisions for new exposures	1.2	0.3	0.0	<b>1.6</b>
Reversed provisions for redeemed exposures	-1.8	-1.0	-0.5	<b>-3.3</b>
<b>Total provisions carried forward</b>	<b>6.5</b>	<b>6.4</b>	<b>24.6</b>	<b>37.5</b>
<b>Provision account for unutilised credit lines and commitments in 2021</b>				
Total provisions brought forward	33.0	6.7	25.7	<b>65.4</b>
Transfers to stage 1	3.8	-3.0	-0.8	<b>0.0</b>
Transfers to stage 2	-2.5	6.0	-3.5	<b>0.0</b>
Transfers to stage 3	-0.1	-0.7	0.8	<b>0.0</b>
Provisions during the financial year as a consequence of changes in credit risk	-9.8	-3.0	6.8	<b>-6.0</b>
Provisions during the financial year as a consequence of changes in impairment models and risk parameters	1.1	4.9	0.0	<b>6.0</b>
Provisions for new exposures	5.2	2.9	0.2	<b>8.4</b>
Reversed provisions for redeemed exposures	-6.4	-0.7	-4.9	<b>-12.0</b>
<b>Total provisions carried forward</b>	<b>24.4</b>	<b>13.2</b>	<b>24.3</b>	<b>61.8</b>

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 a reduction in management estimates and changes in the impairment model for individual segments which alone accounts for DKK 24.3 mill.

Note	Group First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	Bank First half-year 2022 DKK mill.	First half-year 2021 DKK mill.
11 Tax				
Tax for the period may be broken down as follows:				
Tax on profit for the period	-41.1	-87.9	-7.9	-89.3
Tax on other comprehensive income	0.0	0.6	0.0	0.6
<b>Total tax</b>	<b>-41.1</b>	<b>-87.3</b>	<b>-7.9</b>	<b>-88.8</b>
Tax on profit for the period is calculated as follows:				
Current tax for the period	-25.9	-103.9	-2.3	-79.6
Adjustment of deferred tax for the period	15.1	24.2	4.1	-2.4
Effect of change in tax rate	-37.6	0.0	-9.8	0.0
Adjustment of current tax concerning previous years	4.9	-8.1	0.0	-7.3
Adjustment of deferred tax concerning previous years	2.4	0.0	0.0	0.0
<b>Total tax on profit for the period</b>	<b>-41.1</b>	<b>-87.9</b>	<b>-7.9</b>	<b>-89.3</b>
Tax on profit for the period can be explained as follows:				
Calculated tax on profit for the period before tax at 22%	-47.7	-159.1	-28.6	-156.6
Tax base of income not subject to tax	29.3	51.7	33.6	59.1
Tax base of non-deductible expenses	-10.8	-1.5	-3.1	-1.4
Tax base of profit/loss in associated companies	0.0	16.9	0.0	16.9
Tax base of losses brought forward in Vestjysk Bank A/S	18.3	12.3	0.0	0.0
Effect of change in tax rate	-37.6	0.0	-9.8	0.0
Adjustment of current tax concerning previous years	4.9	-8.1	0.0	-7.3
Adjustment of deferred tax concerning previous years	2.4	0.0	0.0	0.0
<b>Total tax on profit for the period</b>	<b>-41.1</b>	<b>-87.9</b>	<b>-7.9</b>	<b>-89.3</b>
Effective tax rate	19.0	12.2	6.1	12.5

The effective tax rates are particularly affected by losses brought forward in Vestjysk Bank A/S and tax-free gains. The effect of the change in tax rate is related to deferred tax and is caused by phasing-in the new financial transactions tax. In practice, tax on banks will increase from 22% in 2022 to 25.2% in 2023 and 26% in 2024 and onwards.

12 Earnings per share				
<b>Arbejdernes Landsbank's shareholders' share of the profit for the period</b>	<b>110.4</b>	<b>606.8</b>	<b>110.4</b>	<b>606.8</b>
Average number of shares issued	2,100,000,000	1,050,150,000	2,100,000,000	1,050,150,000
Average number of own shares, see note 19	-6,190,665	-3,891,535	-6,190,665	-3,891,535
<b>Average number of shares in issue</b>	<b>2,093,809,335</b>	<b>1,046,258,465</b>	<b>2,093,809,335</b>	<b>1,046,258,465</b>
Earnings per share (DKK)	0.05	0.58	0.05	0.58
Diluted earnings per share (DKK) *)	0.05	0.58	0.05	0.58

The issued share capital is divided into shares of nominally DKK 1. The Bank only has one class of shares.

