

# Bank of Åland Plc: Interim Report for the period January - September 2022

25.10.2022

Bank of Åland Plc  
Interim Report  
October 25, 2022 9.00 EET

## **Interim Report for the period January - September 2022**

“We delivered another stable quarter, during which our earnings were at the same level as in the corresponding quarter last year if we exclude nonrecurring items. The long-term trend for our core income (net interest income, net commission income and IT income) remains positive. Core income during the first nine months of 2022 exceeded that of the same period of 2021 by EUR 4.2 M, despite the negative effect that the divestment of our Swedish mortgage loan portfolio – totalling more than EUR 1 billion – had on our net interest income.

“Because of plunging stock markets as well as rising interest rates and bond yields, the mutual fund markets in Finland and Sweden have seen many investors withdraw their money. During every quarter of 2022, the Bank of Åland has seen net inflows into our financial investment products and we see that we are continuing to attract customers in our target group.”

Peter Wiklöf, Managing Director

## **January–September 2022 compared to January–September 2021**

- Net operating profit decreased by 9 per cent and totalled EUR 35.5 M (39.0).
- Core income in the form of net interest income, net commission income and IT income increased by 3 per cent to EUR 125.8 M (121.6).
- Other income, which includes certain nonrecurring items, increased by 38 per cent to EUR 11.3 M (8.2).
- Total expenses increased by 9 per cent to EUR 97.7 M (89.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 4.0 M (1.4), equivalent to a loan loss level of 0.12 (0.05) per cent.
- Return on equity after taxes (ROE) decreased to 13.1 (15.1) per cent.
- Earnings per share decreased by 11 per cent to EUR 1.82 (2.05).
- The common equity Tier 1 capital ratio decreased to 11.8 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 third quarter of 2022 compared to the third quarter of 2021

- Net operating profit decreased by 24 per cent to EUR 11.1 M (14.6).
- Core income in the form of net interest income, net commission income and IT income increased by 6 per cent to EUR 42.5 M (40.0).
- Other income, which includes certain nonrecurring items, decreased by 96 per cent to EUR 0.2 M (5.2).
- Total expenses increased by 2 per cent to EUR 30.5 M (29.8).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.1 M (0.8), equivalent to a loan loss level of 0.11 (0.07) per cent.
- Return on equity after taxes (ROE) decreased to 12.5 (16.7) per cent.
- Earnings per share decreased by 26 per cent to EUR 0.57 (0.77).

### Financial summary

Group	Q3 2022	Q2 2022	%	Q3 2021	%	Jan-Sep 2022	Jan-Sep 2021	%
EUR M								
Income								
Net interest income	18.9	15.2	24	15.5	22	48.5	46.0	5
Net commission income	18.6	21.2	-13	19.1	-3	60.0	57.6	4
IT income	5.0	6.8	-26	5.4	-7	17.3	18.1	-4
Other income	0.2	0.0		5.2	-96	11.3	8.2	38
<b>Total income</b>	<b>42.7</b>	<b>43.3</b>	<b>-1</b>	<b>45.2</b>	<b>-5</b>	<b>137.1</b>	<b>129.8</b>	<b>6</b>
Staff costs	-17.9	-19.1	-6	-17.1	5	-55.8	-53.1	5
Other expenses	-9.3	-9.5	-2	-8.3	12	-28.4	-23.4	21
Statutory fees	0.0	0.1	-98	0.0	55	-3.4	-2.8	25
Depreciation/amortisation	-3.3	-3.3	1	-4.3	-24	-10.0	-10.2	-2
<b>Total expenses</b>	<b>-30.5</b>	<b>-31.7</b>	<b>-4</b>	<b>-29.8</b>	<b>2</b>	<b>-97.7</b>	<b>-89.5</b>	<b>9</b>
<b>Profit before impairment losses</b>	<b>12.2</b>	<b>11.6</b>	<b>6</b>	<b>15.4</b>	<b>-20</b>	<b>39.4</b>	<b>40.4</b>	<b>-2</b>
Impairment losses on financial assets, net	-1.1	-1.2	-1	-0.8	40	-4.0	-1.4	
<b>Net operating profit</b>	<b>11.1</b>	<b>10.4</b>	<b>6</b>	<b>14.6</b>	<b>-24</b>	<b>35.5</b>	<b>39.0</b>	<b>-9</b>
Income taxes	-2.2	-2.1	8	-2.5	-10	-7.2	-7.1	2
<b>Profit for the report period</b>	<b>8.9</b>	<b>8.3</b>	<b>6</b>	<b>12.1</b>	<b>-27</b>	<b>28.3</b>	<b>31.9</b>	<b>-11</b>
<b>Attributable to:</b>								
Shareholders in Bank of Åland Plc	8.9	8.3	6	12.1	-27	28.2	31.9	-11
Volume								
Lending to the public	4,241	4,145	2	4,591	-8			
Deposits from the public	4,207	4,295	-2	3,836	10			
Actively managed assets 1	8,212	8,425	-3	8,922	-8			
Managed mortgage loans 2	1,195	1,162	3					
Equity capital	312	310	0	322	-3			
Balance sheet total	6,145	5,943	3	6,353	-3			
Risk exposure amount	1,967	1,893	4	1,884	4			
Financial ratios								
Return on equity after taxes, % (ROE) 3	12.5	11.9		16.7		13.1	15.1	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	12.5	13.6		14.8				
Expense/income ratio 4	0.71	0.73		0.66		0.71	0.69	
Loan loss level, % 5	0.11	0.13		0.07		0.12	0.05	
Gross share of loans in Stage 3, % 6	1.62	1.40		1.19				
Liquidity coverage ratio (LCR), % 7	138	114		149				
Net stable funding ratio (NSFR), % 8	110	116		109				
Loan/deposit ratio, % 9	101	96		120				

Common equity Tier 1 capital ratio, % 10	11.8	12.5		13.5				
Tier 1 capital ratio, % 11	13.3	14.0		15.1				
Total capital ratio, % 12	15.0	15.9		16.2				
Leverage ratio, % 13	4.1	4.3		4.8				
Earnings per share, EUR 14	0.57	0.54	6	0.77	-26	1.82	2.05	-11
Earnings per share, EUR, moving 12-month average to end of report period	2.32	2.53	-8	2.67	-13			
Equity capital per share, EUR 15	18.17	18.06	1	18.74	-3			
Working hours re-calculated to full-time equivalent positions	882	843	5	836	6	850	813	5

1 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 Shares 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 Interim Report for the period January - September 2022, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - September 2022 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-sep\\_22.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-sep_22.pdf)

Mariehamn, October 25, 2022

THE BOARD OF DIRECTORS

For more information please contact:

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## Attachment

- [alandsbanken\\_en\\_resultat\\_jan-sep\\_22](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-sep_22.pdf)