

Fact sheet on the Arbejdernes Landsbank financial statements (Group) for 2014

Result

- The Arbejdernes Landsbank Group achieved a profit after tax for 2014 of DKK 266.4 mill. against a profit after tax for 2013 of DKK 423.4 mill.
- Profit before tax for 2014 was DKK 295.1 mill. compared with the most recent expectations published at the half year of DKK 350-400 mill. This deviation in relation to expectations is due to investment portfolio earnings of DKK 89.1 mill. after the first half year ending as just a small profit for the whole year of DKK 3 mill.
- On the other hand core earnings before write-downs were better than budgeted, which means that the profit as a whole can be described as satisfactory in a year with very difficult market conditions.

Equity

- Return on equity after tax for 2014 was 6.6%, compared with 11.2% in 2013.

Core earnings

- Core earnings increased by DKK 30.0 mill. to DKK 1,718.1 mill., corresponding to 1.8%.
- Net interest income showed a decrease of DKK 42.1 mill. to DKK 1,132.8 mill. against DKK 1,174.9 mill. in 2013. The decrease is attributable to a narrowing of the interest-rate differential and increasing expenses for Additional Tier 1 capital, both of which more than offset the positive effect of new business and continued customer growth.
- Net fees and commission income increased by 44.4% to DKK 454.8 mill., corresponding to an increase of 10.8%. This progress was achieved through increases in activity, among other things, from providing and converting mortgage-credit loans.
- Trading earnings increased by 26.9% to DKK 130.5 mill., and this was primarily a result of increasing activity in securities trading and deposit management for our customers.

Staff costs

- Staff costs saw an increase of DKK 25.9 mill., corresponding to 3.7%. The average number of employees in terms of full-time employees increased in 2014 by 6 to 1,082 employees. The increase in the number of employees was primarily due to the takeover of 22 employees from Østjyds Bank in connection with the Bank's takeover of three branches in June 2013.

Administration expenses

- In 2014, administration expenses fell by DKK 2.4 mill. to DKK 568.5 mill. The decrease was the result of enhanced focus on efficiency.

Write-downs on loans etc.

- Write-downs on loans etc. show an indication of impairment of DKK 230.4 mill. against DKK 235.5 mill. in 2013. The write-down ratio was 1.0%, which is 0.1 percentage points lower than in the previous year.

Investment portfolio earnings, excluding investment securities

- Investment portfolio earnings, excluding investment securities, amounted to DKK 3.4 mill. against a handsome result of DKK 289 mill. in 2013.

Investment securities

- Investment securities showed a profit of DKK 142.9 mill. against DKK 86.9 mill. for 2013. This profit is mainly attributable to Forsikringsaktieselskabet ALKA Forsikring and LR Realkredit A/S, and the sale of the Bank's shareholding in Nets also contributed positively.

Contributions to sector solutions

- Contributions to sector solutions of DKK 44.6 mill. for 2014 cover the Bank's expenses in connection with the Guarantee Fund for Depositors and Investors. Contributions to sector solutions were DKK 41.6 mill. in 2013.

Tax

- The tax charge amounted to DKK 28.7 mill. against DKK 93.7 mill. in 2013.

Solvency

- Group capital ratio was 15.6% in 2014 against 14.9% in 2013. The capital ratio is considerably above the Group's solvency need of 9.4%.

Capital

- The Group's own funds accounted for DKK 4,513 mill. at the end of 2014 of which Common Equity Tier 1 capital accounted for DKK 4,041 mill.

Dividend

- A proposal has been submitted to the General Meeting for a dividend of 15%, corresponding to DKK 45.0 mill.

Outlook for 2015

- In 2015 the Group will focus on continuing growth in the inflow of customers and we will ensure that private customers requiring advice experience a proactive bank and that all customers experience high-quality service in accordance with their needs for banking services.
- Core profit before write-downs is expected at around DKK 400-450 mill.
- The Bank's indication of impairment continues towards normalisation and the goal in the coming years is to reach a level of around 0.7% of total loans and guarantees.
- Profit before tax is also expected to be around DKK 350-400 mill.