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

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

Note		Group	31.12.2021 DKK mill.	Bank	31.12.2021 DKK mill.
		30.06.2022 DKK mill.		30.06.2022 DKK mill.	
13	Loans and guarantees broken down by sectors and industries				
	Public authorities	4.4	4.2	4.4	4.2
	Business				
	Agriculture, hunting, forestry and fisheries	3,757.3	3,843.4	1.5	1.2
	Industry and extraction of raw materials	1,399.8	1,250.3	170.9	196.4
	Energy supply	861.9	835.4	32.5	7.5
	Building and construction	1,801.6	1,418.6	439.1	178.1
	Trade	3,720.3	3,183.4	676.4	565.1
	Transport, hotels and restaurants	824.7	838.1	98.0	122.6
	Information and communication	127.5	112.5	33.7	20.0
	Financing and insurance	2,228.8	2,230.8	8,095.0	7,327.3
	Real property	3,465.4	3,300.6	806.7	883.2
	Other business	3,422.9	3,216.3	1,775.2	1,691.1
	<b>Total business</b>	<b>21,610.2</b>	<b>20,229.2</b>	<b>12,128.9</b>	<b>10,992.5</b>
	Private	40,472.9	39,883.5	22,904.8	22,231.9
	<b>Total loans and guarantees</b>	<b>62,087.6</b>	<b>60,117.0</b>	<b>35,038.1</b>	<b>33,228.6</b>
14	Bonds at fair value				
	Government bonds	2,602.7	2,083.8	2,161.0	1,672.2
	Mortgage-credit bonds	24,048.5	22,845.4	15,177.8	13,910.7
	Other bonds	2,685.4	3,187.1	2,715.3	3,217.0
	<b>Total bonds at fair value</b>	<b>29,336.6</b>	<b>28,116.2</b>	<b>20,054.1</b>	<b>18,800.0</b>
15	Land and buildings				
	Investment properties	71.3	242.7	39.2	39.2
	Owner-occupied properties	1,654.9	1,463.8	1,185.0	1,189.0
	Right-of-use assets *)	252.1	255.6	181.8	180.3
	<b>Total land and buildings</b>	<b>1,978.3</b>	<b>1,962.1</b>	<b>1,406.0</b>	<b>1,408.4</b>
	*) In addition to owner-occupied properties, the Group has also recognised rented owner-occupied properties. The associated leasing commitments have been recognised at DKK 276.8 mill. under other liabilities (2021: DKK 279.1 mill.).				

## Note

## 15 Land and buildings (continued)

	Group First half-year 2022 DKK mill.	2021 DKK mill.	Bank First half-year 2022 DKK mill.	2021 DKK mill.
<b>Investment properties</b>				
Fair value brought forward	242.7	63.3	39.2	36.6
Additions on acquisition of subsidiary	0.0	80.8	0.0	0.0
Additions	0.0	144.4	0.0	0.0
Disposals	0.0	-49.6	0.0	0.0
Transfer to owner-occupied properties	-171.4	0.0	0.0	0.0
Value adjustments	0.0	3.7	0.0	2.5
<b>Fair value carried forward</b>	<b>71.3</b>	<b>242.7</b>	<b>39.2</b>	<b>39.2</b>
Rental income	2.0	5.3	1.1	2.2
Operating expenses for rented-out areas	-0.3	-1.4	-0.2	-1.1

Investment properties are measured at fair value based on non-observable input (level 3 in the fair value hierarchy). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 4.0-10.0% (2021: 4.0-10.0%) determined on the basis of the interest-rate level and the location of the property. All else being equal, an increase in the Group's required rate of return of 0.5 percentage points would reduce the fair value by approximately DKK 6.1 mill. (2021: DKK 6.1 mill.). An independent assessor carried out the valuation of selected investment properties as at 31 December 2021, and subsequently, there have been no indications of significant changes in the value of the property portfolio.

<b>Owner-occupied properties</b>				
Revalued amount brought forward	1,463.8	1,115.8	1,189.0	1,115.8
Additions on acquisition of subsidiary	0.0	337.9	0.0	0.0
Additions	24.7	0.3	0.0	0.0
Transfer from investment properties	171.4	0.0	0.0	0.0
Disposals	0.0	-49.0	0.0	0.0
Depreciation	-5.9	-11.1	-4.0	-7.6
Value adjustments recognised in the income statement	0.3	-18.2	0.0	-8.5
Value adjustments recognised in other comprehensive income	0.6	88.0	0.0	89.3
<b>Revalued amount carried forward</b>	<b>1,654.9</b>	<b>1,463.8</b>	<b>1,185.0</b>	<b>1,189.0</b>

Owner-occupied properties are measured at their revalued amount based on non-observable input (level 3 in the fair value hierarchy). The measurement includes estimated rental income and operating expenses, as well as a required rate of return of around 3.2-10.0% (2021: 3.2-10.0%) determined on the basis of the interest-rate level and the location of the property. All else being equal, an increase in the Group's required rate of return of 0.5 percentage points would reduce the fair value by approximately DKK 150.2 mill. (2021: DKK 151.0 mill.). An independent assessor carried out the valuation of selected owner-occupied properties as at 31 December 2021, and subsequently, there have been no indications of significant changes in the value of the property portfolio.



Note	Group		Bank		
	30.06.2022 DKK mill.	31.12.2021 DKK mill.	30.06.2022 DKK mill.	31.12.2021 DKK mill.	
16	<b>Deposits and other debt</b>				
	On demand	68,737.4	67,813.8	45,401.8	43,384.9
	Amounts with notice period	1,283.1	845.8	1,281.1	843.7
	Time deposits	56.1	58.8	0.0	0.0
	Special types of deposit	3,022.0	3,001.6	1,484.7	1,409.5
	<b>Total deposits and other debt</b>	<b>73,098.6</b>	<b>71,720.0</b>	<b>48,167.5</b>	<b>45,638.0</b>

17 Issued bonds at amortised cost							
	Nom. in DKK mill.	Interest rate	Maturity				
	30.0	3.0000%	27.09.2024 *)	29.9	29.9	0.0	0.0
	140.0	CIBOR-6M + 1.75%	11.03.2025 **)	139.7	139.6	0.0	0.0
	180.0	2.0350%	18.06.2026 ***)	179.0	178.8	0.0	0.0
	<b>Total issued bonds at amortised cost</b>			<b>348.6</b>	<b>348.4</b>	<b>0.0</b>	<b>0.0</b>

