

Bank of Åland Plc: Half-Year Financial Report for the period January - June 2023

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Bank of Åland Plc
Half-Year Financial Report
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“We increased our operating profit during the first half by EUR 8.0 million (55 per cent) if we exclude the divestment gain in the year-earlier period. Net interest income is developing nicely and rose by EUR 14.4 M (49 per cent). This more than offset net commission income, which fell by EUR 4.9 M (12 per cent) during the first half of 2023, when our investment customers made fewer transactions for reasons of prudence.

“Despite a cautious market, we continued to attract new financial investment volume. During the first half of 2023 we received EUR 401 M in increased net financial investments. On the lending side, we saw rising interest rates and customers starting to use excess deposits to make prepayments of principal on their loans.”

Peter Wiklöf, Managing Director and Chief Executive

January - June 2023 compared to January - June 2022

- Net operating profit decreased by 8 per cent to EUR 22.5 M (24.3). Excluding a divestment gain in the year-earlier period, net operating profit increased by 55 per cent to EUR 22.5 M (14.5).
- Core income in the form of net interest income, net commission income and IT income increased by 13 per cent to EUR 94.3 M (83.3).
- Other income, which included a divestment gain in the year-earlier period, decreased by 90 per cent to EUR 1.1 M (11.0).
- Total expenses increased by 7 per cent to EUR 71.6 M (67.2).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.3 M (2.8), equivalent to a loan loss level of 0.06 (0.13) per cent.
- Return on equity after taxes (ROE) decreased to 12.8 (13.4) per cent. Excluding a divestment gain last year, ROE amounted to 8.1 per cent during the comparative period.
- Earnings per share decreased by 8 per cent to EUR 1.15 (1.25).
- The common equity Tier 1 capital ratio increased to 12.3 per cent (12.0 on December 31, 2022).
- Unchanged future outlook: The Bank of Åland expects its net operating profit in 2023 to be

significantly better than in 2022.

The second quarter of 2023 compared to the second quarter of 2022

- Net operating profit increased by 36 per cent to EUR 14.2 M (10.4).
- Core income in the form of net interest income, net commission income and IT income increased by 16 per cent to EUR 50.1 M (43.2).
- Other income was at the same level and amounted to EUR 0.0 M (0.0).
- Total expenses increased by 10 per cent to EUR 34.9 M (31.7).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.0 M (1.2), equivalent to a loan loss level of 0.09 per cent (0.13).
- Return on equity after taxes (ROE) increased to 17.0 per cent (11.9).
- Earnings per share increased by 37 per cent to EUR 0.74 (0.54).

Financial summary

Group	Q2 2023	Q1 2023	%	Q2 2022	%	Jan-Jun 2023	Jan-Jun 2022	%
EUR M								
Income								
Net interest income	24.2	19.8	22	15.2	59	44.0	29.6	49
Net commission income	18.2	18.3	0	21.2	-14	36.6	41.5	-12
IT income	7.7	6.1	26	6.8	13	13.8	12.3	12
Other income	0.0	1.1	-99	0.0	-85	1.1	11.1	-90
Total income	50.1	45.3	11	43.3	16	95.4	94.4	1
Staff costs	-20.4	-20.5	-1	-19.1	7	-41.0	-37.9	8
Other expenses	-11.5	-10.0	15	-9.5	21	-21.5	-19.2	12
Statutory fees	0.0	-3.2	-100	0.1		-3.2	-3.4	-6
Depreciation/amortisation	-3.0	-2.9	1	-3.3	-9	-5.9	-6.7	-11
Total expenses	-34.9	-36.7	-5	-31.7	10	-71.6	-67.2	7
Profit before impairment losses	15.2	8.5	78	11.6	31	23.8	27.2	-13
Impairment losses on financial assets, net	-1.0	-0.3		-1.2	-12	-1.3	-2.8	-54
Net operating profit	14.2	8.2	72	10.4	36	22.5	24.3	-8
Income taxes	-2.9	-2.0	46	-2.1	41	-5.0	-5.0	0
Profit for the period	11.3	6.2	81	8.3	35	17.5	19.4	-10

Attributable to:

Shareholders in Bank of Åland Plc	11.3	6.2	81	8.3	35	17.5	19.4	-10
Volume								
Lending to the public	4,274	4,337	-1	4,145	3			
Deposits from the public	3,700	3,808	-3	4,295	-14			
Actively managed assets	9,010	8,895	1	8,425	7			
Managed mortgage loans	2,050	1,639	25	1,162	76			
Equity capital	296	292	2	310	-4			
Balance sheet total	5,701	5,908	-4	5,943	-4			
Risk exposure amount	1,882	1,901	-1	1,893	-1			

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 2023, which is enclosed with this stock exchange release. The Bank`s Half-Year Financial Report for the period January - June 2023 is attached to this release in PDF format and is also available on the company`s web site at <https://www.alandsbanken.com/financial-information/financial-reports>

Mariehamn, July 20, 2023

THE BOARD OF DIRECTORS

For more information please contact:

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Attachment

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