

# Bank of Åland Plc: Interim Report for the period January–June 2015

24.07.2015

Bank of Åland  
Interim report

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Bank of Åland Plc  
Interim Report  
July 24, 2015, 9.00 a.m.

Interim Report for the period January–June 2015

“During the first half of 2015, we saw stable and very satisfactory volume growth in our Private Banking and Premium Banking operations. This growth enables us to maintain strong net commission income and rising net interest income, despite falling market interest rates.

“The market turbulence in Europe caused by the Greek debt crisis seems to have calmed down temporarily, but financial markets are very likely to be characterised by high volatility and underlying worries during the foreseeable future.”

Peter Wiklöf, Managing Director

January–June 2015 compared to January–June 2014

- Net operating profit improved by EUR 9.4 M to EUR 17.3 M (7.9).
- Profit for the period attributable to shareholders improved by EUR 8.6 M to EUR 14.0 M (5.4).
- Net interest income increased by 7 per cent to EUR 25.6 M (23.9).
- Net commission income increased by 17 per cent to EUR 24.7 M (21.2).
- Total expenses decreased by 7 per cent to EUR 45.3 M (48.7).
- Net impairment losses on loans (including recoveries) decreased by 49 per cent to EUR 0.5 M (1.0), equivalent to a loan loss level of 0.03 (0.06) per cent.
- Return on equity after taxes (ROE) increased to 14.2 per cent (6.0).
- Earnings per share amounted to EUR 0.92 (0.38).
- The core Tier 1 capital ratio amounted to 11.1 per cent (December 31, 2014: 10.9 per cent).

- Net operating profit improved by 41 per cent to EUR 7.8 M (5.5).
- Profit for the period attributable to shareholders improved by 56 per cent to EUR 6.2 M (4.0).
- Net interest income increased by 7 per cent to EUR 12.9 M (12.1).
- Net commission income increased by 13 per cent to EUR 11.9 M (10.5).
- Total expenses decreased by 7 per cent to EUR 22.5 M (24.1).
- Net impairment losses on loans (including recoveries) increased to EUR 0.3 M (0.1), equivalent to a loan loss level of 0.04 (0.01) per cent.
- Return on equity after taxes (ROE) increased to 12.5 per cent (8.8).
- Earnings per share amounted to EUR 0.41 (0.28).

Bank of Åland Group	Q2 2015	Q1 2015	% n	Q2 2014	% n	Jan-Ju 2015	Jan-Ju 2014	% n
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Income

Net commission income 11.9 12.9 -7 10.5 13 24.7 21.2 17

Other income 4.1 4.5 -8 5.7 -28 8.6 9.8 -12

Staff costs -14.1 -13.7 3 -13.3 6 -27.8 -26.6 4

Other expenses -6.7 -7.2 -8 -8.8 -24 -13.9 -17.8 -22

Depreciation/amortisation -1.7 -1.9 -10 -2.0 -17 -3.6 -4.3 -16

Total expenses -22.5 -22.8 -2 -24.1 -7 -45.3 -48.7 -7

Profit before impairment	8.1	9.6	-16	5.6	44	17.8	8.8
losses							

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Impairment losses on -0.3 -0.2 65 -0.1 -0.5 -1.0 -49  
loans and other  
commitments  
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Net operating profit 7.8 9.4 -17 5.5 41 17.3 7.9  
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Income taxes -1.6 -1.7 -5 -1.3 28 -3.3 -1.7 93  
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Profit for the report 6.2 7.7 -20 4.3 45 14.0 6.1  
period  
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Attributable to:  
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Non-controlling interests 0.0 0.0 0.3 0.0 0.7  
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Shareholders in Bank of 6.2 7.7 -20 4.0 56 14.0 5.4  
Åland Plc  
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Volume  
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Lending to the public 3,515 3,416 3 3,159 11  
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Deposits from the public 2,755 2,507 10 2,492 11  
1  
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Investment volume 2 6,696 6,973 -4 6,047 11  
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Equity capital 200 203 -1 187 7  
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Balance sheet total 4,851 4,418 10 4,041 20  
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Risk exposure amount 1,619 1,599 1 1,469 10  
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Financial ratios  
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Return on equity after 12.5 15.9 8.8 14.2 6.0  
taxes, % (ROE) 3  
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Expense/income ratio 4 0.73 0.70 0.81 0.72 0.85  
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Loan loss level, % 5 0.04 0.02 0.01 0.03 0.06  
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Gross non-performing 0.65 0.61 1.07  
receivables, % 6

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Level of provisions for 43 68 47  
doubtful receivables, %  
7

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Core funding ratio, % 8 93 103 100

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Equity/assets ratio, % 9 4.1 4.6 4.6

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Tier 1 capital ratio, % 11.1 11.2 11.3  
10

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Earnings per share, EUR 0.41 0.54 -24 0.28 48 0.92 0.38  
11

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Earnings per share after 0.41 0.54 -24 0.28 48 0.92 0.38  
dilution, EUR

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Equity capital per share, 13.18 14.04 -6 12.63 4  
EUR 12

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Equity capital per share 13.15 14.01 -6 12.63 4  
after dilution, EUR

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Market price per Series A 15.50 15.10 3 10.27 51  
share, EUR

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Market price per Series B 15.75 14.15 11 8.45 86  
share, EUR

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Number of shares 15,178 14,415 5 14,398 5  
outstanding (not own  
shares), 000s

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Number of shares 15,278 14,515 5 14,398 6  
outstanding (not own  
shares), after dilution,  
000s

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Working hours 672 645 4 642 5 658 639 3  
re-calculated to  
fulltime equivalent  
positions

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1 Deposits from the public and public sector entities, including certificates  
of deposit, index bonds and debentures issued to the public

- 2 Investment volume encompasses actively managed assets (the Group's own mutual funds, discretionary and advisory managed assets) plus other securities volume in brokerage accounts
- 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 Non-performing receivables more than 90 days / Lending to the public before provisions for impairment losses
- 7 Provisions for individual impairment losses / 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/ Number of shares adjusted for share issue
- 12 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 - June 2015, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - June 2015 is attached to this release in PDF format and is also available on the company's web site at

Mariehamn, July 24, 2015

THE BOARD OF DIRECTORS

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