

Bank of Åland Plc: Interim Report for the period January - September 2019

23.10.2019

Bank of Åland Plc
Interim Report
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"After a good first half of 2019 we have now added a strong third quarter, in which our net operating profit was the highest ever for a single quarter. During this quarter, we continued our effort to provide sustainable products and services by launching Finland's first bond fund to be granted the Nordic Swan Ecolabel. In addition, the Bank of Åland signed a cooperation agreement with ICA Bank, Söderberg & Partners and Ikano Bank to create a new joint mortgage company in Sweden. The Bank of Åland and our subsidiary Crosskey will supply the platform solution for the new mortgage company and contribute our existing knowledge about home mortgage loan management"

Peter Wiklöf, Managing Director and Chief Executive

January–September 2019 compared to January - September 2018

- Net operating profit increased by 13 per cent to EUR 24.1 M (21.3).
- Profit for the period attributable to shareholders rose by 14 per cent to EUR 19.1 M (16.7).
- Net interest income decreased by 3 per cent to EUR 39.9 M (41.2).
- Net commission income increased by 3 per cent to EUR 41.7 M (40.4).
- Total expenses decreased by 2 per cent to EUR 72.0 M (73.2).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.4 M (0.9), equivalent to a loan loss level of 0.05 (0.03) per cent.
- Return on equity after taxes (ROE) amounted to 10.5 (9.6) per cent.
- Earnings per share increased to EUR 1.23 (1.08).
- The common equity Tier 1 ratio amounted to 13.3 per cent (13.0 on December 31, 2018).
- Revised future outlook: The Bank of Åland expects its net operating profit in 2019 to be better than or at about the same level as in 2018.

The third quarter of 2019 compared to the third quarter of 2018

- Net operating profit increased by 24 per cent to EUR 9.5 M (7.7).
- Profit for the period attributable to shareholders rose by 25 per cent to EUR 7.6 M (6.1).
- Net interest income was at an unchanged level and amounted to EUR 13.3 M (13.3).
- Net commission income increased by 9 per cent to EUR 13.8 M (12.7).
- Total expenses increased by 2 per cent to EUR 22.5 M (22.1).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.8 M (0.3), equivalent to a loan loss level of 0.08 (0.03) per cent.
- Return on equity after taxes (ROE) amounted to 12.3 (10.3) per cent.
- Earnings per share amounted to EUR 0.49 (0.39).

Financial summary

Group	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
EUR M								
Income								
Net interest income	13.3	13.4	0	13.3	0	39.9	41.2	-3
Net commission income	13.8	13.8	0	12.7	9	41.7	40.4	3
Net income from financial items at fair value	1.6	0.8		-0.1		2.8	1.3	
Other income	4.2	4.3	-3	4.1	3	13.1	12.5	5
Total income	32.9	32.3	2	30.0	10	97.5	95.4	2
Staff costs	-13.4	-14.5	-8	-13.2	1	-42.4	-42.8	-1
Other expenses	-6.3	-6.0	5	-7.0	-10	-21.1	-24.9	-15
Depreciation/amortisation	-2.9	-2.8	1	-1.8	57	-8.5	-5.5	55
Total expenses	-22.5	-23.4	-4	-22.1	2	-72.0	-73.2	-2
Profit before impairment losses	10.4	8.9	16	7.9	31	25.5	22.2	15
Impairment losses on financial assets, net	-0.8	-0.2		-0.3		-1.4	-0.9	56
Net operating profit	9.5	8.7	9	7.7	24	24.1	21.3	13
Income taxes	-1.9	-1.8	9	-1.6	22	-5.0	-4.5	9
Profit for the report period	7.6	6.9	9	6.1	25	19.1	16.7	14
Attributable to:								
Shareholders in Bank of Åland Plc	7.6	6.9	9	6.1	25	19.1	16.7	14
Volume								
Receivables from the public and public sector	3,985	4,001	0	3,978	0			
Deposits from the public and public sector	3,288	3,225	2	3,085	7			
Actively managed assets 1	5,788	5,637	3	5,849	-1			
Equity capital	247	242	2	237	4			
Balance sheet total	5,555	5,514	1	5,484	1			
Risk exposure amount	1,571	1,577	0	1,565	0			
Financial ratios								
Return on equity after taxes, % (ROE) 2	12.3	11.5		10.3		10.5	9.6	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	10.5	10.0		9.4				
Expense/income ratio 3	0.69	0.72		0.74		0.74	0.77	
Loan loss level, % 4	0.08	0.01		0.03		0.05	0.03	
Liquidity coverage ratio (LCR), % 5	163	165		131				
Loan/deposit ratio, % 6	121	124		129				
Core funding ratio, % 7	88	89		91				
Equity/assets ratio, % 8	4.4	4.4		4.3				
Common equity Tier 1 capital ratio, % 9	13.3	13.3		13.2				
Earnings per share, EUR 10	0.49	0.45	9	0.39	24	1.23	1.08	14
Earnings per share after dilution, EUR	0.49	0.45	10	0.39	25	1.23	1.08	14
Earnings per share, EUR, moving 12-month average to the end of report period	1.63	1.54	6	1.42	15			
Equity capital per share, EUR 11	15.86	15.59	2	15.30	4			
Equity capital per share after dilution, EUR	15.83	15.54	2	15.22	4			
Market price per Series A share, EUR	14.70	14.60	1	14.70				
Market price per Series B share, EUR	14.85	14.55	2	13.85	7			
Number of shares outstanding, 000s	15,551	15,525	0	15,472	1			
Number of shares outstanding, after dilution, 000s	15,587	15,595	0	15,580	0			
Working hours re-calculated to full-time equivalent positions	713	702	2	702	2	698	689	1

- 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 and public sector 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 2019, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - September 2019 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-sep_19.pdf

Mariehamn, October 23, 2019

THE BOARD OF DIRECTORS

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Attachment

- [alandsbanken_en_resultat_jan-sep_19](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-sep_19.pdf)