

# Bank of Åland Plc: Half-Year Financial Report for the period January - June 2017

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Bank of Åland  
Half Year financial report

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Ålandsbanken Abp  
Half-Year Financial Report  
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Half-Year Financial Report for the period January - June 2017

“Business with our new and existing customers continued to develop nicely during the second quarter. We grew deposits by 10 per cent, lending by 8 per cent and actively managed assets by 45 per cent year-on-year. Because of negative market interest rates, however, net interest income did not grow at the same pace as volume, while net commission income (+19 per cent) clearly benefited from the growth of customers’ financial investment business.

“Early in July we put our new capital market system into service in Sweden, marking a further milestone in the task of modernising and streamlining our operations.”

Peter Wiklöf, Managing Director

January–June 2017 compared to January-June 2016

- Net operating profit decreased by 2 per cent to EUR 12.3 M (12.6).
- Profit for the period attributable to shareholders was unchanged at EUR 9.8 M (9.8).
- Net interest income was unchanged at EUR 27.5 M (27.5).
- Net commission income rose by 13 per cent to EUR 24.9 M (22.1).
- Total expenses increased by 9 per cent to EUR 50.2 M (46.0).
- Net impairment losses on loans (including recoveries) amounted to EUR 1.0 M (2.1), equivalent to a loan loss level of 0.05 (0.12) per cent.
- Return on equity after taxes (ROE) amounted to 8.8 (9.2) per cent.
- Earnings per share amounted to EUR 0.64 (0.64).
- The common equity Tier 1 capital ratio, not taking into account transitional rules, amounted to 12.5 per cent (11.8 on December 31, 2016).

The second quarter of 2017 compared to the second quarter of 2016

- Net operating profit increased by 8 per cent to EUR 5.0 M (4.6).
- Profit for the period attributable to shareholders increased by 12 per cent to EUR 3.9 M (3.5).
- Net interest income rose by 1 per cent to EUR 13.6 M (13.5).
- Net commission income rose by 19 per cent to EUR 12.8 M (10.8).
- Total expenses increased by 5 per cent to EUR 25.1 M (23.8).
- Net impairment losses on loans (including recoveries) amounted to EUR 0.5 M (1.7), equivalent to a loan loss level of 0.05 (0.19) per cent.
- Return on equity after taxes (ROE) increased to 7.0 (6.5) per cent.
- Earnings per share amounted to EUR 0.26 (0.23).

## Financial summary

Group Q2 Q1 % Q2 % Jan-Ju Jan-Ju %

2017 2017 2016 n n

2017 2016

EUR M

Income

Net interest income 13,6 13,9 -2 13,5 1 27,5 27,5 0

Net commission income 12,8 12,1 6 10,8 19 24,9 22,1 13

Net income from financial -0,6 0,9 1,9 0,3 3,4 -92

items at

fair value

Other income 4,6 6,1 -24 3,9 19 10,7 7,7 40

Total income 30,5 32,9 -7 30,1 1 63,5 60,7 5

Staff costs -14,9 -15,9 -6 -14,7 2 -30,9 -28,9 7

Other expenses -8,4 -7,7 10 -7,7 10 -16,1 -14,1 14

Depreciation/amortisation -1,7 -1,6 8 -1,5 15 -3,3 -3,0 8

Total expenses -25,1 -25,1 0 -23,8 5 -50,2 -46,0 9

Profit before impairment 5,5 7,8 -30 6,3 -13 13,3 14,7 -10  
losses

Impairment losses on -0,5 -0,5 13 -1,7 -70 -1,0 -2,1 -55  
loans and other  
commitments

Net operating profit 5,0 7,4 -33 4,6 8 12,3 12,6 -2

Income taxes -1,0 -1,5 -30 -1,1 -6 -2,5 -2,8 -8

Profit for the report 3,9 5,9 -33 3,5 12 9,8 9,8 0  
period

Attributable to:

Shareholders in Bank of 3,9 5,9 -33 3,5 12 9,8 9,8 0

Åland Plc

Volume

Lending to the public 3 915 3 827 2 3 629 8  
 Deposits from the public 3 190 3 095 3 2 894 10  
 1  
 Actively managed assets 2 5 475 4 005 37 3 773 45  
 Equity capital 224 228 -2 212 6  
 Balance sheet total 5 263 5 244 0 4 718 12  
 Risk exposure amount 1 537 1 596 -4 1 500 2

#### Financial ratios

Return on equity after 7,0 10,6 6,5 8,8 9,2  
 taxes, % (ROE) 3  
 Expenses/income ratio 4 0,82 0,76 0,79 0,79 0,76  
 Loan loss level, % 5 0,05 0,05 0,19 0,05 0,12  
 Gross non-performing 0,68 0,72 0,65  
 receivables, % 6  
 Level of provisions for 42 41 51  
 doubtful receivables, %  
 7  
 Core funding ratio, % 8 92 89 94  
 Equity/assets ratio, % 9 4,3 4,4 4,5  
 Tier 1 capital ratio, % 12,5 11,9 12,4  
 10  
 Earnings per share, EUR 0,26 0,38 -33 0,23 12 0,64 0,64 -1  
 11  
 Earnings per share after 0,25 0,38 -33 0,23 12 0,63 0,64 -1  
 dilution, EUR  
 Equity capital per share, 14,60 14,90 -2 13,90 5  
 EUR 12  
 Equity capital per share 14,45 14,74 -2 13,81 5  
 after dilution, EUR  
 Market price per Series A 14,40 14,54 -1 13,86 4  
 share, EUR  
 Market price per Series B 14,20 14,20 0 13,74 3  
 share, EUR  
 Number of shares 15 335 15 333 0 15 267 0  
 outstanding (not own  
 shares), 000s  
 Number of shares 15 590 15 589 0 15 477 1  
 outstanding (not own  
 shares), after dilution,  
 000s  
 Working hours 680 689 -1 690 -1 685 678 1  
 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 Actively managed assets encompassed managed assets in the Group's own mutual funds, as well as discretionary and advisory securities volume.

- 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 Gross doubtful receivables / Lending to the public before provisions for impairment losses.
- 7 Provisions for individual impairment losses / Gross 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 / Average number of shares.
- 12 Shareholders' portion of equity capital / Number of shares less own 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 2017, which is enclosed with this stock exchange release. The Bank's Half-Year Financial Report for the period January – June 2017 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\\_17.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-jun_17.pdf)

Mariehamn, July 20, 2017

THE BOARD OF DIRECTORS

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<https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=784050&messageId=985862>