

Bank of Åland Plc: Interim Report for the period January - September 2020

22.10.2020

Bank of Åland Plc
Interim Report
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Interim Report for the period January - September 2020

“The Bank of Åland continues to improve its situation, despite the prevailing uncertainty in the world around us. Because of our improved situation, this quarter we can report our best net operating profit ever, EUR 10.7 M. Our business volume, actively managed assets, deposits and lending have all reached new all-time highs thanks to a continued influx of new customers.

“We believe that in terms of net operating profit, we are on our way towards full-year earnings that are better or significantly better than our record-setting 2019 profit of EUR 33.2 M. I am pleased to report that there is a continued healthy demand for the relationship bank we wish to be and that we have employees who – despite the aggravating circumstances of the pandemic – are capable of delivering this.”

Peter Wiklöf, Managing Director and Chief Executive

January - September 2020 compared to January - September 2019

- Net operating profit increased by 14 per cent to EUR 27.4 M (24.1).
- Profit for the period attributable to shareholders rose by 14 per cent to EUR 21.7 M (19.1).
- Net interest income increased by 10 per cent to EUR 44.0 M (39.9).
- Net commission income increased by 15 per cent to EUR 47.9 M (41.7).
- Total expenses increased by 8 per cent to EUR 77.8 M (72.0).
- Net impairment losses on financial assets (including recoveries) totalled EUR 4.9 M (1.4), equivalent to a loan loss level of 0.16 (0.05) per cent.
- Return on equity after taxes (ROE) increased to 10.8 (10.5) per cent.
- Earnings per share increased by 13 per cent to EUR 1.39 (1.23).
- The common equity Tier 1 ratio was unchanged at 13.4 per cent (13.4 on December 31, 2019).
- Revised future outlook: Net operating profit is expected to be better or significantly better in 2020 than in the record year 2019, in other words better or significantly better than EUR 33.2 M.
- Dividend: On January 1, 2021, the Board of Directors intends to approve a dividend of EUR 1.00

per share for the 2019 financial year.

The third quarter of 2020 compared to the third quarter of 2019

- Net operating profit increased by 12 per cent to EUR 10.7 M (9.5).
- Profit for the period attributable to shareholders rose by 12 per cent to EUR 8.5 M (7.6).
- Net interest income increased by 10 per cent to EUR 14.7 M (13.3).
- Net commission income increased by 10 per cent to EUR 15.2 M (13.8).
- Total expenses increased by 10 per cent to EUR 24.8 M (22.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.3 M (0.8), equivalent to a loan loss level of 0.03 (0.08) per cent.
- Return on equity after taxes (ROE) was unchanged at 12.3 (12.3) per cent.
- Earnings per share increased by 12 per cent to EUR 0.55 (0.49).

