

# Bank of Åland Plc: Half-Year Financial Report for the period January - June 2022

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Bank of Åland Plc  
Half-Year Financial Report  
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## **Half-Year Financial Report for the period January - June 2022**

“A turbulent first half of 2022: with war in Ukraine, high inflation, rising interest rates and bond yields as well as plunging stock markets. Despite this turbulence, we have seen a continued stable net inflow of new customers and financial investment volumes, EUR +294 M. Adjusted for the divestment of most of our Swedish mortgage loan portfolio – about EUR 1 billion – lending grew by EUR 372 M during the first six months of this year.

“To summarise, it was a satisfactory first half. We will have to prepare ourselves for continued turbulence during the second half of 2022, but my perception is that the Bank of Åland will also take on the rest of the year with solid confidence.”

Peter Wiklöf, Managing Director and Chief Executive

## **January - June 2022 compared to January - June 2021**

- Net operating profit was about the same and totalled EUR 24.3 M (24.4).
- Net interest income decreased by 3 per cent to EUR 29.6 M (30.5).
- Net commission income increased by 8 per cent to EUR 41.5 M (38.5).
- Total expenses increased by 13 per cent to EUR 67.2 M (59.7).
- Net impairment losses on financial assets (including recoveries) totalled EUR 2.8 M (0.6), equivalent to a loan loss level of 0.13 (0.03) per cent.
- Return on equity after taxes (ROE) decreased to 13.4 (14.4) per cent.
- Earnings per share decreased by 2 per cent to EUR 1.25 (1.27).
- The common equity Tier 1 capital ratio increased to 12.5 per cent (12.1 per cent on December 31, 2021).
- Unchanged future outlook: The Bank of Åland expects its net operating profit in 2022 to be about the same as in 2021.

## **The second quarter of 2022 compared to the second quarter of 2021**

- Net operating profit decreased by 23 per cent to EUR 10.4 M (13.6).
- Net interest income was about the same and totalled EUR 15.2 M (15.2).
- Net commission income increased by 12 per cent to EUR 21.2 M (18.9).
- Total expenses increased by 9 per cent to EUR 31.7 M (29.2).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.2 M (0.5), equivalent to a loan loss level of 0.13 (0.05) per cent.
- Return on equity after taxes (ROE) decreased to 11.9 (16.4) per cent.
- Earnings per share decreased by 25 per cent to EUR 0.54 (0.72).

