

First half-year 2021: Strong result from the Arbejdernes Landsbank Group

The Arbejdernes Landsbank Group realised a profit before tax of DKK 723 mill. for the first half-year of 2021. Among other things, the result reflects one-off revenues from acquiring a majority shareholding in Vestjysk Bank, a high level of activity, a continued influx of new customers and reversals of impairment charges.

The Arbejdernes Landsbank Group realised a profit before tax of DKK 723 mill. for the first half-year of 2021 (DKK 635 mill. after tax). This is significantly better than the expected profit previously announced, partly due to one-off revenues in connection with acquiring a majority shareholding in Vestjysk Bank.

“The first half of 2021 has been eventful for Arbejdernes Landsbank. After submitting a purchase offer for shares in Vestjysk Bank, we obtained a shareholding of 72.7%. Further to this, we have been able to recognise some one-off revenues, and this has contributed to the record profit for the Group. Write-backs of previous impairments have also made a positive contribution, and overall, we consider performance to be good and satisfactory,” said Gert R. Jonassen, CEO of Arbejdernes Landsbank.

Positive developments in banking activities

The Group continues to welcome many new customers, and 5.800 more customers have joined Arbejdernes Landsbank during the first six months of 2021. The many new customers and increased customer activity has boosted revenues. Net interest income as well as net fee and commission income have increased due to figures from both Vestjysk Bank and Arbejdernes Landsbank.

“Developments in operations clearly indicate that we’re off to a good start in 2021. We see a solid and continued influx of new customers, and we’ve also increased our loans and mortgage credit services. Even though the pandemic is not over yet, and uncertainty remains in society as well as on the financial markets, we’re seeing increased activity and a stronger propensity to borrow among our customers. In our view, this is a sign that the Danish economy has seen the worst of the coronavirus crisis,” said Gert R. Jonassen.

Reversal of impairment charges and continued focus on costs

The interim financial statements also reveal write-backs of previous impairments and continued increases in costs.

“Due to all the uncertainty and unpredictability that came with the pandemic – and that unfortunately remains - we consciously decided previously to make a prudent estimate with regard to impairment charges, and we’ve now been able to reverse some of these. Our costs have increased despite our focus on reducing them. This is partly due to activities associated with the acquisition of our majority shareholding in Vestjysk Bank as well as investments in IT. Nevertheless our focus on costs has had an effect. For example, despite a higher number of customers and stricter regulatory requirements, we’ve managed to keep staff expenses at the same level. However, there’s no doubt that we need to continue our focus on this area,” said Gert R. Jonassen.

Designated as a systemically important financial institution (SIFI)

After obtaining the majority shareholding in Vestjysk Bank, the Arbejdernes Landsbank Group was designated as a systemically important financial institution.

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“The designation as a SIFI was expected, and it reflects the growing societal role of the Arbejdernes Landsbank Group in the Danish banking market. In addition to being faced with stricter requirements, we believe that the designation as a SIFI will give us a stronger competitive position and offer new opportunities. We’ll have focus on this in the future,” said Gert R. Jonassen.

Outlook for 2021

The positive trends in the Danish economy and the acquisition of a majority shareholding in Vestjysk Bank have raised the Group’s expectations for the year. The expected annual profit before tax for 2021 has been adjusted upwards to DKK 1,100-1,300 mill. against DKK 400-450 mill. announced in the 2020 Annual Report.

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