

## Arbejdernes Landsbank: Satisfactory results in a challenging year

**Recently lauded as Danes' preferred bank for the 12th successive year, Arbejdernes Landsbank continues to grow. The Bank now has more than 332,000 customers; 14,000 more than one year ago. The Bank earned a profit in 2020 of DKK 382 mill. before tax, and this is considered satisfactory in a year strongly impacted by corona.**

Arbejdernes Landsbank realised a profit before tax of DKK 382 mill. in 2020 (DKK 330 mill. after tax). The result is in accordance with the upward adjustment to expectations announced on 17 December 2020.

"It's been an unprecedentedly difficult year. These difficulties have affected the financial markets, society, how we run the Bank, and how we meet our customers. But all things considered, a profit of DKK 100 mill. more than budgeted at the beginning of the year is very satisfactory," said Gert R. Jonassen, CEO of Arbejdernes Landsbank.

### Strong second half of 2020

After the first six months of the year, there was otherwise an expect loss of DKK 90 mill. before tax, primarily due to exceptional provisions for losses on derived effects of the corona crisis and negative value adjustments on the Bank's investments in securities.

"The financial markets corrected themselves in the second half-year, and we are now back on track with strong investment results, while the Bank's basic operations have remained stable," said Gert R. Jonassen.

### Record number of customers and high customer satisfaction

In 2020, Arbejdernes Landsbank continued its influx of new customers and rounded 332,000 customers at the end of the year, which is DKK 14,000 more than one year ago and a new record for the Bank. This is the second year in succession that customer numbers have grown by more than 14,000.

Arbejdernes Landsbank also continued with the highest customer satisfaction among Danish banks. In January this year, Voxmeter lauded the Bank as "Danes' preferred bank" for the 12th successive year.

"We've had a good influx of customers, new business and renewed growth in lending. There's been increasing activity among both new and old customers, who have invested in housing and new kitchens for example. This has helped increase lending by 4.6%, which is exceptional in a year with so many lockdowns and restrictions. Our revitalised business concept has also got off to a good start in a difficult time, and there is keen interest in becoming one of our business customers," said Gert R. Jonassen.

He is sorry that 2020 has restricted the number of physical meetings and interactions with customers. On the other hand, it has triggered new developments.

"Digitalisation has been pushed forward and led to a different kind of customer contact that we and our customers have learnt a lot from. It has also accelerated the trend we've been seeing for some years, with less cash and fewer visits to the Bank. For this reason, at the turn of the year we decided to change our business by closing our cashiers' desks, although maintaining the greatest possible focus on continuing to help our customers with their needs."

### Higher revenues and costs

In its financial statements, the Bank has maintained its net interest income and there has been a slight increase in net fee and commission income. The provision of mortgage-credit loans via Totalkredit shows

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greater earnings, and lending via Totalkredit amounted to DKK 59.1 bn. at the end of 2020 against DKK 52.3 bn. at the end of 2019.

Impairments amounted to DKK 78.6 mill., which is primarily due to a management addition of DKK 114 mill. as a consequence of economic uncertainty from COVID-19. Costs increased by 14.7%, primarily because of increasing IT and compliance costs, including measures to combat money laundering.

#### **Accession to the UN Principles for Responsible Banking**

Arbejdernes Landsbank has recently acceded to the UN Principles for Responsible Banking, the UN Principles for Responsible Investment, and the Global Compact as part of the Bank's sustainability strategy. The UN-backed principles define and frame how companies and the financial sector can support sustainable development and make a positive contribution to society.

"For more than a century, responsibility has been an integral element in the way we run the Bank, and as one of the largest banks in Denmark, we clearly have a responsibility also to contribute to sustainable development in society. This means that we will measure and report even more on the Bank's footprint on society," said Gert R. Jonassen.

#### **No dividend for shareholders**

With outset in statements from the Danish Financial Supervisory Authority, the Board of Directors and the Executive Management will recommend that no dividend be paid to shareholders this year at the online General Meeting on 15 March.

Arbejdernes Landsbank expects to realise a profit before tax for 2021 of around DKK 425-475 mill.

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