

# Bank of Åland Plc: Half-Year Financial Report for the period January - June 2017

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Bank of Åland Half Year financial report Bank of Åland Plc: Half-Year Financial Report for the period January - June 2017 Mariehamn, 2017-07-20 08:00 CEST (GLOBE NEWSWIRE) -- Ålandsbanken Abp Half-Year Financial Report July 20, 2017 9:00 am Half-Year Financial Report for the period January - June 2017 "Business with our new and existing customers continued to develop nicely during the second quarter. We grew deposits by 10 per cent, lending by 8 per cent and actively managed assets by 45 per cent year-on-year. Because of negative market interest rates, however, net interest income did not grow at the same pace as volume, while net commission income (+19 per cent) clearly benefited from the growth of customers' financial investment business. "Early in July we put our new capital market system into service in Sweden, marking a further milestone in the task of modernising and streamlining our operations." Peter Wiklöf, Managing Director January–June 2017 compared to January-June 2016 -- Net operating profit decreased by 2 per cent to EUR 12.3 M (12.6). -- Profit for the period attributable to shareholders was unchanged at EUR 9.8 M (9.8). -- Net interest income was unchanged at EUR 27.5 M (27.5). -- Net commission income rose by 13 per cent to EUR 24.9 M (22.1). -- Total expenses increased by 9 per cent to EUR 50.2 M (46.0). -- Net impairment losses on loans (including recoveries) amounted to EUR 1.0 M (2.1), equivalent to a loan loss level of 0.05 (0.12) per cent. -- Return on equity after taxes (ROE) amounted to 8.8 (9.2) per cent. -- Earnings per share amounted to EUR 0.64 (0.64). -- The common equity Tier 1 capital ratio, not taking into account transitional rules, amounted to 12.5 per cent (11.8 on December 31, 2016). The second quarter of 2017 compared to the second quarter of 2016 -- Net operating profit increased by 8 per cent to EUR 5.0 M (4.6). -- Profit for the period attributable to shareholders increased by 12 per cent to EUR 3.9 M (3.5). -- Net interest income rose by 1 per cent to EUR 13.6 M (13.5). -- Net commission income rose by 19 per cent to EUR 12.8 M (10.8). -- Total expenses increased by 5 per cent to EUR 25.1 M (23.8). -- Net impairment losses on loans (including recoveries) amounted to EUR 0.5 M (1.7), equivalent to a loan loss level of 0.05 (0.19) per cent. -- Return on equity after taxes (ROE) increased to 7.0 (6.5) per cent. -- Earnings per share amounted to EUR 0.26 (0.23). Financial summary Group Q2 Q1 % Q2 % Jan-Ju Jan-Ju % 2017 2017 2016 n n 2017 2016 EUR M Income Net interest income 13,6 13,9 -2 13,5 1 27,5 27,5 0 Net commission income 12,8 12,1 6 10,8 19 24,9 22,1 13 Net income from financial -0,6 0,9 1,9 0,3 3,4 -92 items at fair value Other income 4,6 6,1 -24 3,9 19 10,7 7,7 40 Total income 30,5 32,9 -7 30,1 1 63,5 60,7 5 Staff costs -14,9 -15,9 -6 -14,7 2 -30,9 -28,9 7 Other expences -8,4 -7,7 10 -7,7 10 -16,1 -14,1 14 Depreciation/amortisation -1,7 -1,6 8 -1,5 15 -3,3 -3,0 8 Total expenses -25,1 -25,1 0 -23,8 5 -50,2 -46,0 9 Profit before impairment 5,5 7,8 -30 6,3 -13 13,3 14,7 -10 losses Impairment losses on -0,5 -0,5 13 -1,7 -70 -1,0 -2,1 -55 loans and other commitments Net operating profit 5,0 7,4 -33 4,6 8 12,3 12,6 -2 Income taxes -1,0 -1,5 -30 -1,1 -6 -2,5 -2,8 -8 Profit for the report 3,9 5,9 -33 3,5 12 9,8 9,8 0 period Attributable to: Shareholders in Bank of 3,9 5,9 -33 3,5 12 9,8 9,8 0 Åland Plc Volume Lending to the public 3 915 3 827 2 3 629 8 Deposits from the public 3 190 3 095 3 2 894 10 1 Actively managed assets 2 5 475 4 005 37 3 773 45 Equity capital 224 228 -2 212 6 Balance sheet total 5 263 5 244 0 4 718 12 Risk exposure amount 1 537 1 596 -4 1 500 2 Financial ratios Return on equity after 7,0 10,6 6,5 8,8 9,2 taxes, % (ROE) 3 Expences/income ratio 4 0,82 0,76 0,79 0,79 0,76 Loan loss level, % 5 0,05 0,05 0,19 0,05 0,12 Gross non-performing 0,68 0,72 0,65 receivables, % 6 Level of provisions for 42 41 51 doubtful receivables, % 7 Core funding ratio, % 8 92 89 94 Equity/assets ratio, % 9 4,3 4,4 4,5 Tier 1 capital ratio, % 12,5 11,9 12,4 10 Earnings per share, EUR 0,26 0,38 -33 0,23 12 0,64 0,64 -1 11 Earnings per share after 0,25 0,38 -33 0,23 12 0,63 0,64 -1 dilution, EUR Equity capital per share, 14,60 14,90 -2 13,90 5 EUR 12 Equity capital per share 14,45

14,74 -2 13,81 5 after dilution, EUR Market price per Series A 14,40 14,54 -1 13,86 4 share, EUR Market price per Series B 14,20 14,20 0 13,74 3 share, EUR Number of shares 15 335 15 333 0 15 267 0 outstanding (not own shares), 000s Number of shares 15 590 15 589 0 15 477 1 outstanding (not own shares), after dilution, 000s Working hours 680 689 -1 690 -1 685 678 1 re-calculated to full-time equivalent positions 1 Deposits from the public and public sector entities, including certificates of deposit, index bonds and debentures issued to the public. 2 Actively managed assets encompassed managed assets in the Group's own mutual funds, as well as discretionary and advisory securities volume. 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 Gross doubtful receivables / Lending to the public before provisions for impairment losses. 7 Provisions for individual impairment losses / Gross doubtful receivables. 8 Lending to the public / Deposits including certificates of deposit, index bonds and debentures issued to the public plus covered bonds issued. 9 Equity capital / Balance sheet total. 10 (Core Tier 1 capital / Capital requirement) x 8%. 11 Shareholders' portion of earnings for the period / Average number of shares. 12 Shareholders' portion of equity capital / Number of shares less own 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 2017, which is enclosed with this stock exchange release. The Bank's Half-Year Financial Report for the period January - June 2017 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\\_17.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-jun_17.pdf) Mariehamn, July 20, 2017 THE BOARD OF DIRECTORS For more information please contact: Peter Wiklöf, Managing Director and Chief Executive, Bank of Åland, tel. + 358 (0)40 512 7505 <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=784050&messageId=985862>