

Bank of Åland Plc: Half-Year Financial Report for the period January - June 2025

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Bank of Åland Plc
Half-Year Financial Report
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Strong results and record inflows of assets under management

"We are delivering a strong second quarter in terms of earnings, with a net operating profit of EUR 16.3 million (15.6) that resulted in a return on equity of 19.1 per cent (18.3). With that, we can summarize the first half of the year with excellent results, with net operating profit of EUR 34.7 million and a return on equity of 19.2 per cent (18.2). This is the highest result we have ever reported for a first half-year.

"The second quarter was one of our all-time best, with net inflow of new client investments of EUR 328 million. The high net inflow means that for the first time, we can report a volume of actively managed assets on behalf of customers of over EUR 11 billion.

"Lowered market interest rates are putting pressure on net interest income for us as well as for other banks. Net interest income was down 9 per cent for the half year. Despite this, from the start of the year we were able to compensate for the decline with increased commission income, which rose by 13 per cent, primarily from our customers financial investment business.

"The world around us continues to present an array of uncertainties, and we see that our customers continue to be cautious about borrowing money. Despite this, our lending began to increase again during the quarter, albeit at cautious levels. Market interest rates have now halved since peaking just over a year and a half ago. We believe this development will contribute to increased lending activity in the second half of the year."

Peter Wiklöf, Managing Director and Chief Executive

January - June 2025 compared to January - June 2024

- Net operating profit increased by 7 per cent and amounted to EUR 34.7 M (32.5).
- Core income in the form of net interest income, net commission income and IT income levels remained unchanged at EUR 107.9 M (108.4).
- Other income increased to EUR 4.0 M (0.7).
- Total expenses increased by 2 per cent to EUR 76.5 M (74.9).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.7 M (1.7), equivalent to a loan loss level of 0.04 per cent (0.08).
- Return on equity after taxes (ROE) increased to 19.2 per cent (18.2).
- Earnings per share increased by 9 per cent to EUR 1.86 (1.71).
- The common equity Tier 1 capital ratio decreased to 12.8 per cent (14.5 on December 31, 2024).
- Unchanged future outlook: The Bank of Åland expects its return on equity after taxes (ROE) to continue to exceed its long-term financial target of 15 per cent during 2025.

The second quarter of 2025 compared to the second quarter of 2024

- Net operating profit increased by 4 per cent and amounted to EUR 16.3 M (15.6).
- Core income in the form of net interest income, net commission income and IT income decreased by 2 per cent to EUR 54.1 M (55.4).
- Other income increased to EUR 1.8 M (–0.1).
- Total expenses increased by 1 per cent to EUR 38.8 M (38.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.8 (1.2), equivalent to a loan loss level of 0.08 per cent (0.11).
- Return on equity after taxes (ROE) increased to 19.1 per cent (18.3).
- Earnings per share increased by 10 per cent to EUR 0.90 (0.82).

Financial summary

Group	Q2 2025	Q1 2025	%	Q2 2024	%	Jan-Jun 2025	Jan-Jun 2024	%
EUR M								
Income								
Net interest income	24.1	23.8	1	26.4	-9	47.9	52.7	-9
Net commission income	21.2	21.4	-1	19.4	10	42.6	37.7	13
IT income	8.9	8.6	3	9.7	-9	17.4	18.1	-3
Other income	1.8	2.2	-18	-0.1		4.0	0.7	
Total income	55.9	56.0	-0	55.3	1	111.9	109.1	3
Staff costs	-24.8	-23.4	6	-22.8	9	-48.1	-44.4	8
Other expenses	-11.1	-11.3	-2	-12.5	-11	-22.4	-24.0	-7
Depreciation/amortisation	-3.0	-3.0	1	-3.3	-8	-6.0	-6.5	-8
Total expenses	-38.8	-37.7	3	-38.5	1	-76.5	-74.9	2
Profit before impairment losses	17.1	18.3	-7	16.8	2	35.4	34.2	3
Impairment losses on financial assets, net	-0,8	0,1		-1,2	-34	-0,7	-1,7	-58
Net operating profit	16.3	18.3	-11	15.6	4	34.7	32.5	7
Income taxes	-2.4	-3.7	-35	-3.1	-22	-6.1	-6.3	-3
Profit for the period	13.9	14.6	-5	12.6	11	28.6	26.2	9
Volume								
Lending to the public	3,594	3,552	1	3,530	2			
Deposits from the public	3,578	3,573	0	3,475	3			
Actively managed assets	11,057	10,662	4	10,343	7			
Managed mortgage loans	3,335	3,335	-0	2,952	13			
Equity capital	326	315	4	311	5			
Balance sheet total	4,903	5,011	-2	4,782	3			
Risk exposure amount	1,799	1,803	-0	1,681	7			

The Bank of Åland (Ålandsbanken) follows the disclosure procedure stipulated in "Disclosure obligation of the issuer (6/2016)", published by the Finnish Financial Supervisory Authority and hereby publishes its Half-Year Financial Report for the period January - June 2025, which is enclosed with this stock exchange release.

The Bank's Half-Year Financial Report for the period January - June 2025 is attached to this release in PDF format and is also available on the company's web site at:

<https://www.alandsbanken.com/financial-information/financial-reports>

Mariehamn, July 18, 2025

THE BOARD OF DIRECTORS

For more information please contact:

Peter Wiklöf, Managing Director and Chief Executive, Bank of Åland Plc, tel. + 358 (0)40 512 7505

Attachment

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