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

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

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

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

18 Subordinated debt							
	Nom. in DKK mill.	Interest rate	Maturity				
	225.0	6.5000%	16.08.2027 *)	224.9	224.6	0.0	0.0
	250.0	CIBOR-6M + 5.50%	26.06.2028 **)	249.2	248.8	0.0	0.0
	125.0	3.7500%	28.08.2029 ***)	124.4	124.3	0.0	0.0
	900.0	CIBOR-6M + 3.50%	21.05.2031 ****)	900.0	900.0	900.0	900.0
	<b>Total Tier 2 capital</b>			<b>1,498.6</b>	<b>1,497.7</b>	<b>900.0</b>	<b>900.0</b>
	Of these included in own funds, see note 21			1,498.6	1,497.7	900.0	900.0

\*) As at 30 June 2022, the subordinated debt had been called in for full repayment. On 16 August 2022, the subordinated debt was repaid in full, and at the same time, new Additional Tier 1 capital of DKK 380.0 mill. was issued which can be fully recognised in Tier 1 capital/own funds for the Bank and the Group.

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

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

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

Note		First half-year 2022 pcs.	2021 pcs.	First half-year 2022 DKK mill.	2021 DKK mill.
19	Own shares				
	Holding at the beginning of the year	5,933,368	7,417	5.9	7.4
	Change in nom. denomination from DKK 1,000 to DKK 1.	0	7,409,583	0.0	0.0
	Purchase	871,839	1,140,803	0.9	1.1
	Sale	-357,246	-2,624,435	-0.4	-2.6
	<b>Holding at the end of the year</b>	<b>6,447,961</b>	<b>5,933,368</b>	<b>6.4</b>	<b>5.9</b>

Pursuant to a resolution passed at the general meeting on 12 March 2018, the Bank may acquire own shares up to a maximum of nom. DKK 10.0 mill., corresponding to 0.5% (2021: 0.5%) of the share capital up to and including 12 March 2023.

As at 30 June 2022, the holding of own shares amounted to nominally DKK 6.4 mill. (2021: DKK 5.9 mill.), corresponding to 0.3% (2021: 0.3%) of the share capital.

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

## 20 Dividends

On 15 March 2022, the Bank distributed ordinary dividends to shareholders of DKK 525.0 mill. (2021: DKK 0.0 mill.), corresponding to DKK 0.25 per share (2021: DKK 0.00 per share).

Note		Group 30.06.2022 DKK mill.	31.12.2021 DKK mill.	Bank 30.06.2022 DKK mill.	31.12.2021 DKK mill.
21	Own funds				
	<b>Transformation from equity to own funds</b>				
	Equity	11,472.1	11,852.9	9,730.7	10,155.2
	Minority interests not included	-515.9	-649.8	0.0	0.0
	Additional Tier 1 capital, including interest payable	-748.7	-754.5	-434.7	-442.8
	Reserved/proposed dividend	-65.1	-525.0	-44.1	-525.0
	Intangible assets	-231.6	-249.9	0.0	0.0
	Deferred tax assets	-380.0	-289.6	0.0	0.0
	Deduction for prudent valuation	-32.5	-31.2	-21.3	-20.3
	Deduction of non-performing exposures	-233.9	-87.8	-22.1	-5.3
	Capital instruments in financial entities	-120.6	-18.9	0.0	0.0
	<b>Common Equity Tier 1 capital</b>	<b>9,144.0</b>	<b>9,246.1</b>	<b>9,208.5</b>	<b>9,161.8</b>
	Additional Tier 1 capital	729.7	729.7	429.0	429.0
	Minority interests not included	-27.2	-50.3	0.0	0.0
	<b>Tier 1 capital</b>	<b>9,846.5</b>	<b>9,925.5</b>	<b>9,637.5</b>	<b>9,590.8</b>
	Tier 2 capital	1,498.6	1,497.7	900.0	900.0
	Minority interests not included	-114.7	-153.1	0.0	0.0
	<b>Own funds</b>	<b>11,230.4</b>	<b>11,270.2</b>	<b>10,537.5</b>	<b>10,490.8</b>

On 16 August 2022, A/S Arbejdernes Landsbank issued nom. DKK 380.0 mill. of Additional Tier 1 capital to cover redemption of DKK 155.0 mill. of Additional Tier 1 capital and DKK 225.0 mill. of Tier 2 capital in Vestjysk Bank A/S. All else being equal, the Group's conversion of capital is likely to increase Group own funds by DKK 108.0 mill., which will increase the Group's capital ratio by 0.2 percentage points to 18.0%.

Note				Group		Bank	
				30.06.2022	31.12.2021	30.06.2022	31.12.2021
				DKK mill.	DKK mill.	DKK mill.	DKK mill.
22	Additional Tier 1 capital						
	<b>Nom. in DKK mill.</b>	<b>Interest rate</b>	<b>Maturity</b>				
	429.0	CIBOR-6M + 7.25%	Indefinite *)	0.0	442.8	0.0	442.8
	155.0	8.5000%	Indefinite **)	166.5	159.9	0.0	0.0
	50.0	7.5000%	Indefinite ***)	50.0	51.9	0.0	0.0
	45.7	5.2500%	Indefinite *****)	46.7	47.9	0.0	0.0
	50.0	4.7500%	Indefinite *****)	50.7	51.9	0.0	0.0
	429.0	3.9735%	Indefinite *****)	434.7	0.0	434.7	0.0
	<b>Total Additional Tier 1 capital</b>			<b>748.7</b>	<b>754.5</b>	<b>434.7</b>	<b>442.8</b>
	Of this, included in Tier 1 capital/own funds, see note 21			729.7	729.7	429.0	429.0
	Costs of raising Additional Tier 1 capital			0.2	0.0	0.2	0.0

\*) Was redeemed on 24 January 2022.

