## **ÀLANDSBANKEN**

# 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 July 19, 2022 9:00 am

# 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**

Ref	Group	Q2 2022	Q1 2022	%	Q2 2021	%	Jan-Jun 2022	Jan-Jun 2021	%
Net nemes   15.2   14.3   6   15.2   0   29.6   30.5   3.5   3.5   8.5									
Net commission income   21.2   20.2   5   18.9   12   41.5   38.5   8   10.6   10.6   10.6   10.6   10.5									
Net income from financial items at fair value									
Total income				5					8
Total income				22					20
Staff costs									
Statutory fee   9.5   9.7   2. 7.8   2.2 1.92   1.92   1.52   2.7	Total Income	43.3	31.1	-13	43.2	U	94.4	04.0	12
Statutory fee   9.5   9.7   2. 7.8   2.2 1.92   1.92   1.52   2.7	Staff costs	-19 1	-18 9	1	-185	3	-37 9	-36.0	5
Statutory fees									
Peper caliston/amortisation   3.3   3.4   3.   2.9   13   6.7   5.8   14   17   17   17   18   18   18   18   19   18   18   18	•								
Profit before impairment losses   11.6   15.6   2.6   14.1   2.9.2   9   67.2   25.0   9	· ·			-3					
Impairment losses on financial assets, net   1.2   1.7   1.3.9   2.5   13.6   2.3   24.3   24.4   0     Income taxes   -2.1   2.9   2.7   2.4   1.1   5.0   4.5   9.9     Profit for the report period   8.3   11.0   2.4   11.2   2.6   19.4   19.8   2.2     Attributable to:	·	-31.7	-35.5	-11	-29.2	9	-67.2	-59.7	13
Net operating profit   13.9	Profit before impairment losses	11.6	15.6	-26	14.1	-18	27.2	25.0	9
Net operating profit   13.9	Impairment locces on financial accets, not	1.2	1 7	22	0.5		20	0.6	
Income taxes   -2.1   -2.9   -2.7   -2.4   -1.1   -5.0   -4.5   -9. Profit for the report period   8.3   11.0   -2.4   11.2   -2.6   19.4   19.8   -2.    Attributable to:  Shareholders in Bank of Aland Plc   8.3   11.0   -2.4   11.2   -2.6   19.4   19.8   -2.    Volume  Lending to the public   4.145   3.936   5   4.518   -8	·					-23			0
Profit for the report period   8.3   11.0   24   11.2   26   19.4   19.8   28   28   28   28   28   28   28	net operating profit	10.4	13.3	-23	15.0	-23	24.5	24.4	Ū
Attributable to: 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  4.238  1  3.936  5  4.518  8  8  -8  -8  -8  -8  -8  -8  -8  -8	Income taxes	-2.1	-2.9	-27	-2.4	-11	-5.0	-4.5	9
Shareholders in Bank of Åland Plc   8.3   11.0   -24   11.2   -26   19.4   19.8   -2	Profit for the report period	8.3	11.0	-24	11.2	-26	19.4	19.8	-2
Shareholders in Bank of Åland Plc   8.3   11.0   -24   11.2   -26   19.4   19.8   -2	Attributable to								
Volume   V		8 3	11.0	-24	11 2	-26	10 /	10.8	-2
Lending to the public	Shareholders in bank of Aland Fic	0.5	11.0	-24	11.2	-20	13.4	13.0	-2
Deposits from the public	Volume								
Actively managed assets 1 8,425 9,082 7, 8,541 -1  Managed mortgage loans 2 1,162 1,114 4  Equity capital 310 310 311 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) 3 11.9 15.0 13.7  Expense/income ratio 4 0.73 0.69 0.67 0.71 0.71  Loan loss level, % 3 0.13 0.16 0.05 0.05 0.13 0.03  Gross share of loans in Stage 3, % 6 1.40 1.55 1.01  Liquidity coverage ratio (LCR), % 7 114 132 152  Net stable funding ratio (NSFR), % 8 116 121  Loan/deposit ratio, % 9 96 93 119  Common equity Tier 1 capital ratio, % 10 12.5 13.9 13.0  Tier 1 capital ratio, % 11 14.0 15.5 13.9 13.0  Tier 1 capital ratio, % 12 1.25 13.9 13.0  Expense ratio, % 13 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	Lending to the public	4,145	3,936	5	4,518	-8			
Managed mortgage loans 2	Deposits from the public	4,295	4,238	1	3,801	13			
Managed mortgage loans   2   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   Financial	Actively managed assets 1	8,425	9,082	-7	8,541	-1			
Equity capital 310 310 0 311 0 311 0 311 0 311 0 311 0 311 0 311 0 311 311	Managed mortgage loans <sup>2</sup>	1,162	1,114	4					
Return on equity after taxes, % (ROE)   3   11.9   15.0   16.4   13.4   14.4   14.4   14.7   13.7   1.0	Equity capital	310	310	0	311	0			
Financial ratios Return on equity after taxes, % (ROE) <sup>3</sup> Return on equity after taxes, % (ROE), moving 12-month average 13.6 Return on equity after taxes, % (ROE), moving 12-month average 13.6 Return on equity after taxes, % (ROE), moving 12-month average 13.6 Return on equity after taxes, % (ROE), moving 12-month average 13.6 Return on equity after taxes, % (ROE), moving 12-month average 13.6 Return on equity after taxes, % (ROE), moving 12-month average 13.6 Return on equity after taxes, % (ROE), moving 12-month average 13.6 Return on equity after taxes, % (ROE), moving 12-month average to end of eport period  Expense/income ratio 4  0.73 0.69 0.67 0.67 0.71 0.71 0.71 0.71 0.71 0.71 0.71 0.7	Balance sheet total	5,943	5,950	0	6,261	-5			
Return on equity after taxes, % (ROE) 3 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 13.7 13.7 13.7 13.7 13.7 13.7 13	Risk exposure amount	1,893	1,805	5	1,870	1			
