

Bank of Åland Plc: Year-end Report for the period January–December 2022

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Bank of Åland Plc
Financial Statement Release
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Year-end Report for the period January–December 2022

“We are closing a very turbulent year, during which both the stock and fixed income markets fell, while war and rapid inflation affected us all. In spite of this, we can report a net operating profit of EUR 46.1 M, almost the same level as our previous high.

“It is pleasing that for the second straight year, we were ranked as the best Private Banking market player in Prospera’s Finnish customer survey. During 2022 we saw more than half a billion euros in net inflows into our financial investment services. Because of this continued customer inflow, combined with high interest rates – which benefit our net interest income – we look forward to 2023 with confidence and expect a significantly better operating profit than during 2022.”

Peter Wiklöf, Managing Director and Chief Executive

January–December 2022 Compared to January–December 2021

- Net operating profit decreased by 6 per cent to EUR 46.1 M (49.2).
- Core income in the form of net interest income, net commission income and IT income increased by 3 per cent to EUR 170.1 M (165.7).
- Other income, which included certain nonrecurring items, increased by 35 per cent to EUR 14.0 M (10.3).
- Total expenses increased by 8 per cent to EUR 131.8 M (121.9).
- Net impairment losses on financial assets (including recoveries) totalled EUR 6.2 M (4.9), equivalent to a loan loss level of 0.14 (0.12) per cent.
- Return on equity after taxes (ROE) decreased to 12.8 (14.0) per cent.
- Earnings per share decreased by 7 per cent to EUR 2.37 (2.55).
- The common equity Tier 1 capital ratio decreased to 12.0 per cent (12.1).
- Dividend: The Board of Directors proposes that the Annual General Meeting approve payment of a regular dividend of EUR 1.60 (1.55) per share for the 2022 financial year, equivalent to a 68 (61) per cent payout ratio, plus an extra dividend of EUR 0.45 (0.45) per share.
- Future outlook: The Bank of Åland expects its net operating profit in 2023 to be significantly

better than in 2022.

The fourth quarter of 2022 Compared to the fourth quarter of 2021

- Net operating profit increased by 4 per cent to EUR 10.6 M (10.2).
- Core income in the form of net interest income, net commission income and IT income increased by 1 per cent to EUR 44.3 M (44.1).
- Other income increased by 24 per cent to EUR 2.7 M (2.2).
- Total expenses increased by 5 per cent to EUR 34.1 M (32.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 2.2 M (3.5), equivalent to a loan loss level of 0.20 (0.30) per cent.
- Return on equity after taxes (ROE) increased to 11.9 (10.6) per cent.
- Earnings per share increased by 9 per cent to EUR 0.55 (0.51).