\*\*) As at 30 June 2022, the Additional Tier 1 capital had been called in for full repayment. On 16 August 2022, the Additional Tier 1 capital was repaid in full, and at the same time new Additional Tier 1 capital of DKK 380.0 mill. was issued, which can be fully recognised in Tier 1 capital/own funds for the Bank and the Group.

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

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

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

\*\*\*\*\*) Can be redeemed before maturity from 24 April 2029.

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

Note	Group		Bank		
	30.06.2022 DKK mill.	31.12.2021 DKK mill.	30.06.2022 DKK mill.	31.12.2021 DKK mill.	
23	Contingent liabilities and other binding commitments				
	<b>Contingent liabilities</b>				
	Financial guarantees	5,018.5	5,494.1	2,823.4	2,650.8
	Guarantees for losses on mortgage-credit loans	7,019.5	7,850.5	3,439.8	3,895.4
	Land registration and conversion guarantees	2,448.3	1,795.8	993.8	734.0
	Collateral for group companies	0.0	0.0	48.5	48.5
	Other contingent liabilities	3,288.5	3,018.4	767.5	826.6
	<b>Total contingent liabilities</b>	<b>17,774.8</b>	<b>18,158.7</b>	<b>8,073.1</b>	<b>8,155.3</b>
	<b>Other binding commitments</b>				
	Irrevocable credit commitments less than 1 year	1,118.6	968.4	0.0	0.0
	Irrevocable credit commitments more than 1 year	88.4	34.6	0.0	0.0
	Other credit commitments less than 1 year	22,330.0	21,697.7	7,331.4	6,264.1
	Unutilised commitments regarding payment of pension contributions	2.1	2.1	2.1	2.1
	Additional binding commitments	203.9	234.0	202.6	232.4
	<b>Total other binding commitments</b>	<b>23,742.9</b>	<b>22,936.8</b>	<b>7,536.1</b>	<b>6,498.6</b>

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

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

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 1.1% (2021: 1.1%).

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 2022 contributions totalled DKK 10.4 mill. (2021: DKK 9.8 mill.) and DKK 6.2 mill. (2021: DKK 6.2 mill.), respectively, corresponding to 0.9% (2021: 0.9%) and 0.6% (2021: 0.6%) of the sector's total contribution of DKK 1,123.6 mill. (2021: DKK 1,061.3 mill.).

The Bank is taxed jointly with other Danish 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 23.2 mill. as at 30 June 2022 (2021: DKK -73.9 mill.). Any subsequent corrections of jointly taxable income and withholding taxes etc. may result in the Bank being liable for a larger amount.

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

The Group and the Bank are members of BEC (Bankernes EDB Central), and withdrawal as a going concern would entail a liability to pay compensation amounting to DKK 3,371.9 mill. (2021: DKK 2,628.1 mill.) and DKK 1,776.5 mill. (2021: DKK 1,505.1 mill.). The Danish FSA has generally entered into agreements with the data centres on special conditions for banks in distress, or banks likely to experience distress, such that claims from the data centres will rank after claims from other simple creditors.

## Note

## 24 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
	30.06.2022 DKK mill.	30.06.2022 DKK mill.	31.12.2021 DKK mill.	31.12.2021 DKK mill.
Classification and measurement of financial instruments.				
<b>Financial assets</b>				
Cash in hand and demand deposits with central banks	9,521.7		12,345.1	
Receivables from credit institutions and central banks	619.1		678.0	
Loans and other receivables at amortised cost	44,312.8		41,958.3	
Bonds at fair value		29,336.6		28,116.2
Shares etc.		2,036.4		1,981.2
Assets linked to pooled schemes		15,467.8		17,516.6
Derivative financial instruments and spot transactions		256.7		151.8
Interest and commissions receivable	14.9	78.4	21.6	100.3
<b>Total financial assets</b>	<b>54,468.5</b>	<b>47,175.8</b>	<b>55,003.0</b>	<b>47,866.2</b>
<b>Financial liabilities</b>				
Debt to credit institutions and central banks	600.6		380.8	
Deposits and other debt	73,098.6		71,720.0	
Deposits in pooled schemes		15,467.8		17,516.6
Issued bonds at amortised cost	348.6		348.4	
Other non-derivative financial liabilities at fair value		121.0		0.0
Derivative financial instruments and spot transactions		168.9		299.2
Interest and commissions due	31.5	1.0	18.2	1.5
Subordinated debt	1,498.6		1,497.7	
<b>Total financial liabilities</b>	<b>75,578.0</b>	<b>15,758.6</b>	<b>73,965.1</b>	<b>17,817.4</b>



## Note

## 24 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 company-specific, valuations. The Group uses the assumptions that market participants would use to set the price of the asset or liability based on existing market conditions, including assumptions pertaining to risks. Thus, the Group's purpose of owning the asset or disposing of the liability is not taken into consideration when calculating the fair value.

Financial assets and liabilities recognised in the balance sheet at fair value are categorised according to the fair value hierarchy as described below.

**Listed prices (level 1)**

All active markets use officially listed closing prices as fair value.