Return on equity after taxes, % (ROE) 3 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 13.7 13.7 13.7 13.7 13.7 13.7 13	Financial ratios								
Return on equity after taxes, % (ROE), moving 12-month average to end of report period  Expense/income ratio 4  0.73  0.69  0.15  0.10  0.	_	11 0	15.0		16.4		13 /	14.4	
Expense/income ratio 4 0.73 0.69 0.67 0.71 0.71 0.71 Loan loss level, % 5 0.13 0.16 0.05 0.13 0.16 0.05 0.13 0.03 0.16 0.05 0.13 0.03 0.16 0.05 0.13 0.03 0.16 0.05 0.13 0.03 0.16 0.05 0.13 0.03 0.16 0.05 0.10 0.13 0.05 0.10 0.10 0.10 0.10 0.10 0.10 0.10							13.4	14.4	
Loan loss level, % 5       0.13       0.16       0.05       0.13       0.03         Gross share of loans in Stage 3, % 6       1.40       1.55       1.01         Liquidity coverage ratio (LCR), % 7       114       132       152         Net stable funding ratio (NSFR), % 8       116       121       110         Loan/deposit ratio, % 9       96       93       119         Common equtiy Tier 1 capital ratio, % 10       12.5       13.9       13.0         Tier 1 capital ratio, % 11       14.0       15.5       14.6         Total capital ratio, % 12       15.9       17.5       16.1         Leverage ratio, % 13       4.3       5.0       4.8         Earnings per share, EUR 14       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       1.25       1.27       -2         Equity capital per share, EUR 15       18.06       18.02       0       18.07       0       0       18.07       0		15.0	14.7		13.7				
Gross share of loans in Stage 3, % 6 Liquidity coverage ratio (LCR), % 7 Liquidity coverage ratio (LCR), % 7 Liquidity coverage ratio (NSFR), % 8 Line 116 Loan/deposit ratio, % 9 Ref stable funding ratio (NSFR), % 8 Ref stable funding ratio (NSFR), % 9 Ref stable fundin	Expense/income ratio <sup>4</sup>	0.73	0.69		0.67		0.71	0.71	
Liquidity coverage ratio (LCR), % 7  Net stable funding ratio (NSFR), % 8  116  121  110  Loan/deposit ratio, % 9  60  93  119  Common equtiy Tier 1 capital ratio, % 10  12.5  13.9  13.0  Tier 1 capital ratio, % 11  14.0  15.5  14.6  Total capital ratio, % 12  Leverage ratio, % 13  4.3  5.0  Earnings per share, EUR, moving 12-month average to end of report period  Equity capital per share, EUR 15  18.06  18.02	Loan loss level, % <sup>5</sup>	0.13	0.16		0.05		0.13	0.03	
Net stable funding ratio (NSFR), % ° 116 121 110 119 119 119 120 119 120 125 13.9 13.0 119 125 13.0 13.0 126 126 126 127 126 126 126 127 126 126 127 126 126 127 126 126 127 126 126 127 126 126 126 126 126 126 126 126 126 126	Gross share of loans in Stage 3, $\%$ $^6$	1.40	1.55		1.01				
Loan/deposit ratio, % 9       96       93       119         Common equtiy Tier 1 capital ratio, % 10       12.5       13.9       13.0         Tier 1 capital ratio, % 11       14.0       15.5       14.6         Total capital ratio, % 12       15.9       17.5       16.1         Leverage ratio, % 13       4.3       5.0       4.8         Earnings per share, EUR 14       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	Liquidity coverage ratio (LCR), % 7	114	132		152				
Common equtity Tier 1 capital ratio, % 10       12.5       13.9       13.0         Tier 1 capital ratio, % 11       14.0       15.5       14.6         Total capital ratio, % 12       15.9       17.5       16.1         Leverage ratio, % 13       4.3       5.0       4.8         Earnings per share, EUR 14       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       3	Net stable funding ratio (NSFR), %8	116	121		110				
Tier 1 capital ratio, % 11       14.0       15.5       14.6         Total capital ratio, % 12       15.9       17.5       16.1         Leverage ratio, % 13       4.3       5.0       4.8         Earnings per share, EUR 14       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       3	Loan/deposit ratio, % 9	96	93		119				
Total capital ratio, % 12       15.9       17.5       16.1         Leverage ratio, % 13       4.3       5.0       4.8         Earnings per share, EUR 14       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       3	Common equtiy Tier 1 capital ratio, % 10	12.5	13.9		13.0				
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       3	Tier 1 capital ratio, % 11	14.0	15.5		14.6				
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       3	Total capital ratio, % 12	15.9	17.5		16.1				
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 18.06 18.02 0 18.07 0 12.55 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.27 -2 1.25 1.25 1.25 1.27 -2 1.25 1.25 1.25 1.25 1.25 1.25 1.25 1.2		4.3	5.0		4.8				
report period Equity capital per share, EUR <sup>15</sup> 18.06 18.02 0 18.07 0	•	0.54	0.71	-24	0.72	-25	1.25	1.27	-2
Equity capital per share, EUR <sup>15</sup> 18.06 18.02 0 18.07 0		2.53	2.71	-7	2.45	3			
		18.06	18.02	0	18.07	0			
		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:

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#### **Attachment**

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