

# Bank of Åland Plc: Interim Report for the period January - March 2018

25.04.2018

Bank of Åland Plc: Interim Report for the period January - March 2018 Bank of Åland Plc Interim Report April 25, 2018 9.00 am Interim Report for the period January - March 2018 “During the first quarter of 2018, there was a high activity level among our financial investment customers, which is clearly evident from our strong net commission income. We were also able to enjoy a strong influx of new Private Banking customers, especially in Sweden but also in Finland. In absolute numbers, our quarterly net operating profit of EUR 7.4 M was at the same level as during the corresponding period of last year, but its quality is clearly better this year. “Otherwise the period was characterised by extensive work, both at the Group level and together with our customers, to live up to the new international regulations (MiFID 2 and IFRS 9) that went into effect at the turn of the year.” Peter Wiklöf, Managing Director January - March 2018 compared to January - March 2017

Net operating profit amounted to EUR 7.4 M (7.4). Profit for the period attributable to shareholders decreased by 1 per cent to EUR 5.8 M (5.9). Net interest income increased by 1 per cent to EUR 14.1 M (13.9). Net commission income rose by 9 per cent to EUR 13.2 M (12.1). Total expenses increased by 1 per cent to EUR 25.3 M (25.1). Net impairment losses on financial assets (including recoveries) totalled EUR 0.2 M (0.5), equivalent to a loan loss level of 0.02 (0.05) per cent. Return on equity after taxes (ROE) amounted to 10.1 (10.6) per cent. Earnings per share amounted to EUR 0.38 (0.38). The common equity Tier 1 ratio amounted to 12.5 per cent (12.9 on December 31, 2017). Unchanged future outlook: The Bank of Åland expects its net operating profit in 2018 to be at about the same level as, or better than, in 2017.

Financial summary Group	Q1 2018	Q4 2017	% Q1 2018	% Q1 2017	EUR M
Income Net interest income	14.1	14.1	-1	13.9	1
Net commission income	13.2	12.6	4	12.1	9
Net income from financial items	1.5	1.0	55	0.9	80
Other income	4.1	4.6	-12	6.1	-33
Total income	32.9	32.4	1	32.9	0
Staff costs	-15.1	-14.9	1	-15.9	-5
Other expences	-8.4	-8.5	-2	-7.7	9
Depreciation/amortisation	-1.9	-1.9	-1	-1.6	18
Total expenses	-25.3	-25.3	0	-25.1	1
Profit before impairment losses	7.6	7.1	6	7.8	-3
Impairment losses on financial assets	-0.2	-0.6	-68	-0.5	-56
Net operating profit	7.4	6.5	13	7.4	0
Income taxes	-1.6	-1.3	17	-1.5	4
Profit for the report period	5.8	5.2	12	5.9	-1
Attributable to:					
Shareholders in Bank of Åland Plc	5.8	5.2	12	5.9	-1
Volume Lending to the public	4,020	3,979	1	3,827	5
Deposits from the public	1 3,098	3,148	-2	3,019	3
Actively managed assets	2 5,575	5,737	-3	4,005	39
Equity capital	237	234	1	228	4
Balance sheet total	5,497	5,352	3	5,244	5
Risk exposure amount	1,611	1,538	5	1,596	1
Financial ratios Return on equity after taxes, % (ROE)	3 10.1	8.8	10.6		
Expençe/income ratio	4 0.77	0.78	0.76		
Loan loss level, %	5 0.02	0.06	0.05		
Liquidity coverage ratio (LCR), %	6 148	142	118		
Loan/deposit ratio, %	7 130	126	127		
Core funding ratio, %	8 90	88	89		
Equity/assets ratio, %	9 4.3	4.4	4.4		
Common equity Tier 1 capital ratio, %	10 12.5	12.9	11.9		
Earnings per share, EUR	11 0.38	0.34	11	0.38	-2
Earnings per share after dilution, EUR	0.37	0.34	10	0.38	-2
Equity capital per share, EUR	12 15.33	15.14	1	14.90	3
Equity capital per share after dilution, EUR	15.22	15.02	1	14.74	3
Market price per Series A share, EUR	15.80	14.20	11	14.54	9
Market price per Series B share, EUR	14.75	14.05	5	14.20	4
Number of shares outstanding (not own shares), 000s	15,447	15,435	0	15,333	1
Number of shares outstanding (not own shares), after dilution, 000s	15,585	15,586	0	15,589	0
Working hours re-calculated to full-time equivalent positions	671	693	-3	689	-3
Deposits from the public and public sector enteties	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 loans and other commitments from lending to the public / Lending to the public at the beginning of the period.	6				
Liquidity coverage ratio (LCR) = liquid					

assets, level 1 and 2 / 30-day net outflow 7 Lending to the public / Deposits from the public 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 (Common equity 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. IFRS 9 has been applied starting on January 1, 2018. Figures from historical periods have not been restated. 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 - March 2018, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - March 2018 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-mar\\_18.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-mar_18.pdf) Mariehamn, April 25, 2018 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