**Observable input (level 2)**

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

**Non-observable input (level 3)**

In cases where observable prices based on market information are not available or not deemed to be useful in establishing fair value, own assumptions are used. For example, the assumptions may be for recent transactions in corresponding assets, expected future cash flows or the net asset value of the companies.

Equity investments under non-observable input includes unlisted shares, primarily in companies related to the financial sector, where fair value is set on the basis of provisions in ownership agreements etc. or input from transactions carried out. The Association of Local Banks in Denmark, Savings Banks and Cooperative Banks in Denmark (LOPI) every quarter recommends fair values of certain of the so-called sector shares, i.e. shares owned by banks in order to participate actively in the infrastructure and the product supply that supports the business strategy of the industry. The prices recommended by LOPI are based on ownership agreements and transactions carried out in the sector. In some cases, the fair value is based on the accounting equity (net asset value) in the underlying undertaking, as this forms the basis for the transaction price if owners sell between them-selves. When calculating the fair value of sector shares according to LOPI's recommended rates, these are also included in the valuation as a non-observable input. The Group carries out an independent assessment of the prices recommended and verifies their relationship with transactions carried out and published financial statements. The value of the shares changes by DKK 75.5 mill. (2021: DKK 156.2 mill.) on a change in the prices of 10%. The Management assesses that alternative methods for measuring the fair value of these shares will not entail significantly different fair values.

Bonds under non-observable input include a small holding of unlisted credit bonds issued by regional and local Danish banks. The value of the bonds changes by DKK 2.4 mill. (2021: DKK 2.5 mill.) on a change in the prices of 10%. The Management assesses that alternative methods for measuring the fair value of these bonds will not entail significantly different fair values.

With regard to derivative financial instruments, the Group performs a Credit Value Adjustment (CVA) of the fair value. CVA reflects the credit risk of the counterparty in derivatives transactions and is performed on the basis of Loss Given Default (LGD), Expected Positive Exposure (EPE), and the Probability of Default (PD) of the counterparty. The Group uses both a parametric and a semi-analytic model approach to quantifying future expected positive exposure. The probability of default is derived from observable credit information in the market, if possible. In the event that this is not possible, adjustment is based on proxy Credit Default Swap (CDS) curves. Total CVA adjustments amounted to DKK 0.0 mill. as at 30 June 2022 (2021: DKK 0.1 mill.).

**Transfers between levels in the fair value hierarchy**

If an update of prices does not occur over a five-day period, the standard procedure of the Group is that this will result in a transfer between the categories 'Listed prices' and 'Observable input'. In the first half-year of 2022, the Group transferred DKK 788.1 mill. (2021: DKK 56.2 mill.) of bonds at fair value from level 1 to level 2 as a result of infrequent price updates. Conversely, DKK 1,920.6 mill. (2021: DKK 1,144.3 mill.) was transferred from level 2 to level 1, as frequent price updates have been observed.

Apart from the above, there have been no significant transfers between the three fair value levels in the first half-year of 2022.

## Note

## 24 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 2022				
<b>Financial assets</b>				
Bonds at fair value	23,236.4	6,076.4	23.8	29,336.6
Shares etc.	346.8	0.0	1,689.5	2,036.4
Assets linked to pooled schemes	15,467.8	0.0	0.0	15,467.8
Derivative financial instruments and spot transactions	8.8	247.9	0.0	256.7
Interest and commissions receivable	68.4	9.6	0.4	78.4
<b>Total financial assets</b>	<b>39,128.2</b>	<b>6,333.9</b>	<b>1,713.7</b>	<b>47,175.8</b>
<b>Financial liabilities</b>				
Deposits in pooled schemes	0.0	15,467.8	0.0	15,467.8
Other non-derivative financial liabilities at fair value	121.0	0.0	0.0	121.0
Derivative financial instruments and spot transactions	8.9	160.0	0.0	168.9
Interest and commissions due	0.6	0.4	0.0	1.0
<b>Total financial liabilities</b>	<b>130.4</b>	<b>15,628.2</b>	<b>0.0</b>	<b>15,758.6</b>
Fair value hierarchy as at 31 December 2021				
<b>Financial assets</b>				
Bonds at fair value	18,552.3	9,539.2	24.7	28,116.2
Shares etc.	419.5	0.0	1,561.8	1,981.2
Assets linked to pooled schemes	15,984.9	1,531.7	0.0	17,516.6
Derivative financial instruments and spot transactions	15.9	135.9	0.0	151.8
Interest and commissions receivable	73.8	26.5	0.0	100.3
<b>Total financial assets</b>	<b>35,046.4</b>	<b>11,233.3</b>	<b>1,586.5</b>	<b>47,866.2</b>
<b>Financial liabilities</b>				
Deposits in pooled schemes	0.0	17,516.6	0.0	17,516.6
Derivative financial instruments and spot transactions	0.0	299.2	0.0	299.2
Interest and commissions due	0.4	1.1	0.0	1.5
<b>Total financial liabilities</b>	<b>0.4</b>	<b>17,817.0</b>	<b>0.0</b>	<b>17,817.4</b>

## Note

## 24 Fair value disclosures and classification of financial instruments (continued)

	Group First half-year 2022 DKK mill.	2021 DKK mill.
Non-observable input (level 3)		
Fair value brought forward	1,586.5	761.4
Value adjustments recognised in the income statement *)	23.5	103.5
Net change in interest and commissions receivable	0.4	-0.5
Purchase	129.0	103.4
Sale	-22.0	-110.9
Transfers to level 1	-3.6	0.0
Additions on acquisition of subsidiary	0.0	759.4
Other disposals	0.0	-29.9
<b>Fair value carried forward</b>	<b>1,713.7</b>	<b>1,586.5</b>

\*) Of which DKK 12.5 mill. (2021: DKK 74.1 mill.) is attributable to assets held at the end of the accounting period.