Financial summary

| Group | Q3 2020 | Q2 2020 | % | Q3 2019 | % | Jan-Sep 2020 | Jan-Sep 2019 | % |
|--|--------------|--------------|-----------|--------------|-----------|-----------------|-----------------|-----------|
| EUR M | | | | | | | | |
| Income | | | | | | | | |
| Net interest income | 14.7 | 14.8 | -1 | 13.3 | 10 | 44.0 | 39.9 | 10 |
| Net commission income | 15.2 | 15.7 | -3 | 13.8 | 10 | 47.9 | 41.7 | 15 |
| Net income from financial items at fair value | 0.6 | 0.0 | | 1.6 | -61 | 1.4 | 2.8 | -50 |
| Other income | 5.3 | 5.7 | -9 | 4.2 | 26 | 16.8 | 13.1 | 28 |
| Total income | 35.8 | 36.3 | -1 | 32.9 | 9 | 110.0 | 97.5 | 13 |
| Staff costs | -15.3 | -15.6 | -2 | -13.4 | 15 | -46.1 | -42.4 | 9 |
| Other expenses | -6.4 | -7.1 | -11 | -6.3 | 0 | -22.5 | -21.1 | 7 |
| Depreciation/amortisation | -3.1 | -3.1 | 2 | -2.9 | 9 | -9.2 | -8.5 | 9 |
| Total expenses | -24.8 | -25.8 | -4 | -22.5 | 10 | -77.8 | -72.0 | 8 |
| Profit before impairment losses | 11.0 | 10.6 | 4 | 10.4 | 6 | 32.3 | 25.5 | 27 |
| Impairment losses on financial assets, net | -0.3 | -0.8 | -61 | -0.8 | -64 | -4.9 | -1.4 | |
| Net operating profit | 10.7 | 9.8 | 9 | 9.5 | 12 | 27.4 | 24.1 | 14 |
| Income taxes | -2.2 | -2.0 | 7 | -1.9 | 11 | -5.7 | -5.0 | 15 |
| Profit for the report period | 8.5 | 7.8 | 10 | 7.6 | 12 | 21.7 | 19.1 | 14 |
| Attributable to: | | | | | | | | |
| Shareholders in Bank of Åland Plc | 8.5 | 7.8 | 10 | 7.6 | 12 | 21.7 | 19.1 | 14 |
| Volume | | | | | | | | |
| Receivables from the public and public sector | 4,221 | 4,188 | 1 | 3,985 | 6 | | | |
| Deposits from the public and public sector | 3,459 | 3,459 | 0 | 3,288 | 5 | | | |
| Actively managed assets 1 | 6,547 | 6,107 | 7 | 5,788 | 13 | | | |
| Equity capital | 280 | 271 | 3 | 247 | 13 | | | |
| Balance sheet total | 5,726 | 5,708 | 0 | 5,555 | 3 | | | |
| Risk exposure amount | 1,693 | 1,661 | 2 | 1,571 | 8 | | | |
| Financial ratios | | | | | | | | |
| Return on equity after taxes, % (ROE) 2 | 12.3 | 11.8 | | 12.3 | | 10.8 | 10.5 | |
| Return on equity after taxes, % (ROE), moving 12-month average to end of report period | 11.0 | 11.0 | | 10.5 | | | | |
| Expense/income ratio 3 | 0.69 | 0.71 | | 0.69 | | 0.71 | 0.74 | |
| Loan loss level, % 4 | 0.03 | 0.08 | | 0.08 | | 0.16 | 0.05 | |
| Liquidity coverage ratio (LCR), % 5 | 138 | 142 | | 163 | | | | |
| Loan/deposit ratio, % 6 | 122 | 121 | | 121 | | | | |
| Core funding ratio, % 7 | 96 | 95 | | 88 | | | | |
| Equity/assets ratio, % 8 | 4.9 | 4.8 | | 4.4 | | | | |
| Common equity Tier 1 capital ratio, % 9 | 13.4 | 14.5 | | 13.3 | | | | |
| Earnings per share, EUR 10 | 0.55 | 0.50 | 10 | 0.49 | 12 | 1.39 | 1.23 | 13 |

| | | | | | | | | |
|--|--------|--------|----|--------|----|------|------|----|
| Earnings per share after dilution, EUR | 0.55 | 0.50 | 10 | 0.49 | 12 | 1.39 | 1.23 | 13 |
| Earnings per share, EUR, moving 12-month average to the end of report period | 1.86 | 1.80 | 3 | 1.63 | 14 | | | |
| Equity capital per share, EUR 11 | 17.95 | 17.41 | 3 | 15.86 | 13 | | | |
| Equity capital per share after dilution, EUR | 17.95 | 17.41 | 3 | 15.83 | 13 | | | |
| Market price per Series A share, EUR | 18.80 | 17.30 | 9 | 14.70 | 28 | | | |
| Market price per Series B share, EUR | 18.80 | 16.85 | 12 | 14.85 | 27 | | | |
| Number of shares outstanding, 000s | 15,586 | 15,586 | 0 | 15,551 | 0 | | | |
| Number of shares outstanding, after dilution, 000s | 15,598 | 15,599 | 0 | 15,587 | 0 | | | |
| Working hours re-calculated to full-time equivalent positions | 773 | 744 | 4 | 713 | 8 | 745 | 698 | 7 |

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 / Lending to 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 and public sector / Deposits from the public and public sector

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

8 Equity capital / Balance sheet total

9 Common equity Tier 1 capital / Risk exposure amount

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

11 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 - September 2020, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - September 2020 is attached to this release in PDF format and is also available on the company's web site at https://www.alandbanken.com/uploads/pdf/result/en_resultat_jan-sep_20.pdf

Mariehamn, October 22, 2020

THE BOARD OF DIRECTORS

For more information please contact:

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Attachment

- [alandbanken_en_resultat_jan-sep_20](https://www.alandbanken.com/uploads/pdf/result/en_resultat_jan-sep_20.pdf)