

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

26.04.2022

Bank of Åland Plc  
Interim Report  
April 26, 2022 9.00 am

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

“The quarter included major macroeconomic events, with rising interest rates and bond yields as well as falling stock markets due to mounting inflation and Russia’s invasion of Ukraine.

“One major change for the Bank of Åland was the divestment of most of our Swedish mortgage loan portfolio (SEK 10.4 billion) to the mortgage company Borgo, in which the Bank of Åland is one of the main shareholders. As communicated earlier, this divestment provided a nonrecurring income of EUR 9.8 M. The diminished loan portfolio lowers our net interest income but will generate income from distribution and management of Borgo’s mortgage loans.

“Despite market volatility during the quarter, we saw a continued net inflow to our investment services of EUR 123 M. We also saw both our deposit and lending volumes rise by 4 per cent compared to year-end 2021 when we exclude the volume of mortgage loans that we divested.”

Peter Wiklöf, Managing Director and Chief Executive

## **January-March 2022 compared to January-March 2021**

- Net operating profit increased by 29 per cent to EUR 13.9 M (10.8).
- Net interest income decreased by 6 per cent to EUR 14.3 M (15.2).
- Net commission income increased by 3 per cent to EUR 20.2 M (19.6).
- Total expenses increased by 16 per cent to EUR 35.5 M (30.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.7 M (0.1), equivalent to a loan loss level of 0.16 (0.02) per cent.
- Return on equity after taxes (ROE) increased to 15.0 (12.5) per cent.
- Earnings per share increased by 29 per cent to EUR 0.71 (0.55).
- The common equity Tier 1 capital ratio increased to 13.9 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.

## Financial Summary

Group	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Income					
Net interest income	14.3	16.2	-12	15.2	-6
Net commission income	20.2	21.5	-6	19.6	3
Net income from financial items at fair value	10.8	1.5		0.4	
Other income	5.7	7.0	-18	6.2	-8
<b>Total income</b>	<b>51.1</b>	<b>46.2</b>	<b>11</b>	<b>41.4</b>	<b>23</b>
Staff costs	-18.9	-18.0	5	-17.4	8
Other expenses	-13.3	-10.3	28	-10.2	30
Depreciation/amortisation	-3.4	-4.1	-18	-2.9	16
<b>Total expenses</b>	<b>-35.5</b>	<b>-32.5</b>	<b>9</b>	<b>-30.5</b>	<b>16</b>
<b>Profit before impairment losses</b>	<b>15.6</b>	<b>13.8</b>	<b>13</b>	<b>10.9</b>	<b>43</b>
Impairment losses on financial assets, net	-1.7	-3.5	-52	-0.1	
<b>Net operating profit</b>	<b>13.9</b>	<b>10.2</b>	<b>36</b>	<b>10.8</b>	<b>29</b>
Income taxes	-2.9	-2.3	25	-2.2	31
<b>Profit for the report period</b>	<b>11.0</b>	<b>7.9</b>	<b>39</b>	<b>8.6</b>	<b>28</b>
<b>Attributable to:</b>					
Shareholders in Bank of Åland Plc	<b>11.0</b>	<b>7.9</b>	<b>39</b>	<b>8.6</b>	<b>28</b>
Volume					
Lending to the public	3,936	4,788	-18	4,419	-11
Deposits from the public	4,238	4,070	4	3,529	20
Actively managed assets <sup>1</sup>	9,082	9,826	-8	7,808	16
Managed mortgage loans <sup>2</sup>	1,114	2			
Equity capital	310	332	-7	298	4
Balance sheet total	5,950	6,635	-10	6,089	-2
Risk exposure amount	1,805	1,976	-9	1,747	3
Financial ratios					
Return on equity after taxes, % (ROE) <sup>3</sup>	15.0	10.6		12.5	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	14.7	14.0		12.6	
Expense/income ratio <sup>4</sup>	0.69	0.70		0.74	
Loan loss level, % <sup>5</sup>	0.16	0.30		0.02	
Gross share of loans in Stage 3, % <sup>6</sup>	1.55	1.23		0.92	
Liquidity coverage ratio (LCR), % <sup>7</sup>	132	139		165	
Net stable funding ratio (NSFR), % <sup>8</sup>	121	109		106	
Loan/deposit ratio, % <sup>9</sup>	93	118		125	
Common equity Tier 1 capital ratio, % <sup>10</sup>	13.9	12.1		13.6	
Tier 1 capital ratio, % <sup>11</sup>	15.5	13.6		15.3	
Total capital ratio, % <sup>12</sup>	17.5	15.4		17.4	
Leverage ratio, % <sup>13</sup>	5.0	4.3		4.6	
Earnings per share, EUR <sup>14</sup>	0.71	0.51	39	0.55	29
Earnings per share, EUR, moving 12-month average to end of report period	2.71	2.55	6	2.22	22
Equity capital per share, EUR <sup>15</sup>	18.02	19.39	-7	17.19	5
Working hours re-calculated to full-time equivalent positions	836	817	2	790	6

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 Interim Report for the period January - March 2022, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - March 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-mar\\_22.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-mar_22.pdf)

Mariehamn, April 25, 2022

THE BOARD OF DIRECTORS

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#### **Attachment**

- [alandsbanken\\_en\\_resultat\\_jan-mar\\_22](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-mar_22.pdf)