## Note

## 24 Fair value disclosures and classification of financial instruments (continued)

	Group			
	Carrying amount	Fair value	Carrying amount	Fair value
	30.06.2022 DKK mill.	30.06.2022 DKK mill.	31.12.2021 DKK mill.	31.12.2021 DKK mill.
Financial instruments recognised at amortised cost				
<b>Financial assets</b>				
Cash in hand and demand deposits with central banks	9,521.7	9,521.7	12,345.1	12,345.1
Receivables from credit institutions and central banks	619.1	619.2	678.0	678.0
Loans and other receivables at amortised cost	44,312.8	44,409.9	41,958.3	42,127.5
Interest and commissions receivable	14.9	14.9	21.6	21.6
<b>Total financial assets</b>	<b>54,468.5</b>	<b>54,565.7</b>	<b>55,003.0</b>	<b>55,172.2</b>
<b>Financial liabilities</b>				
Debt to credit institutions and central banks	600.6	601.5	380.8	381.7
Deposits and other debt	73,098.6	73,095.4	71,720.0	71,719.3
Issued bonds at amortised cost	348.6	350.4	348.4	353.2
Interest and commissions due	31.5	31.5	18.2	18.2
Subordinated debt	1,498.6	1,512.9	1,497.7	1,510.6
<b>Total financial liabilities</b>	<b>75,578.0</b>	<b>75,591.7</b>	<b>73,965.1</b>	<b>73,983.1</b>

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 the interest-rate-level value adjustment, which is calculated by comparing current market interest rates with market interest rates when the transactions were established. Based on a materiality assessment, changes in fair values of debt to credit institutions due to changes in the Group's own credit rating are not included.

## 25 Transactions with related parties

A shareholder with significant influence has acquired DKK 208.0 mill. of Additional Tier 1 capital in connection with the issue totalling DKK 429.0 mill. On the same day, the same shareholder also received DKK 205.0 mill. in connection with redemption of Additional Tier 1 capital totalling DKK 429.0 mill.

The AL Finans A/S subsidiary has had its credit line increased by DKK 1,200.0 mill. in response to an increased funding need.

The Vestjysk Bank A/S subsidiary has received a 5-year SNP loan of DKK 350.0 mill. to cover its MREL requirement. Interest on the loan is at a semi-annual coupon rate of CIBOR-6M + 2.075%.

Apart from the above, there were no new significant transactions with related parties in the first half of 2022.

See the annual report for 2021 for a more detailed definition and description of transactions with related parties.

Note		First half-year 2022 DKK mill.	2021 DKK mill.
26	Group overview		
	<b>Parent Company: Aktieselskabet Arbejdernes Landsbank, Copenhagen</b>		
	<b>Group companies</b>		
	<b>AL Finans A/S, Copenhagen</b>		
	Voting share and ownership interest (%)	100	100
	Profit	22.9	35.4
	Equity	366.3	343.4
	AL Finans A/S offers car financing, leasing, factoring and invoice purchasing. The activities of the subsidiary are financed from equity and borrowing from the Parent Company.		
	<b>Ejendomsselskabet Sluseholmen A/S, Copenhagen</b>		
	Voting share and ownership interest (%)	100	100
	Loss	-3.9	-0.3
	Equity	8.4	12.3
	The subsidiary is currently inactive, but at the end of 2021 it acquired three land parcels.		
	<b>Vestjysk Bank A/S, Herning</b>		
	Voting share and ownership interest (%)	73	73
	Profit	164.1	1,079.8
	Equity	5,548.2	5,396.4
	Vestjysk Bank A/S carries out banking activities aimed at both private and business customers, primarily in central and western Jutland.		
	<b>Associated companies</b>		
	<b>TestaViva ApS, Copenhagen</b>		
	Voting share and ownership interest (%)	37	37
	<b>&amp;Money ApS, Copenhagen</b>		
	Voting share and ownership interest (%)	25	25
	<b>Thise Udviklingsselskab ApS, Skive</b>		
	Voting share and ownership interest (%)	31	31
	<b>HN Invest Tyskland 1 A/S under frivillig likvidation, Aalborg</b>		
	Voting share and ownership interest (%)	33	33
	<b>EgnsINVEST Tyske Ejendomme A/S, Horsens</b>		
	Voting share and ownership interest (%)	20	20
	<b>Ejendomsfællesskabet Den Jyske Sparekasse and KGH Property I/S, Billund</b>		
	Voting share and ownership interest (%)	50	50

