

Bank of Åland Plc: Year-end Report for the period January–December 2020

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Bank of Åland Plc
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Year-end Report for the period January–December 2020

"We followed up the record year 2019 by increasing our net operating profit by another 20 per cent to EUR 39.7 M in 2020. We did this during a year with very special conditions. I am proud of the skill our organisation showed when it quickly repositioned itself and adapted to the prevailing circumstances.

"During the fourth quarter, we generated a return on equity of 13.6 per cent and our best-ever quarterly net operating profit, EUR 12.3 M. Because of continued inflows of assets under management during the quarter, volume increased by 17 per cent during 2020 to EUR 7,436 M. We can thus report record volumes on every line, since both our deposits (EUR 3,605 M) and our lending (EUR 4,378 M) grew by 7 per cent during the year."

Peter Wiklöf, Managing Director and Chief Executive

January - December 2020 compared to January - December 2019

- Net operating profit increased by 20 per cent to EUR 39.7 M (33.2).
- Net interest income increased by 9 per cent to EUR 58.9 M (53.9).
- Net commission income increased by 14 per cent to EUR 66.3 M (58.0).
- Total expenses increased by 8 per cent to EUR 105.6 M (97.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 4.9 M (3.2), equivalent to a loan loss level of 0.11 (0.08) per cent.
- Return on equity after taxes (ROE) increased to 11.6 (10.7) per cent.
- Earnings per share increased by 19 per cent to EUR 2.02 (1.69).
- The common equity Tier 1 ratio rose to 14.3 per cent (13.4).
- Future outlook: The Bank of Åland expects its net operating profit in 2021 to be at about the same level as in 2020.
- Dividend: The Board of Directors proposes that the Annual General Meeting approve payment of a regular dividend of EUR 1.00 per share for the 2020 financial year.

The fourth quarter of 2020 compared to the fourth quarter of 2019

- Net operating profit increased by 35 per cent to EUR 12.3 M (9.1).
- Net interest income increased by 6 per cent to EUR 14.9 M (14.0).
- Net commission income increased by 13 per cent to EUR 18.5 M (16.3).
- Total expenses increased by 9 per cent to EUR 27.8 M (25.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.0 M (1.8), equivalent to a loan loss level of -0.04 (0.18) per cent.
- Return on equity after taxes (ROE) increased to 13.6 (11.4) per cent.
- Earnings per share increased by 35 per cent to EUR 0.63 (0.46).

Financial summary

Group	Q4 2020	Q3 2020	%	Q4 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
EUR M								
Income								
Net interest income	14.9	14.7	1	14.0	6	58.9	53.9	9
Net commission income	18.5	15.2	21	16.3	13	66.3	58.0	14
Net income from financial items at fair value	0.4	0.6	-33	1.1	-61	1.8	3.9	-53
Other income	6.3	5.3	21	5.0	26	23.1	18.1	27
Total income	40.1	35.8	12	36.4	10	150.1	133.9	12
Staff costs	-16.9	-15.3	10	-14.6	15	-62.9	-57.0	10
Other expenses	-7.9	-6.4	24	-7.6	4	-30.3	-28.7	6
Depreciation/amortisation	-3.1	-3.1	-1	-3.3	-8	-12.3	-11.8	4
Total expenses	-27.8	-24.8	12	-25.5	9	-105.6	-97.5	8
Profit before impairment losses	12.3	11.0	12	10.9	13	44.6	36.4	22
Impairment losses on financial assets, net	0.0	-0.3		-1.8		-4.9	-3.2	51
Net operating profit	12.3	10.7	15	9.1	35	39.7	33.2	20
Income taxes	-2.5	-2.2	17	-1.9	32	-8.2	-6.9	20
Profit for the report period	9.8	8.5	14	7.2	36	31.5	26.3	20
Attributable to:								
Shareholders in Bank of Åland Plc	9.8	8.5	15	7.2	36	31.5	26.3	20
Volume								
Receivables from the public and public sector	4.378	4.221	4	4.110	7			
Deposits from the public and public sector	3.605	3.459	4	3.368	7			
Actively managed assets ¹	7.436	6.547	14	6.343	17			
Equity capital	292	280	4	258	13			
Balance sheet total	6.035	5.726	5	5.607	8			
Risk exposure amount	1.671	1.693	-1	1.583	6			
Financial ratios								
Return on equity after taxes, % (ROE) ²	13.6	12.3		11.4		11.6	10.7	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	11.6	11.0		10.7				
Expense/income ratio ³	0.69	0.69		0.70		0.70	0.73	
Loan loss level, % ⁴	-0.04	0.03		0.18		0.11	0.08	
Liquidity coverage ratio (LCR), % ⁵	159	138		139				
Loan/deposit ratio, % ⁶	121	122		122				
Core funding ratio, % ⁷	96	96		90				
Equity/assets ratio, % ⁸	4.8	4.9		4.6				
Common equity Tier 1 capital ratio, % ⁹	14.3	13.4		13.4				
Earnings per share, EUR ¹⁰	0.63	0.55	15	0.46	35	2.02	1.69	19
Earnings per share after dilution, EUR	0.63	0.55	15	0.46	36	2.02	1.69	19
Earnings per share, EUR, moving 12-month average to the end of report period	2.02	1.86	9	1.69	19			
Equity capital per share, EUR ¹¹	18.76	17.95	4	16.61	13			
Equity capital per share after dilution, EUR	18.76	17.95	5	16.59	13			
Market price per Series A share, EUR	21.60	18.80	15	17.00	27			
Market price per Series B share, EUR	20.90	18.80	11	16.55	26			
Number of shares outstanding, 000s	15.586	15.586		15.551	0			
Number of shares outstanding, after dilution, 000s	15.634	15.598	0	15.601	0			

Working hours re-calculated to full-time equivalent positions	770	773	0	700	10	751	700	7
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1 Actively managed assets encompassed managed assets in the Group's own mutual funds, as well as discretionary and advisory securities volume

2 Profit for the report period attributable to shareholders / Average shareholders' portion of equity capital

3 Expenses / Income

4 Impairment losses on loan portfolio and other commitments / Lending to the public at the beginning of the period

5 Liquidity coverage ratio (LCR) = liquid assets, level 1 and 2 / 30-day net outflow

6 Receivables from the public and public sector / Deposits from the public and public sector

7 Receivables from the public and public sector / Deposits including certificates of deposit, index bonds and debentures issued to the public and public sector plus covered bonds issued

8 Equity capital / Balance sheet total

9 Common equity Tier 1 capital / Risk exposure amount

10 Shareholders' portion of earnings for the period / Average number of shares

11 Shareholders' portion of equity capital / Number of shares on closing day

The Bank of Åland (Ålandsbanken) follows the disclosure procedure stipulated in "Disclosure obligation of the issuer (7/2013)", published by the Finnish Financial Supervisory Authority and hereby publishes its Year-end Report for the period January – december 2020, which is enclosed with this stock exchange release. The Bank's Year-end Report for the period January – december 2020 is attached to this release in PDF format and is also available on the company's web site at https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_20.pdf

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Attachment

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