

Strong core banking activities, but losses incurred in turbulent financial markets

A continued influx of new customers, growth in lending and a solid profit on traditional banking activities cannot, unfortunately, compensate for the negative impact of investment portfolio losses. Overall, Arbejdernes Landsbank came out of the first half-year with a loss after tax of DKK 17.1 mill.

Arbejdernes Landsbank has seen an eventful first half of 2016, with a good net influx of around 5,000 new customers, including many applying for home loans, as well as lending growth of 3.4%. This has contributed to securing a very strong core profit of DKK 317.8 mill. before tax for the first half-year.

“We’re extremely satisfied with the core profit, which is primarily the result of sound, professional banking, a rare net write-back on loan impairments, and not least a large influx of new customers. This continues the positive developments of recent years in our classical banking activities, of which we can be very proud; not least in light of the ever more fierce competition on the market,” said Gert R. Jonassen, CEO of Arbejdernes Landsbank.

He points to the Bank’s attractive concepts for customers with home loans such as “*AL BoligKlar*” and “*AL BoligBonus*”, both of which have attracted many new customers.

“There is no doubt that our attractive products for the property market have significantly promoted our position on the market. In combination with our already very strong image as a responsible bank with focus on personal consultancy and advice, these have attracted many homeowners as new customers. We’re very proud of this, and we will continue to strive to live up to the confidence demonstrated by our customers,” said Gert R. Jonassen.

Turbulent financial markets

Despite the very strong advances in classical banking activities, the interim financial statements show a loss of DKK 17.1 mill. after tax. This is because of negative returns of DKK -351 mill. on investments of the Bank’s very large deposits surplus.

“Naturally we are not satisfied with investment portfolio earnings, which pulls the interim financial statements into a loss. Falling interest rates and Brexit just before the cut-off date, have had an extraordinarily negative impact on investment returns. This is the unfortunate reality for a Bank with an active investment strategy and a large deposit surplus, which is also unwilling to impose the effects of negative interest rates on its customers,” said Gert R. Jonassen.

On the basis of the interim financial statements, it will be difficult to achieve the profit of DKK 400 mill. for the whole year predicted at the beginning of 2016. Expectations for the whole of 2016 are now a profit of DKK 325 mill. before tax.