Note	First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	2021 DKK mill.
27	Financial and operating data for the Group		
<b>Income statement</b>			
	1,010.0	662.2	1,642.7
Net interest income	789.8	472.7	1,196.7
Net fee and commission income	-274.7	157.4	293.4
Value adjustments and dividends	53.5	264.0	412.2
Other operating income	0.2	89.2	95.3
Profit from equity investments in associated companies	<b>1,578.9</b>	<b>1,645.5</b>	<b>3,640.3</b>
<b>Total income</b>	-1,425.1	-970.8	-2,424.4
Costs and depreciation/amortisation	62.9	48.5	162.3
Impairments on loans and receivables etc.	<b>-1,362.2</b>	<b>-922.3</b>	<b>-2,262.1</b>
<b>Total costs</b>	<b>216.7</b>	<b>723.2</b>	<b>1,378.2</b>
<b>Profit before tax</b>	-41.1	-87.9	-49.4
Tax	<b>175.6</b>	<b>635.3</b>	<b>1,328.9</b>
<b>Profit for the period</b>	<b>Selected balance sheet items</b>		
	44,312.8	40,872.7	41,958.3
Loans and other receivables at amortised cost	29,336.6	29,190.2	28,116.2
Bonds at fair value	106,086.5	105,399.9	107,460.6
Total assets	88,566.4	87,207.7	89,236.6
Deposits incl. pooled schemes	11,472.1	11,457.4	11,852.9
Equity	<b>Other financial and operating data</b>		
	1,870.0	1,181.9	2,887.4
Net interest and fee income	-344.8	110.4	245.4
Value adjustments	-1,315.0	-890.4	-2,213.6
Staff and administrative expenses			
	11,230.4	11,428.5	11,270.2
Own funds	9,846.5	10,051.3	9,925.5
Tier 1 capital	9,144.0	9,342.0	9,246.1
Common Equity Tier 1 capital			
	49,226.4	48,117.9	47,973.0
Exposures with credit risk	7,346.3	6,311.6	7,747.5
Exposures with market risk	6,370.1	3,605.1	6,370.1
Exposures with operational risk	<b>62,942.7</b>	<b>58,034.6</b>	<b>62,090.6</b>
<b>Total risk exposure</b>			



Note		First half-year 2022	First half-year 2021	2021	
27	Ratios and key figures for the Group				
	<b>Solvency</b>				
	Capital ratio	%	17.8	19.7	18.2
	Tier 1 capital ratio	%	15.6	17.3	16.0
	Common Equity Tier 1 capital ratio	%	14.5	16.1	14.9
	<b>Earnings</b>				
	Return on equity before tax	%	1.6	8.4	14.8
	Return on equity after tax	%	1.3	7.4	13.9
	Ratio of operating income to operating expenses per DKK	DKK	1.16	1.78	1.61
	Earnings per share	DKK	0.05	0.58	0.94
	Diluted earnings per share	DKK	0.05	0.58	0.94
	Return on capital employed	%	0.2	0.8	1.6
	<b>Market risk</b>				
	Interest-rate risk	%	2.5	1.5	1.7
	Currency position	%	1.2	1.0	2.9
	Currency risk	%	0.0	0.0	0.0
	<b>Liquidity</b>				
	Loans plus impairments in relation to deposits	%	51.4	47.7	48.2
	Liquidity coverage ratio (LCR)	%	250.5	288.2	249.4
	<b>Credit</b>				
	Sum of large exposures	%	89.8	63.9	80.8
	Impairment ratio for the period	%	0.2	-0.1	0.5
	Lending growth for the period	%	5.6	71.6	76.2
	Loans in relation to equity		3.9	3.6	3.5
	<b>Equity</b>				
	Net asset value per share	DKK	4.44	4.34	4.64
	Proposed dividend per share	DKK	0.00	0.00	0.25
	<b>Employees</b>				
	Average number of employees during the accounting period converted to full-time equivalents		1,812	1,807	1,804
	See note 28 for definitions of ratios and key figures.				

Note	First half-year 2022 DKK mill.	First half-year 2021 DKK mill.	2021 DKK mill.
27	Financial and operating data for the Bank		
<b>Income statement</b>			
	495.3	495.2	990.4
Net interest income	422.6	394.8	793.7
Net fee and commission income	-155.8	145.0	216.6
Value adjustments and dividends	18.7	243.1	365.3
Other operating income	132.4	105.8	379.3
Profit from equity investments in associated companies and group companies	<b>913.2</b>	<b>1,383.9</b>	<b>2,745.3</b>
<b>Total income</b>	-865.5	-787.6	-1,636.2
Costs and depreciation/amortisation	82.4	115.8	245.0
Impairments on loans and receivables etc.	<b>-783.1</b>	<b>-671.8</b>	<b>-1,391.2</b>
<b>Total costs</b>	<b>130.2</b>	<b>712.0</b>	<b>1,354.0</b>
<b>Profit before tax</b>	-7.9	-89.3	-143.5
Tax	<b>122.3</b>	<b>622.7</b>	<b>1,210.6</b>
<b>Profit for the period</b>	<b>Selected balance sheet items</b>		
	26,965.0	24,358.8	25,073.3
Loans and other receivables at amortised cost	20,054.1	20,634.9	18,800.0
Bonds at fair value	68,722.4	67,352.0	67,999.8
Total assets	55,496.6	53,945.3	53,931.3
Deposits incl. pooled schemes	9,730.7	9,523.2	10,155.2
Equity	<b>Other financial and operating data</b>		
	965.7	931.6	1,826.1
Net interest and fee income	-203.6	103.4	174.5
Value adjustments	-801.7	-734.0	-1,511.9
Staff and administrative expenses	10,537.5	10,313.6	10,490.8
Own funds	9,637.5	9,413.6	9,590.8
Tier 1 capital	9,208.5	8,984.6	9,161.8
Common Equity Tier 1 capital	34,279.3	31,547.8	32,450.8
Exposures with credit risk	5,330.4	4,836.8	6,024.9
Exposures with market risk	3,599.8	3,266.6	3,599.8
Exposures with operational risk	<b>43,209.4</b>	<b>39,651.2</b>	<b>42,075.5</b>
<b>Total risk exposure</b>			

