

Bank of Åland Plc: Interim Report for the period January - September 2021

26.10.2021

Bank of Åland Plc
Interim Report
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“We are continuing our strong growth in both Finland and Sweden. We have benefited from having continuously recruited new employees, and we have thus still had time to provide for both new and existing customers.

“All our volume metrics have reached new record levels. Over the 12-month period to September 30, 2021, actively managed assets grew to EUR 8,922 M (+36 per cent), deposits to EUR 3,836 M (+11 per cent) and lending to EUR 4,591 M (+9%), This positive volume trend has also generated our highest 9-month net operating profit ever, EUR 39.0 M, which was 42 per cent higher than during the corresponding period of last year.”

January - September 2021 compared to January - September 2020

- Net operating profit increased by 42 per cent to EUR 39.0 M (27.4).
- Net interest income increased by 5 per cent to EUR 46.0 M (44.0).
- Net commission income increased by 20 per cent to EUR 57.6 M (47.9).
- Total expenses increased by 15 per cent to EUR 89.5 M (77.8).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.4 M (4.9), equivalent to a loan loss level of 0.05 (0.16) per cent.
- Return on equity after taxes (ROE) increased to 15.1 (10.8) per cent.
- Earnings per share increased by 47 per cent to EUR 2.05 (1.39).
- The common equity Tier 1 capital ratio decreased to 13.9 per cent (14.3 per cent on December 31, 2020).
- Future outlook: The Bank of Åland expects its net operating profit in 2021 to be substantially better than in 2020.

The third quarter of 2021 compared to the third quarter of 2020

- Net operating profit increased by 36 per cent to EUR 14.6 M (10.7).

- Net interest income increased by 5 per cent to EUR 15.5 M (14.7).
- Net commission income increased by 25 per cent to EUR 19.1 M (15.2).
- Total expenses increased by 20 per cent to EUR 29.8 M (24.8).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.8 M (0.3), equivalent to a loan loss level of 0.07 (0.03) per cent.
- Return on equity after taxes (ROE) increased to 16.7 (12.3) per cent.
- Earnings per share increased by 41 per cent to EUR 0.77 (0.55).

Financial summary

Group	Q3 2021	Q2 2021	%	Q3 2020	%	Jan-Sep 2021	Jan-Sep 2020	%
EUR M								
Income								
Net interest income	15.5	15.2	2	14.7	5	46.0	44.0	5
Net commission income	19.1	18.9	1	15.2	25	57.6	47.9	20
Net income from financial items at fair value	-1.7	-0.6		0.6		-1.9	1.4	
Other income	12.3	9.7	27	5.3		28.2	16.8	68
Total income	45.2	43.2	4	35.8	26	129.8	110.0	18
Staff costs	-17.1	-18.5	-8	-15.3	12	-53.1	-46.1	15
Other expenses	-8.3	-7.7	7	-6.4	30	-26.2	-22.5	17
Depreciation/amortisation	-4.3	-2.9	49	-3.1	39	-10.2	-9.2	10
Total expenses	-29.8	-29.2	2	-24.8	20	-89.5	-77.8	15
Profit before impairment losses	15.4	14.1	9	11.0	40	40.4	32.3	25
Impairment losses on financial assets, net	-0.8	-0.5	69	-0.3		-1.4	-4.9	-72
Net operating profit	14.6	13.6	7	10.7	36	39.0	27.4	42
Income taxes	-2.5	-2.4	6	-2.2	16	-7.1	-5.7	24
Profit for the report period	12.1	11.2	8	8.5	42	31.9	21.7	47
Attributable to:								
Shareholders in Bank of Åland Plc	12.1	11.2	8	8.5	42	31.9	21.7	47
Volume								
Lending to the public	4,591	4,518	2	4,221	9			
Deposits from the public	3,836	3,801	1	3,459	11			
Actively managed assets 1	8,922	8,541	4	6,547	36			
Equity capital	322	311	3	280	15			
Balance sheet total	6,353	6,261	1	5,726	11			
Risk exposure amount	1,827	1,812	1	1,693	8			
Financial ratios								
Return on equity after taxes, % (ROE) 2	16.7	16.4		12.3		15.1	10.8	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	14.8	13.7		11.0				
Expense/income ratio 3	0.66	0.67		0.69		0.69	0.71	
Loan loss level, % 4	0.07	0.05		0.03		0.05	0.16	
Gross share of loans in Stage 3, % 5	1.19	1.01		1.30				
Liquidity coverage ratio (LCR), % 6	149	152		138				
Net stable funding ratio (NSFR), % 7	109	110		109				
Loan/deposit ratio, % 8	120	119		122				
Common equity Tier 1 capital ratio, % 9	13.9	13.4		13.4				
Tier 1 capital ratio, % 10	15.5	15.1		13.4				
Total capital ratio, % 11	16.7	16.6		15.5				
Leverage ratio, % 12	4.8	4.8		3.8				
Earnings per share, EUR 13	0.77	0.72	8	0.55	41	2.05	1.39	47
Earnings per share, EUR, moving 12-month average to end of report period	2.67	2.45	9	1.86	44			
Equity capital per share, EUR 14	18.74	18.09	4	17.95	4			
Working hours re-calculated to full-time equivalent positions	836	825	1	773	8	813	745	9

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 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 Interim Report for the period January - September 2021, which is enclosed with this stock exchange release. The Bank`s Interim Report for the period January - September 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-sep_21.pdf

Mariehamn, October 26, 2021

THE BOARD OF DIRECTORS

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Attachment

- [alandsbanken_en_resultat_jan-sep_21](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-sep_21.pdf)