

# Bank of Åland Plc: Year-end Report for the period January–December 2018

08.02.2019

Bank of Åland Plc  
Stock Exchange Release  
February 8, 2019, 9.00 a.m.

## **Year-end Report for the period January–December 2018**

“During 2018 we improved our net operating profit by 11 per cent to EUR 29.0 M, despite the negative end of the year in the stock and fixed income markets. The Board of Directors proposes an increased dividend of EUR 0.70 (0.65) per share.

“The net inflow of actively managed assets was strong in our Private Banking segment with a focus on Sweden, EUR 397 M, which I am very satisfied with.

“During the fourth quarter we chose to enter into another partnership – with the fintech company Doconomy – in which we are together creating a globally unique customer platform that combines sustainability with financial services and saving.”

Peter Wiklöf, Managing Director

## **January - December 2018 compared to January - December 2017**

- Net operating profit increased by 11 per cent to EUR 29.0 M (26.0).
- Profit for the period attributable to shareholders increased by 11 per cent to EUR 22.9 M (20.7).
- Net interest income decreased by 2 per cent to EUR 54.5 M (55.9).
- Net commission income increased by 2 per cent to EUR 50.6 M (49.7).
- Total expenses decreased by 2 per cent to EUR 97.8 M (99.8).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.8 M (2.1), equivalent to a loan loss level of 0.02 (0.06) per cent.
- Return on equity after taxes (ROE) amounted to 9.8 (9.1) per cent.
- Earnings per share increased to EUR 1.48 (1.35).
- The common equity Tier 1 ratio amounted to 13.0 per cent (12.9 on December 31, 2017).

- The Board of Directors proposes a dividend of EUR 0.70 (0.65) per share.
- Future outlook: The Bank of Åland expects its net operating profit in 2019 to be at about the same level as in 2018.

### The fourth quarter of 2018 compared to the fourth quarter of 2017

- Net operating profit increased by 9 per cent to EUR 7.1 M (6.5).
- Profit for the period attributable to shareholders increased by 10 per cent to EUR 5.7 M (5.2).
- Net interest income decreased by 6 per cent to EUR 13.3 M (14.1).
- Net commission income increased by 1 per cent to EUR 12.7 M (12.6).
- Total expenses were unchanged and amounted to EUR 25.2 M (25.3).
- Net impairment losses (including recoveries) totalled a net gain of EUR 0.1 M (net loss of 0.6), equivalent to a loan loss level of 0.00 (0.06) per cent.
- Return on equity after taxes (ROE) amounted to 9.4 (8.8) per cent.
- Earnings per share increased to EUR 0.37 (0.34).

#### Financial summary

Group	Q4 2018	Q3 2018	%	Q4 2017	%	Jan-Dec 2018	Jan-Dec 2017	%
EUR M								
Income								
Net interest income	13.3	13.3	0	14.1	-6	54.5	55.9	-2
Net commission income	12.7	12.1	5	12.6	1	50.6	49.7	2
Net income from financial items	1.4	0.6		1.0	41	5.2	3.1	67
Other income	4.9	4.1	20	4.6	5	17.4	19.3	-10
<b>Total income</b>	<b>32.3</b>	<b>30.0</b>	<b>7</b>	<b>32.4</b>	<b>0</b>	<b>127.6</b>	<b>128.0</b>	<b>0</b>
Staff costs	-14.3	-13.2	8	-14.9	-4	-57.1	-59.8	-5
Other expences	-9.2	-7.7	20	-8.5	8	-33.4	-32.9	2
Depreciation/amortisation	-1.8	-1.8	0	-1.9	-3	-7.3	-7.1	3
<b>Total expenses</b>	<b>-25.2</b>	<b>-22.7</b>	<b>11</b>	<b>-25.3</b>	<b>0</b>	<b>-97.8</b>	<b>-99.8</b>	<b>-2</b>
<b>Profit before impairment losses</b>	<b>7.0</b>	<b>7.3</b>	<b>-4</b>	<b>7.1</b>	<b>-2</b>	<b>29.8</b>	<b>28.2</b>	<b>6</b>
Net impairment losses on financial assets	0.1	-0.3		-0,6		-0.8	-2.1	-61
<b>Net operating profit</b>	<b>7.1</b>	<b>7.0</b>	<b>1</b>	<b>6.5</b>	<b>9</b>	<b>29.0</b>	<b>26.0</b>	<b>11</b>
Income taxes	-1.4	-1.5	-5	-1.3	4	-6.1	-5.3	14
<b>Profit for the report period</b>	<b>5.7</b>	<b>5.6</b>	<b>2</b>	<b>5.2</b>	<b>10</b>	<b>22.9</b>	<b>20.7</b>	<b>11</b>
Attributable to:								
<b>Shareholders in Bank of Åland Plc</b>	<b>5.7</b>	<b>5.6</b>	<b>2</b>	<b>5.2</b>	<b>10</b>	<b>22.9</b>	<b>20.7</b>	<b>11</b>

Volume

Receivables from the public	4,022	3,978	1	3,979	1			
Deposits from the public	3,304	3,085	7	3,148	5			
Actively managed assets 1	5,177	5,849	-11	5,737	-10			
Equity capital	242	237	2	234	4			
Balance sheet total	5,558	5,484	1	5,352	4			
Risk exposure amount	1,578	1,565	1	1,538	3			
Financial ratios								
Return on equity after taxes, % (ROE) 2	9.4	9.4		8.8		9.8	9.1	
Expense/income ratio 3	0.78	0.76		0.78		0.77	0,78	
Loan loss level, % 4	0.00	0.03		0.06		0.02	0.06	
Liquidity coverage ratio (LCR), % 5	120	131		142				
Loan/deposit ratio, % 6	122	129		126				
Core funding ratio, % 7	90	91		88				
Equity/assets ratio, % 8	4.4	4.3		4.4				
Common equity Tier 1 capital ratio, % 9	13.0	13.2		12.9				
Earnings per share, EUR 10	0.37	0.36	2	0.34	9	1.48	1.35	10
Earnings per share after dilution, EUR	0.37	0.36	2	0.34	8	1.48	1.34	10
Equity capital per share, EUR 11	15.67	15.34	2	15.14	4			
Equity capital per share after dilution, EUR	15.58	15,25	2	15.02	4			
Market price per Series A share, EUR	13.30	14.70	-10	14.20	-6			
Market price per Series B share, EUR	13.10	13.85	-5	14.05	-7			
Number of shares outstanding (not own shares), 000s	15,472	15,472		15, 435	0			
Number of shares outstanding (not own shares), after dilution, 000s	15,590	15,580	0	15, 586	0			
Working hours re-calculated to full-time equivalent positions	692	702	-1	693	0	691	691	0

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 / Receivables from the public at the beginning of the period

5 Liquidity coverage ratio (LCR) = liquid assets, level 1 and 2 / 30-day net outflow 6 Receivables from the public / Deposits from the public

7 Receivables from the public / Deposits including certificates of deposit, index bonds and debentures issued to the public plus covered bonds issue

8 Equity capital / Balance sheet total.

9 (Common equity Tier 1 capital / Capital requirement) x 8%.

10 Shareholders' portion of earnings for the period / Average number of shares.

11 Shareholders' portion of equity capital / Number of shares less own shares on closing day.

IFRS 9 has been applied starting on January 1, 2018. Figures from historical periods have not been restated.

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 2018, which is enclosed with this stock exchange release. The Bank's Year-end Report for the period January - december 2018 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\\_18.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_18.pdf)

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**Attachment**

- [alandsbanken\\_en\\_resultat\\_jan-dec\\_18](#)