## Financial summary

Group	Q2 2022	Q1 2022	%	Q2 2021	%	Jan-Jun 2022	Jan-Jun 2021	%
EUR M								
Income								
Net interest income	15.2	14.3	6	15.2	0	29.6	30.5	-3
Net commission income	21.2	20.2	5	18.9	12	41.5	38.5	8
Net income from financial items at fair value	-0.2	10.8		-0.6	-64	10.6	-0.3	
Other income	7.1	5.7	23	9.7	-27	12.8	15.9	-20
<b>Total income</b>	<b>43.3</b>	<b>51.1</b>	<b>-15</b>	<b>43.2</b>	<b>0</b>	<b>94.4</b>	<b>84.6</b>	<b>12</b>
Staff costs	-19.1	-18.9	1	-18.5	3	-37.9	-36.0	5
Other expenses	-9.5	-9.7	-2	-7.8	22	-19.2	-15.2	27
Statutory fees	0.1	-3.6		0.1	55	-3.4	-2.8	25
Depreciation/amortisation	-3.3	-3.4	-3	-2.9	13	-6.7	-5.8	14
<b>Total expenses</b>	<b>-31.7</b>	<b>-35.5</b>	<b>-11</b>	<b>-29.2</b>	<b>9</b>	<b>-67.2</b>	<b>-59.7</b>	<b>13</b>
<b>Profit before impairment losses</b>	<b>11.6</b>	<b>15.6</b>	<b>-26</b>	<b>14.1</b>	<b>-18</b>	<b>27.2</b>	<b>25.0</b>	<b>9</b>
Impairment losses on financial assets, net	-1.2	-1.7	-32	-0.5		-2.8	-0.6	
<b>Net operating profit</b>	<b>10.4</b>	<b>13.9</b>	<b>-25</b>	<b>13.6</b>	<b>-23</b>	<b>24.3</b>	<b>24.4</b>	<b>0</b>
Income taxes	-2.1	-2.9	-27	-2.4	-11	-5.0	-4.5	9
<b>Profit for the report period</b>	<b>8.3</b>	<b>11.0</b>	<b>-24</b>	<b>11.2</b>	<b>-26</b>	<b>19.4</b>	<b>19.8</b>	<b>-2</b>
<b>Attributable to:</b>								
Shareholders in Bank of Åland Plc	8.3	11.0	-24	11.2	-26	19.4	19.8	-2
Volume								
Lending to the public	4,145	3,936	5	4,518	-8			
Deposits from the public	4,295	4,238	1	3,801	13			
Actively managed assets <sup>1</sup>	8,425	9,082	-7	8,541	-1			
Managed mortgage loans <sup>2</sup>	1,162	1,114	4					
Equity capital	310	310	0	311	0			
Balance sheet total	5,943	5,950	0	6,261	-5			
Risk exposure amount	1,893	1,805	5	1,870	1			
Financial ratios								
Return on equity after taxes, % (ROE) <sup>3</sup>	11.9	15.0		16.4		13.4	14.4	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	13.6	14.7		13.7				
Expense/income ratio <sup>4</sup>	0.73	0.69		0.67		0.71	0.71	
Loan loss level, % <sup>5</sup>	0.13	0.16		0.05		0.13	0.03	
Gross share of loans in Stage 3, % <sup>6</sup>	1.40	1.55		1.01				
Liquidity coverage ratio (LCR), % <sup>7</sup>	114	132		152				
Net stable funding ratio (NSFR), % <sup>8</sup>	116	121		110				
Loan/deposit ratio, % <sup>9</sup>	96	93		119				
Common equity Tier 1 capital ratio, % <sup>10</sup>	12.5	13.9		13.0				
Tier 1 capital ratio, % <sup>11</sup>	14.0	15.5		14.6				
Total capital ratio, % <sup>12</sup>	15.9	17.5		16.1				
Leverage ratio, % <sup>13</sup>	4.3	5.0		4.8				
Earnings per share, EUR <sup>14</sup>	0.54	0.71	-24	0.72	-25	1.25	1.27	-2
Earnings per share, EUR, moving 12-month average to end of report period	2.53	2.71	-7	2.45	3			
Equity capital per share, EUR <sup>15</sup>	18.06	18.02	0	18.07	0			
Working hours re-calculated to full-time equivalent positions	843	836	1	825	2	838	807	4

<sup>1</sup> Actively managed assets encompassed managed assets in the Group's own mutual funds, as well as discretionary and advisory securities volume plus external funds with contractual

earnings

2 Total mortgage loan volume in Borgo AB that the Bank of Åland manages through various services

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

4 Expenses / Income

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

6 Share of loans in Stage 3 / Gross lending to the public

7 LCR, assets at levels 1 and 2 / 30-day net cash outflow

8 Available stable funding / Stable funding requirement

9 Lending to the public / Deposits from the public

10 Common equity Tier 1 capital / Risk exposure amount

11 Tier 1 capital / Risk exposure amount

12 Own funds / Risk exposure amount

13 Tier 1 capital / Total exposure metric

14 Shareholders' portion of profit for the period / Average number of shares

15 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 Half-Year Financial Report for the period January – June 2022, which is enclosed with this stock exchange release. The Bank's Half-Year Financial Report for the period January – June 2022 is attached to this release in PDF format and is also available on the company's web site at

Mariehamn, July 19, 2022

THE BOARD OF DIRECTORS

For more information please contact:

Peter Wiklöf, Managing Director and Chief Executive, Bank of Åland Plc, tel. + 358 (0)40 512 7505

## Attachment

- [alandsbanken\\_en\\_resultat\\_jan-jun\\_22](#)