

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

27.10.2015

Bank of Åland  
Interim report

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

Mariehamn, 2015-10-27 08:00 CET (GLOBE NEWSWIRE) --

Bank of Åland Plc  
Interim Report  
October 27, 2015, 9.00 a.m.

Interim Report for the period January–September 2015

“During the first nine months of 2015, net operating profit improved by 60 per cent to EUR 23.6 per cent.

“During the third quarter, we saw continued negative market interest rates and a relatively large downward correction in the stock market. In spite of this, the Bank of Åland Group had a stable income trend, with net interest income showing especially strong performance. Net impairment provisions of EUR 1.4 million, related to a very limited number of customers, were charged to third quarter earnings.

“We are seeing a continued good influx of customers in all our business areas.”

Peter Wiklöf, Managing Director

January–September 2015 compared to January–September 2014

- Net operating profit improved by 60 per cent to EUR 23.6 M (14.8).
- Profit for the period attributable to shareholders improved by 81 per cent to EUR 19.0 M (10.5).
- Net interest income increased by 7 per cent to EUR 39.2 M (36.7).
- Net commission income increased by 11 per cent to EUR 35.3 M (31.7).
- Total expenses decreased by 5 per cent to EUR 66.9 M (70.6).

- Net impairment losses on loans (including recoveries) increased by 53 per cent to EUR 1.9 M (1.2), equivalent to a loan loss level of 0.08 (0.05) per cent.
- Return on equity after taxes (ROE) increased to 12.7 per cent (7.6).
- Earnings per share increased to EUR 1.25 (0.73).
- The core Tier 1 capital ratio amounted to 11.9 per cent (December 31, 2014: 10.9 per cent).

The third quarter of 2015 compared to the third quarter of 2014

Compared to the third quarter of 2014

- Net operating profit fell by 8 per cent to EUR 6.4 M (6.9).
- Profit for the period attributable to shareholders fell by 1 per cent to EUR 5.1 M (5.1).
- Net interest income increased by 7 per cent to EUR 13.6 M (12.7).
- Net commission income increased by 1 per cent to EUR 10.5 M (10.5).
- Total expenses decreased by 1 per cent to EUR 21.6 M (21.9).
- Net impairment losses on loans (including recoveries) increased to EUR 1.4 M (0.3), equivalent to a loan loss level of 0.16 (0.03) per cent.
- Return on equity after taxes (ROE) decreased to 9.9 per cent (10.9).
- Earnings per share decreased to EUR 0.33 (0.35).

Financial summary

-----					
-					
Bank of Åland Group	Q3 2015	Q2 2015	% 2015	Q3 2014	% 2014
	Jan-2015	Se-2014	Jan-2015	Jan-2014	% 2014
-----					
EUR M					
-----					
Income					
-----					

Net interest income	13.6	12.9	5	12.7	7	39.2	36.7	7
Net commission income	10.5	11.9	-11	10.5	1	35.3	31.7	11
Net income from financial items at fair value	1.5	1.6	-11	1.9	-23	5.5	4.5	22
Other income	3.8	4.1	-9	4.0	-5	12.4	13.7	-10
Total income	29.4	30.6	-4	29.1	1	92.4	86.6	7
Staff costs	-13.2	-14.1	-6	-12.0	10	-40.9	-38.6	6
Other expenses	-6.7	-6.7	0	-7.8	-14	-20.6	-25.6	-19
Depreciation/amortisation	-1.7	-1.7	-2	-2.1	-19	-5.3	-6.4	-17
Total expenses	-21.6	-22.5	-4	-21.9	-1	-66.9	-70.6	-5
Profit before impairment losses	7.8	8.1	-4	7.2	8	25.6	16.0	60
Impairment losses on loans and other commitments	-1.4	-0.3	-0.3	-1.9	-1.2	53		
Net operating profit	6.4	7.8	-18	6.9	-8	23.6	14.8	60
Income taxes	-1.3	-1.6	-19	-1.5	-12	-4.6	-3.2	44
Profit for the report period	5.1	6.2	-18	5.4	-6	19.0	11.6	64
Attributable to:								
Non-controlling interests	0.0	0.0	0.3	-99	0.0	1.1	-100	
Shareholders in Bank of Åland Plc	5.1	6.2	-18	5.1	-1	19.0	10.5	81

---

## Volume

---

Lending to the public 3,531 3,515 0 3,258 8

---

Deposits from the public 2,611 2,755 -5 2,482 5  
1

---

Investment volume 2 6,502 6,696 -3 6,040 8

---

Equity capital 208 200 4 193 8

---

Balance sheet total 4,499 4,851 -7 4,183 8

---

Risk exposure amount 1,558 1,619 -4 1,532 2

---

---

## Financial ratios

---

Return on equity after 9.9 12.5 10.9 12.7 7.6  
taxes, % (ROE) 3

---

Expense/income ratio 4 0.73 0.73 0.75 0.72 0.82

---

Loan loss level, % 5 0.16 0.04 0.03 0.08 0.05

---

Gross non-performing 0.80 0.65 0.54  
receivables, % 6

---

Level of provisions for 35 43 47  
doubtful receivables, %  
7

---

Core funding ratio, % 8 99 93 107

---

Equity/assets ratio, % 9 4.6 4.1 4.6

---

Tier 1 capital ratio, % 11.9 11.1 11.1  
10

---

Earnings per share, EUR 0.33 0.41 -18 0.35 -6 1.25 0.73 72  
11

---

Earnings per share after 0.33 0.41 -18 0.35 -6 1.25 0.72 72  
dilution, EUR

---

Equity capital per share, 13.66 13.18 4 13.14 4  
EUR 12

---

Equity capital per share 13.60 13.15 3 13.11 4  
after dilution, EUR

Market price per Series A 17.48 15.50 13 11.32 54  
share, EUR

Market price per Series B 16.40 15.75 4 9.63 70  
share, EUR

Number of shares 15,208 15,178 0 14,398 6  
outstanding (not own  
shares), 000s

Number of shares 15,338 15,278 0 14,498 6  
outstanding (not own  
shares),  
after dilution, 000s

Working hours 667 672 -1 656 2 661 645 3  
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 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 – September 2015, which is enclosed with this stock exchange release. The Bank`s Interim Report for the period January – September 2015 is attached to this release in PDF format and is also available on the company`s web site at

Mariehamn, October 27, 2015

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