Financial summary

| Group | Q4 2022 | Q3 2022 | % | Q4 2021 | % | Jan-Dec 2022 | Jan-Dec 2021 | % |
|--|--------------|--------------|-----------|--------------|-----------|-----------------|-----------------|-----------|
| EUR M | | | | | | | | |
| Income | | | | | | | | |
| Net interest income | 19.7 | 18.9 | 4 | 16.2 | 21 | 68.2 | 62.2 | 10 |
| Net commission income | 18.4 | 18.6 | -1 | 21.5 | -14 | 78.4 | 79.0 | -1 |
| IT income | 6.2 | 5.0 | 23 | 6.3 | -3 | 23.5 | 24.4 | -4 |
| Other income | 2.7 | 0.2 | | 2.2 | 24 | 14.0 | 10.3 | 35 |
| Total income | 47.0 | 42.7 | 10 | 46.2 | 2 | 184.1 | 176.0 | 5 |
| Staff costs | -19.6 | -17.9 | 10 | -18.0 | 9 | -75.5 | -71.1 | 6 |
| Other expenses | -11.3 | -9.3 | 22 | -10.3 | 9 | -39.7 | -33.8 | 18 |
| Statutory fees | 0.0 | 0.0 | -54 | 0.0 | | -3.4 | -2.8 | 25 |
| Depreciation/amortisation | -3.3 | -3.3 | -2 | -4.1 | -21 | -13.2 | -14.3 | -7 |
| Total expenses | -34.1 | -30.5 | 12 | -32.5 | 5 | -131.8 | -121.9 | 8 |
| Profit before impairment losses | 12.9 | 12.2 | 5 | 13.8 | -6 | 52.3 | 54.1 | -3 |
| Impairment losses on financial assets, net | -2.2 | -1.1 | 95 | -3.5 | -37 | -6.2 | -4.9 | 26 |
| Net operating profit | 10.6 | 11.1 | -4 | 10.2 | 4 | 46.1 | 49.2 | -6 |
| Income taxes | -2.1 | -2.2 | -6 | -2.3 | -8 | -9.3 | -9.3 | 0 |
| Profit for the period | 8.5 | 8.9 | -4 | 7.9 | 7 | 36.8 | 39.9 | -8 |
| Attributable to: | | | | | | | | |
| Shareholders in Bank of Åland Plc | 8.5 | 8.9 | -4 | 7.9 | 7 | 36.8 | 39.8 | -8 |
| Volume | | | | | | | | |
| Lending to the public | 4,303 | 4,241 | 1 | 4,788 | -10 | | | |
| Deposits from the public | 4,182 | 4,207 | -1 | 4,070 | 3 | | | |
| Actively managed assets ¹ | 8,637 | 8,212 | 5 | 9,826 | -12 | | | |
| Managed mortgage loans ² | 1,304 | 1,195 | 9 | 2 | | | | |
| Equity capital | 316 | 312 | 2 | 332 | -5 | | | |
| Balance sheet total | 5,898 | 6,145 | -4 | 6,635 | -11 | | | |
| Risk exposure amount | 1,938 | 1,967 | -1 | 1,976 | -2 | | | |
| Financial ratios | | | | | | | | |
| Return on equity after taxes, % (ROE) ³ | 11.9 | 12.4 | | 10.6 | | 12.8 | 14.0 | |
| Return on equity after taxes, % (ROE), moving 12-month average to end of report period | 12.8 | 12.5 | | 14.0 | | | | |
| Expense/income ratio ⁴ | 0.73 | 0.71 | | 0.70 | | 0.72 | 0.69 | |
| Loan loss level, % ⁵ | 0.20 | 0.11 | | 0.30 | | 0.14 | 0.12 | |
| Gross share of loans in Stage 3, % ⁶ | 1.61 | 1.62 | | 1.23 | | | | |
| Liquidity coverage ratio (LCR), % ⁷ | 138 | 138 | | 139 | | | | |
| Net stable funding ratio (NSFR), % ⁸ | 108 | 110 | | 109 | | | | |
| Loan/deposit ratio, % ⁹ | 103 | 101 | | 118 | | | | |
| Common equity Tier 1 capital ratio, % ¹⁰ | 12.0 | 11.8 | | 12.1 | | | | |
| Tier 1 capital ratio, % ¹¹ | 13.6 | 13.3 | | 13.6 | | | | |
| Total capital ratio, % ¹² | 15.2 | 15.0 | | 15.4 | | | | |

| | | | | | | | | |
|--|-------|-------|----|-------|----|------|------|----|
| Leverage ratio, % ¹³ | 4.3 | 4.1 | | 4.3 | | | | |
| Earnings per share, EUR ¹⁴ | 0.55 | 0.57 | -3 | 0.51 | 9 | 2.37 | 2.55 | -7 |
| Earnings per share, EUR, moving 12-month average to end of report period | 2.37 | 2.32 | 2 | 2.55 | -7 | | | |
| Equity capital per share, EUR ¹⁵ | 18.82 | 18.17 | 4 | 19.39 | -3 | | | |
| Working hours re-calculated to full-time equivalent positions | 862 | 882 | -2 | 817 | 5 | 854 | 815 | 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 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 Year-end Report for the period January - december 2022, which is enclosed with this stock exchange release. The Bank's Year-end Report for the period January - december 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-dec_22.pdf

For more information please contact:

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Attachment

- [alandsbanken_en_resultat_jan-dec_22](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_22.pdf)