

Bank of Åland Plc: Half-Year Financial Report for the period January - June 2020

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Bank of Åland Plc
Half-Year Financial Report
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"Looking at net operating profit, the second quarter (EUR 9.8 M) was the best we have ever achieved.

"Our operating profit before impairment losses – which largely consist of provisions for possible future coronavirus effects – was 40 per cent better than in the first half of last year. We achieved this through a clearly higher income level, in which our Swedish operations made especially great progress.

"We are not yet seeing any rising levels of non-performing loans due to the pandemic, but we expect its negative impact to be more clearly visible this coming winter."

Peter Wiklöf, Managing Director and Chief Executive

January - June 2020 compared to January - June 2019

- Net operating profit increased by 15 per cent to EUR 16.7 M (14.5).
- Profit for the period attributable to shareholders rose by 14 per cent to EUR 13.2 M (11.5).
- Net interest income increased by 10 per cent to EUR 29.3 M (26.5).
- Net commission income increased by 17 per cent to EUR 32.6 M (27.9).
- Total expenses increased by 7 per cent to EUR 53.0 M (49.4).
- Net impairment losses on financial assets (including recoveries) totalled EUR 4.6 M (0.6), equivalent to a loan loss level of 0.22 (0.03) per cent.
- Return on equity after taxes (ROE) increased to 10.1 (9.6) per cent.
- Earnings per share increased by 14 per cent to EUR 0.85 (0.74).
- The common equity Tier 1 ratio increased to 14.5 per cent (13.4 on December 31, 2019).
- Future outlook: Due to low visibility and high volatility in the market, until further notice the Bank of Åland has decided to refrain from issuing any outlook for 2020.

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

- Net operating profit increased by 12 per cent to EUR 9.8 M (8.7).
- Profit for the period attributable to shareholders rose by 12 per cent to EUR 7.8 M (6.9).
- Net interest income increased by 11 per cent to EUR 14.8 M (13.4).
- Net commission income increased by 14 per cent to EUR 15.7 M (13.8).

- Total expenses increased by 10 per cent to EUR 25.8 M (23.4).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.8 M (0.2), equivalent to a loan loss level of 0.08 (0.01) per cent.
- Return on equity after taxes (ROE) increased to 11.8 (11.5) per cent.
- Earnings per share increased by 11 per cent to EUR 0.50 (0.45).

Financial summary

Group	Q1 2020	Q1 2020	%	Q2 2019	%	Jan-Jun 2020	Jan-Jun 2019	%
EUR M								
Income								
Net interest income	14.8	14.5	3	13.4	11	29.3	26.5	10
Net commission income	15.7	16.9	-7	13.8	14	32.6	27.9	17
Net income from financial items at fair value	0.0	0.7	-94	0.8	-94	0.8	1.2	-33
Other income	5.7	5.8	0	4.3	33	11.5	8.9	29
Total income	36.3	37.9	-4	32.3	12	74.2	64.6	15
Staff costs	-15.6	-15.2	3	-14.5	7	-30.7	-29.0	6
Other expenses	-7.1	-9.0	-21	-6.0	18	-16.1	-14.8	9
Depreciation/amortisation	-3.1	-3.1	-1	-2.8	8	-6.1	-5.7	8
Total expenses	-25.8	-27.2	-5	-23.4	10	-53.0	-49.4	7
Profit before impairment losses	10.6	10.7	-2	8.9	19	21.3	15.1	40
Impairment losses on financial assets, net	-0.8	-3.8	-79	-0.2		-4.6	-0.6	
Net operating profit	9.8	6.9	41	8.7	12	16.7	14.5	15
Income taxes	-2.0	-1.5	34	-1.8	13	-3.5	-3.0	17
Profit for the report period	7.8	5.4	43	6.9	12	13.2	11.5	14
Attributable to:								
Shareholders in Bank of Åland Plc	7.8	5.4	43	6.9	12	13.2	11.5	14
Volume								
Receivables from the public and public sector	4,188	4,076	3	4,001	5			
Deposits from the public and public sector	3,459	3,409	1	3,225	7			
Actively managed assets ¹	6,107	5,431	12	5,651	8			
Equity capital	271	258	5	242	12			
Balance sheet total	5,708	5,599	2	5,514	4			
Risk exposure amount	1,661	1,589	5	1,577	5			
Financial ratios								
Return on equity after taxes, % (ROE) ²	11.8	8.4		11.5		10.1	9.6	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	11.0	10.9		10.0				
Expense/income ratio ³	0.71	0.72		0.72		0.71	0.77	
Loan loss level, % ⁴	0.08	0.37		0.01		0.22	0.03	
Liquidity coverage ratio (LCR), % ⁵	142	146		165				
Loan/deposit ratio, % ⁶	121	120		124				
Core funding ratio, % ⁷	95	89		89				
Equity/assets ratio, % ⁸	4.8	4.6		4.4				
Common equity Tier 1 capital ratio, % ⁹	14.48	14.40		13.30				
Earnings per share, EUR ¹⁰	0.50	0.35	42	0.45	11	0.85	0.74	14
Earnings per share after dilution, EUR	0.50	0.35	42	0.45	12	0.85	0.74	14
Earnings per share, EUR, moving 12-month average to the end of report period	1.80	1.75	3	1.54	17			
Equity capital per share, EUR ¹¹	17.41	16.54	5	15.59	12			
Equity capital per share after dilution, EUR	17.41	16.54	5	15.54	12			
Market price per Series A share, EUR	17.30	17.00	2	14.60	18			
Market price per Series B share, EUR	16.85	15.70	7	14.55	16			
Number of shares outstanding, 000s	15,586	15,586	0	15,525	0			
Number of shares outstanding, after dilution, 000s	15,599	15,600	0	15,595	0			
Working hours re-calculated to full-time equivalent positions	744	720	3	702	6	734	694	6

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 Half-Year Financial Report for the period January – June 2020, which is enclosed with this stock exchange release. The Bank's Half-Year Financial Report for the period January – June 2020 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_20.pdf

Mariehamn, July 17, 2020

THE BOARD OF DIRECTORS

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Attachment

- [alandsbanken_en_resultat_jan-jun_20](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-jun_20.pdf)