Note		First half-year 2022	First half-year 2021	2021	
27	Ratios and key figures for the Bank				
<b>Solvency</b>					
	Capital ratio	%	24.4	26.0	24.9
	Tier 1 capital ratio	%	22.3	23.7	22.8
	Common Equity Tier 1 capital ratio	%	21.3	22.7	21.8
<b>Earnings</b>					
	Return on equity before tax	%	1.3	8.6	15.7
	Return on equity after tax	%	1.2	7.5	14.0
	Ratio of operating income to operating expenses per DKK	DKK	1.17	2.06	1.97
	Earnings per share	DKK	0.05	0.58	0.94
	Diluted earnings per share	DKK	0.05	0.58	0.94
	Return on capital employed	%	0.2	1.0	1.9
<b>Market risk</b>					
	Interest-rate risk	%	1.7	1.0	1.1
	Currency position	%	1.2	0.9	3.0
	Currency risk	%	0.0	0.0	0.0
<b>Liquidity</b>					
	Loans plus impairments in relation to deposits	%	49.5	46.3	47.5
	Liquidity coverage ratio (LCR)	%	223.7	266.7	238.4
<b>Credit</b>					
	Sum of large exposures	%	41.9	38.7	41.2
	Impairment ratio for the period	%	-0.2	-0.3	-0.7
	Lending growth for the period	%	7.5	3.8	6.8
	Loans in relation to equity		2.8	2.6	2.5
<b>Equity</b>					
	Net asset value per share	DKK	4.44	4.34	4.64
	Proposed dividend per share	DKK	0.00	0.00	0.25
<b>Employees</b>					
	Average number of employees during the accounting period converted to full-time equivalents		1,083	1,059	1,060
See note 28 for definitions of ratios and key figures.					

## Note

## 28 Definitions of ratios and key figures

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33. Other calculations of ratios and key figures follow the requirements of the Danish FSA, see Annex 7 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc., and Annex 4 of the reporting guideline.

**Solvency**

$$\text{Capital ratio} = \frac{\text{Own funds} \times 100}{\text{Total risk exposure}}$$

$$\text{Tier 1 capital ratio} = \frac{\text{Tier 1 capital} \times 100}{\text{Total risk exposure}}$$

$$\text{CET 1 ratio} = \frac{\text{CET 1} \times 100}{\text{Total risk exposure}}$$

**Income**

$$\text{Return on equity before tax} = \frac{\text{Profit before tax excl. minority interests} \times 100}{\text{Equity excl. minority interests (ave.)}}$$

$$\text{Return on equity after tax} = \frac{\text{Profit after tax excl. minority interests} \times 100}{\text{Equity excl. minority interests (ave.)}}$$

$$\text{Ratio of operating income to operating expenses per DKK} = \frac{\text{Income}}{\text{Costs (excl. tax)}}$$

$$\text{Earnings per share} = \frac{\text{Arbejdernes Landsbank's shareholders' share of the profit for the period}}{\text{Number of shares issued (ave.)}}$$

$$\text{Diluted earnings per share} = \frac{\text{Arbejdernes Landsbank's shareholders' share of the profit for the period}}{\text{Diluted number of shares issued (avg.)}}$$

$$\text{Return on capital employed} = \frac{\text{Profit after tax} \times 100}{\text{Total assets (ave.)}}$$

**Market risk**

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

$$\text{Currency position} = \frac{\text{Currency indicator 1} \times 100}{\text{Tier 1 capital}}$$

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

**Liquidity**

$$\text{Loans plus impairments in relation to deposits} = \frac{\text{Gross loans}}{\text{Deposits}}$$

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

**Credit**

$$\text{Sum of large exposures *)} = \frac{\text{Sum of the 20 largest exposures after deductions, excl. credit institutions and jointly owned data centres} \times 100}{\text{Common Equity Tier 1 capital}}$$

$$\text{Impairment ratio for the period} = \frac{\text{Impairments on loans and guarantees for the period} \times 100}{\text{Gross loans and guarantees}}$$

$$\text{Lending growth for the period} = \frac{(\text{Loans, excl. reverse transactions carried forward} - \text{Loans, excl. reverse transactions brought forward}) \times 100}{\text{Loans excl. reverse transactions brought forward}}$$

$$\text{Loans in relation to equity} = \frac{\text{Loans}}{\text{Equity}}$$

## Note

## 28 Definitions of ratios and key figures (continued)

## Equity

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

Proposed dividend per share = 
$$\frac{\text{Proposed dividend}}{\text{Share capital}}$$

## Other financial ratios and key figures

Lending growth \*) = 
$$\frac{(\text{Loans, excl. reverse transactions carried forward} - \text{Loans, excl. reverse transactions carried forward 1 year before}) \times 100}{\text{Loans, excl. reverse transactions carried forward 1 year before}}$$

Commercial property exposure \*) = 
$$\frac{(\text{Gross loans and guarantees within the sectors „Completion of building projects“ and „Real property“) \times 100}{\text{Gross loans and guarantees}}$$

Liquidity benchmark \*) = Modified formula in relation to liquidity coverage ratio (LCR), see the Danish FSA's guidance on the supervisory diamond for banks.  
The liquidity benchmark indicates the ability to cope with three months' of liquidity stress.

Cost rate = 
$$\frac{\text{Costs and depreciation/amortisation excl. impairment charges} \times 100}{\text{Net interest income} + \text{net fee and commission income} + \text{dividends} + \text{other operating income}}$$

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

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