

Late surge secures satisfactory profit for the year

The Arbejdernes Landsbank Group, which includes Vestjysk Bank and AL Finans, earned a profit of DKK 903 mill. before tax for 2022. The profit is described as satisfactory after a challenging year on the financial markets, although yet another good year for the influx of new customers and customer satisfaction. Moreover, Arbejdernes Landbank was voted by Danes as their preferred bank for the 14th year in succession.

The Arbejdernes Landsbank Group recorded a profit of DKK 903 mill. before tax for 2022. The result is midway between the original expectation announced at the start of the year of DKK 900–1,100 mill. and the downward revision of DKK 700–900 mill. announced in September.

The result follows an improvement in the fourth quarter, when results finally bounced back for the Group's large investment portfolio. Overall, however, the Group suffered an unrealised loss of around DKK 200 mill. on the investment portfolio in 2022, against a profit of 245 mill. in 2021.

“Earnings were under pressure in early 2022 due to unrealised losses on the securities portfolio, and throughout a difficult year we have lagged a good way behind our budget and expectations. However, interest rate rises in the fourth quarter have led to clear improvements in the investment portfolio of variable rate bonds and we have recovered much of what we lost,” explained Frank Mortensen, CFO and Executive Bank Director at Arbejdernes Landsbank.

“Furthermore, 2022 again saw high levels of activity among customers, in particular with regard to converting mortgage-credit loans. We’re pleased with the growth in lending of 5.1 % for the Group as well as the continued influx of new customers, with a total of around 7,000 more customers in the Group than at the beginning of the year. They also contribute to increased activity and earnings,” said Frank Mortensen.

Pleased with the results and customer satisfaction

The total Group profit before tax of DKK 903 mill. is almost half a billion DKK less than the record historic result of DKK 1,378 mill. in 2021; a year that was extraordinarily favoured by non-recurring revenues following Arbejdernes Landsbank's acquisition of a majority shareholding (72.7%) in Vestjysk Bank. Overall, the Group result for 2022 was satisfactory.

“We’re pleased with the financial result after a difficult year on the financial markets. We’re also delighted that customer satisfaction remains high, and in particular that the parent company, Arbejdernes Landsbank, has been able to maintain its position as ‘Danes

preferred bank' for 14th consecutive year in Voxmeter's major customer survey," said Frank Mortensen.

Continued write-backs on impairments

Despite increased management estimates for macro-economic uncertainty, impairments on loans continued positively, with write-backs of DKK 52 mill. This reflects a continued healthy financial situation for the Group's private and business customers.

The end of a decade of negative interest rates

The end of a decade of negative interest rates in Danmarks Nationalbank has had a positive impact on the Group's earnings, and this is expected to continue in 2023.

"After ten years with a negative interest environment, in which it has cost money to place both our own and customers' funds in Danmarks Nationalbank, we can now see the situation normalising for the Bank," said Frank Mortensen.

Outlook for 2023

Group expectations for the profit before tax for 2023 are between DKK 1,200 and DKK 1,400 mill. This is based on an expected continued influx of customers and higher returns on the Group's investment portfolio. On the negative side, the Group expects a return to normalised impairment levels and less activity in the property market.

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