

Bank of Åland Plc: Half-Year Financial Report for the period January - June 2021

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Bank of Åland Plc
Half-Year Financial Report
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“During the first half of 2021, we had a continued strong influx of new investment customers, especially in our Private Banking segment. The net flow of new actively managed assets during the period exceeded half a billion euros and total volume of actively managed assets rose to more than EUR 8.5 billion, which was 40 per cent higher than on the corresponding date last year.

“Because of the strong start to the year, our net operating profit (EUR 24.4 M) was 46 per cent better than in the first half of 2020. Our expectations about this year's earnings have consequently risen, and we now believe that net operating profit in 2021 will substantially exceed last year's record figure of EUR 39.7 M.”

Peter Wiklöf, Managing Director and Chief Executive

January - June 2021 compared to January - June 2020

- Net operating profit increased by 46 per cent to EUR 24.4 M (16.7).
- Net interest income increased by 4 per cent to EUR 30.5 M (29.3).
- Net commission income increased by 18 per cent to EUR 38.5 M (32.6).
- Total expenses increased by 13 per cent to EUR 59.7 M (53.0).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.6 M (4.6), equivalent to a loan loss level of 0.03 (0.22) per cent.
- Return on equity after taxes (ROE) increased to 14.4 (10.1) per cent.
- Earnings per share increased by 50 per cent to EUR 1.27 (0.85).
- The common equity Tier 1 ratio capital decreased to 13.4 per cent (14.3 per cent on December 31, 2020).
- Revised future outlook: The Bank of Åland expects its net operating profit in 2021 to be substantially better than in the record-breaking year 2020: that is, substantially better than EUR 39.7 M.

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

- Net operating profit increased by 39 per cent to EUR 13.6 M (9.8).
- Net interest income increased by 3 per cent to EUR 15.2 M (14.8).
- Net commission income increased by 21 per cent to EUR 18.9 M (15.7).
- Total expenses increased by 13 per cent to EUR 29.2 M (25.8).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.5 M (0.8), equivalent to a loan loss level of 0.05 (0.08) per cent.
- Return on equity after taxes (ROE) increased to 16.4 (11.8) per cent.
- Earnings per share increased by 45 per cent to EUR 0.72 (0.50).

Financial summary

Group	Q2 2021	Q1 2021	%	Q2 2020	%	Jan-Jun 2021	Jan-Jun 2020	%
EUR M								
Income								
Net interest income	15.2	15.2	0	14.8	3	30.5	29.3	4
Net commission income	18.9	19.6	-3	15.7	21	38.5	32.6	18
Net income from financial items at fair value	-0.6	0.4		0.0		-0.3	0.8	
Other income	9.7	6.2	57	5.7	69	15.9	11.5	38
Total income	43.2	41.4	4	36.3	19	84.6	74.2	14
Staff costs	-18.5	-17.4	7	-15.6	19	-36.0	-30.7	17
Other expenses	-7.7	-10.2	-24	-7.1	8	-17.9	-16.1	11
Depreciation/amortisation	-2.9	-2.9	0	-3.1	-5	-5.8	-6.1	-5
Total expenses	-29.2	-30.5	-4	-25.8	13	-59.7	-53.0	13
Profit before impairment losses	14.1	10.9	29	10.6	33	25.0	21.3	17
Impairment losses on financial assets, net	-0.5	-0.1		-0.8	-38	-0.6	-4.6	-88
Net operating profit	13.6	10.8	26	9.8	39	24.4	16.7	46
Income taxes	-2.4	-2.2	8	-2.0	17	-4.5	-3.5	29
Profit for the report period	11.2	8.6	30	7.8	45	19.8	13.2	50
Attributable to:								
Shareholders in Bank of Åland Plc	11.2	8.6	30	7.8	45	19.8	13.2	50
Volume								
Lending to the public	4,518	4,419	2	4,188	8			
Deposits from the public	3,801	3,529	8	3,459	10			
Actively managed assets ¹	8,541	7,808	9	6,107	40			
Equity capital	311	298	5	271	15			
Balance sheet total	6,261	6,089	3	5,708	10			
Risk exposure amount	1,812	1,688	7	1,661	9			
Financial ratios								
Return on equity after taxes, % (ROE) ²	16.4	12.5		11.8		14.4	10.1	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	13.7	12.6		11.0				
Expense/income ratio ³	0.67	0.74		0.71		0.71	0.71	
Loan loss level, % ⁴	0.05	0.02		0.08		0.03	0.22	
Gross share of loans in Stage 3, % ⁵	1.01	0.92		0.81				
Liquidity coverage ratio (LCR), % ⁶	152	165		142				
Net stable funding ratio (NSFR), % ⁷	110	106		114				
Loan/deposit ratio, % ⁸	119	125		121				
Common equity Tier 1 capital ratio, % ⁹	13.4	14.2		14.5				
Tier 1 capital ratio, % ¹⁰	15.1	15.9		14.5				
Total capital ratio, % ¹¹	16.6	18.1		16.7				
Leverage ratio, % ¹²	4.8	4.7		4.1				
Earnings per share, EUR ¹³	0.72	0.55	31	0.50	45	1.27	0.85	50
Earnings per share, EUR, moving 12-month average to end of report period	2.45	2.22	10	1.80	36			
Equity capital per share, EUR ¹⁴	18.09	17.19	5	17.41	4			
Working hours re-calculated to full-time equivalent positions	825	790	4	744	11	807	734	10

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 Half-Year Financial Report for the period January - June 2021, which is enclosed with this stock exchange release. The Bank's Half-Year Financial Report for the period January - June 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-jun_21.pdf

Mariehamn, July 20, 2021

THE BOARD OF DIRECTORS

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Attachment

- [alandsbanken_en_resultat_jan-jun_21](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-jun_21.pdf)