

# Bank of Åland Plc: Year-end Report for the period January–December 2021

02.02.2022

Bank of Åland Plc  
Financial Statement Release  
February 2, 2022, 9.00 a.m.

## **Year-end Report for the period January–December 2021**

*“We can report yet another year of strong volume growth: deposits +13 per cent and lending +9 per cent. The investments we manage for our customers grew during the year by 32 per cent to EUR 9,826 M. A strong net inflow of new customer volume contributed EUR 840 M. Our net operating profit also improved sharply: +24 per cent to EUR 49.2 M.*

*“Because of the improvement in earnings, combined with our new financial targets, we are proposing a 55 per cent increase in the dividend to EUR 1.55 per share plus an extra dividend of EUR 0.45 per share due to the divestment of most of our Swedish mortgage portfolio.*

*“We have a continued strong momentum, and during 2021 we were also pleased to be ranked as number 1 in Private Banking in Finland, when Prospera reported its yearly customer survey.”*

Peter Wiklöf, Managing Director and Chief Executive

## **January - December 2021 compared to January - December 2020**

- Net operating profit increased by 24 per cent to EUR 49.2 M (39.7).
- Net interest income increased by 6 per cent to EUR 62.2 M (58.9).
- Net commission income increased by 19 per cent to EUR 79.0 M (66.3).
- Total expenses increased by 15 per cent to EUR 121.9 M (105.6).
- Net impairment losses on financial assets (including recoveries) totalled EUR 4.9 M (4.9), equivalent to a loan loss level of 0.12 (0.11) per cent.
- Return on equity after taxes (ROE) increased to 14.0 (11.6) per cent.
- Earnings per share increased by 26 per cent to EUR 2.55 (2.02).
- The common equity Tier 1 capital ratio decreased to 12.1 per cent (14.3 per cent on December 31, 2020).
- Dividend: The Board of Directors proposes that the Annual General Meeting approve payment of a regular dividend of EUR 1.55 per share for the 2021 financial year, equivalent to a 61 per cent payout ratio, plus an extra dividend of EUR 0.45 per share.
- Future outlook: The Bank of Åland expects its net operating profit in 2022 to be about the same as in 2021.

## The fourth quarter of 2021 compared to the fourth quarter of 2020

- Net operating profit decreased by 17 per cent to EUR 10.2 M (12.3).
- Net interest income increased by 9 per cent to EUR 16.2 M (14.9).
- Net commission income increased by 16 per cent to EUR 21.5 M (18.5).
- Total expenses increased by 17 per cent to EUR 32.5 M (27.8).
- Net impairment losses on financial assets (including recoveries) totalled EUR 3.5 M (0.0), equivalent to a loan loss level of 0.30 (-0.04) per cent.
- Return on equity after taxes (ROE) decreased to 10.6 (13.6) per cent.
- Earnings per share decreased by 19 per cent to EUR 0.51 (0.63).

## Financial summary

Group	Q4 2021	Q3 2021	%	Q4 2020	%	Jan-Dec 2021	Jan-Dec 2020	%
EUR M								
Income								
Net interest income	16.2	15.5	5	14.9	9	62.2	58.9	6
Net commission income	21.5	19.1	13	18.5	16	79.0	66.3	19
Net income from financial items at fair value	1.5	-1.7		0.4		-0.4	1.8	
Other income	7.0	12.3	-43	6.3	11	35.2	23.1	52
<b>Total income</b>	<b>46.2</b>	<b>45.2</b>	<b>2</b>	<b>40.1</b>	<b>15</b>	<b>176.0</b>	<b>150.1</b>	<b>17</b>
Staff costs	-18.0	-17.1	5	-16.9	7	-71.1	-62.9	13
Other expenses	-10.3	-8.3	25	-7.9	31	-36.5	-30.3	20
Depreciation/amortisation	-4.1	-4.3	-5	-3.1	34	-14.3	-12.3	16
<b>Total expenses</b>	<b>-32.5</b>	<b>-29.8</b>	<b>9</b>	<b>-27.8</b>	<b>17</b>	<b>-121.9</b>	<b>-105.6</b>	<b>15</b>
<b>Profit before impairment losses</b>	<b>13.8</b>	<b>15.4</b>	<b>-11</b>	<b>12.3</b>	<b>12</b>	<b>54.1</b>	<b>44.6</b>	<b>21</b>
Impairment losses on financial assets, net	-3.5	-0.8		0.0		-4.9	-4.9	1
<b>Net operating profit</b>	<b>10.2</b>	<b>14.6</b>	<b>-30</b>	<b>12.3</b>	<b>-17</b>	<b>49.2</b>	<b>39.7</b>	<b>24</b>
Income taxes	-2.3	-2.5	-9	-2.5	-10	-9.3	-8.2	14
<b>Profit for the report period</b>	<b>7.9</b>	<b>12.1</b>	<b>-34</b>	<b>9.8</b>	<b>-19</b>	<b>39.9</b>	<b>31.5</b>	<b>27</b>
<b>Attributable to:</b>								
Shareholders in Bank of Åland Plc	<b>7.9</b>	<b>12.1</b>	<b>-34</b>	<b>9.8</b>	<b>-19</b>	<b>39.8</b>	<b>31.5</b>	<b>27</b>
Volume								
Lending to the public	4.788	4.591	4	4.378	9			
Deposits from the public	4.070	3.836	6	3.605	13			
Actively managed assets <sup>1</sup>	9.826	8.922	10	7.436	32			
Equity capital	332	322	3	292	14			
Balance sheet total	6.635	6.353	4	6.035	10			
Risk exposure amount	1.976	1.884	5	1.671	18			
Financial ratios								
Return on equity after taxes, % (ROE) <sup>2</sup>	10.6	16.7		13.6		14.0	11.6	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	14.0	14.8		11.6				
Expense/income ratio <sup>3</sup>	0.70	0.66		0.69		0.69	0.70	
Loan loss level, % <sup>4</sup>	0.30	0.07		-0.04		0.12	0.11	
Gross share of loans in Stage 3, % <sup>5</sup>	1.23	1.19		0.89				
Liquidity coverage ratio (LCR), % <sup>6</sup>	152	149		159				
Net stable funding ratio (NSFR), % <sup>7</sup>	109	109		106				
Loan/deposit ratio, % <sup>8</sup>	118	120		121				

Common equity Tier 1 capital ratio, % <sup>9</sup>	12.1	13.5		14.3				
Tier 1 capital ratio, % <sup>10</sup>	13.6	15.1		14.3				
Total capital ratio, % <sup>11</sup>	15.4	16.2		16.5				
Leverage ratio, % <sup>12</sup>	4.3	4.8		4.2				
Earnings per share, EUR <sup>13</sup>	0.51	0.77	-34	0.63	-19	2.55	2.02	26
Earnings per share, EUR, moving 12-month average to end of report period	2.55	2.67	-4	2.02	26			
Equity capital per share, EUR <sup>14</sup>	19.39	18.74	3	18.76	3			
Working hours re-calculated to full-time equivalent positions	817	836	-2	770	6	815	751	9

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

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

7 Available stable funding / Stable funding requirement

8 Lending to the public / Deposits from the public

9 Common equity Tier 1 capital / Risk exposure amount

10 Tier 1 capital / Risk exposure amount

11 Own funds / Risk exposure amount

12 Tier 1 capital / Total exposure metric

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

14 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 2021, which is enclosed with this stock exchange release. The Bank's Year-end Report for the period January – december 2021 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\\_21.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_21.pdf)

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### Attachment

- [alandsbanken\\_en\\_resultat\\_jan-dec\\_21](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_21.pdf)