

# Bank of Åland Plc: Half-Year Financial Report for the period January - June 2023

20.07.2023

Bank of Åland Plc  
Half-Year Financial Report  
July 20, 2023 9:00 am

## **Half-Year Financial Report for the period January - June 2023**

“We increased our operating profit during the first half by EUR 8.0 million (55 per cent) if we exclude the divestment gain in the year-earlier period. Net interest income is developing nicely and rose by EUR 14.4 M (49 per cent). This more than offset net commission income, which fell by EUR 4.9 M (12 per cent) during the first half of 2023, when our investment customers made fewer transactions for reasons of prudence.

“Despite a cautious market, we continued to attract new financial investment volume. During the first half of 2023 we received EUR 401 M in increased net financial investments. On the lending side, we saw rising interest rates and customers starting to use excess deposits to make prepayments of principal on their loans.”

*Peter Wiklöf, Managing Director and Chief Executive*

## **January - June 2023 compared to January - June 2022**

- Net operating profit decreased by 8 per cent to EUR 22.5 M (24.3). Excluding a divestment gain in the year-earlier period, net operating profit increased by 55 per cent to EUR 22.5 M (14.5).
- Core income in the form of net interest income, net commission income and IT income increased by 13 per cent to EUR 94.3 M (83.3).
- Other income, which included a divestment gain in the year-earlier period, decreased by 90 per cent to EUR 1.1 M (11.0).
- Total expenses increased by 7 per cent to EUR 71.6 M (67.2).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.3 M (2.8), equivalent to a loan loss level of 0.06 (0.13) per cent.
- Return on equity after taxes (ROE) decreased to 12.8 (13.4) per cent. Excluding a divestment gain last year, ROE amounted to 8.1 per cent during the comparative period.
- Earnings per share decreased by 8 per cent to EUR 1.15 (1.25).
- The common equity Tier 1 capital ratio increased to 12.3 per cent (12.0 on December 31, 2022).
- Unchanged future outlook: The Bank of Åland expects its net operating profit in 2023 to be

significantly better than in 2022.

## The second quarter of 2023 compared to the second quarter of 2022

- Net operating profit increased by 36 per cent to EUR 14.2 M (10.4).
- Core income in the form of net interest income, net commission income and IT income increased by 16 per cent to EUR 50.1 M (43.2).
- Other income was at the same level and amounted to EUR 0.0 M (0.0).
- Total expenses increased by 10 per cent to EUR 34.9 M (31.7).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.0 M (1.2), equivalent to a loan loss level of 0.09 per cent (0.13).
- Return on equity after taxes (ROE) increased to 17.0 per cent (11.9).
- Earnings per share increased by 37 per cent to EUR 0.74 (0.54).

## Financial summary

Group	Q2 2023	Q1 2023	%	Q2 2022	%	Jan-Jun 2023	Jan-Jun 2022	%
EUR M								
Income								
Net interest income	24.2	19.8	22	15.2	59	44.0	29.6	49
Net commission income	18.2	18.3	0	21.2	-14	36.6	41.5	-12
IT income	7.7	6.1	26	6.8	13	13.8	12.3	12
Other income	0.0	1.1	-99	0.0	-85	1.1	11.1	-90
<b>Total income</b>	<b>50.1</b>	<b>45.3</b>	<b>11</b>	<b>43.3</b>	<b>16</b>	<b>95.4</b>	<b>94.4</b>	<b>1</b>
Staff costs	-20.4	-20.5	-1	-19.1	7	-41.0	-37.9	8
Other expenses	-11.5	-10.0	15	-9.5	21	-21.5	-19.2	12
Statutory fees	0.0	-3.2	-100	0.1		-3.2	-3.4	-6
Depreciation/amortisation	-3.0	-2.9	1	-3.3	-9	-5.9	-6.7	-11
<b>Total expenses</b>	<b>-34.9</b>	<b>-36.7</b>	<b>-5</b>	<b>-31.7</b>	<b>10</b>	<b>-71.6</b>	<b>-67.2</b>	<b>7</b>
<b>Profit before impairment losses</b>	<b>15.2</b>	<b>8.5</b>	<b>78</b>	<b>11.6</b>	<b>31</b>	<b>23.8</b>	<b>27.2</b>	<b>-13</b>
Impairment losses on financial assets, net	-1.0	-0.3		-1.2	-12	-1.3	-2.8	-54
<b>Net operating profit</b>	<b>14.2</b>	<b>8.2</b>	<b>72</b>	<b>10.4</b>	<b>36</b>	<b>22.5</b>	<b>24.3</b>	<b>-8</b>
Income taxes	-2.9	-2.0	46	-2.1	41	-5.0	-5.0	0
<b>Profit for the period</b>	<b>11.3</b>	<b>6.2</b>	<b>81</b>	<b>8.3</b>	<b>35</b>	<b>17.5</b>	<b>19.4</b>	<b>-10</b>

Attributable to:

<b>Shareholders in Bank of Åland Plc</b>	<b>11.3</b>	<b>6.2</b>	<b>81</b>	<b>8.3</b>	<b>35</b>	<b>17.5</b>	<b>19.4</b>	<b>-10</b>
Volume								
Lending to the public	4,274	4,337	-1	4,145	3			
Deposits from the public	3,700	3,808	-3	4,295	-14			
Actively managed assets	9,010	8,895	1	8,425	7			
Managed mortgage loans	2,050	1,639	25	1,162	76			
Equity capital	296	292	2	310	-4			
Balance sheet total	5,701	5,908	-4	5,943	-4			
Risk exposure amount	1,882	1,901	-1	1,893	-1			

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 2023, which is enclosed with this stock exchange release. The Bank`s Half-Year Financial Report for the period January - June 2023 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 20, 2023

THE BOARD OF DIRECTORS

**For more information please contact:**

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**Attachment**

- [alandsbanken\\_en\\_resultat\\_jan-jun\\_23](#)