

# Bank of Åland Plc: Year-end Report for the period January–December 2019

07.02.2020

Bank of Åland Plc  
Stock Exchange Release  
February 7, 2020, 9.00 a.m.

## **Year-end Report for the period January–December 2019**

“We ended our 100th financial year in a strong way and delivered our best net operating profit ever, EUR 33.2 M, which was 15 per cent higher than the preceding year (29.0). Return on equity after taxes (ROE) exceeded our long-term financial target, ending up at 10.7 per cent for the full year.

“During the fourth quarter, we saw a strong inflow of actively managed assets and healthy lending growth. This growth came primarily from new customers. Overall growth in actively managed assets during 2019 was 23 per cent and resulted in a new record year-end figure, EUR 6,343 M (5,177).

“Because of our positive trend, the Board of Directors expects net operating profit in 2020 to be better than in 2019. The Board is proposing an increased dividend of EUR 0.80 (0.70) per share, and an additional anniversary dividend of EUR 0.20 for our 100th financial year.”

*Peter Wiklöf, Managing Director*

## **January–December 2019 compared to January - December 2018**

- Net operating profit increased by 15 per cent to EUR 33.2 M (29.0).
- Profit for the period attributable to shareholders rose by 15 per cent to EUR 26.3 M (22.9).
- Net interest income decreased by 1 per cent to EUR 53.9 M (54.5).
- Net commission income increased by 7 per cent to EUR 58.0 M (54.3).
- Total expenses were at an unchanged level and amounted to EUR 97.5 M (97.8).
- Net impairment losses on financial assets (including recoveries) totalled EUR 3.2 M (0.8), equivalent to a loan loss level of 0.08 (0.02) per cent.
- Return on equity after taxes (ROE) increased to 10.7 (9.8) per cent.
- Earnings per share increased by 14 per cent to EUR 1.69 (1.48).
- The common equity Tier 1 ratio amounted to 13.4 per cent (13.0).

- The Board of Directors proposes a regular dividend of EUR 0.80 (0.70) per share plus an anniversary dividend of EUR 0.20 per share.
- Future outlook: The Bank of Åland expects its net operating profit in 2020 to be better than in 2019.

## The fourth quarter of 2019 compared to the fourth quarter of 2018

- Net operating profit increased by 18 per cent to EUR 9.1 M (7.7).
- Profit for the period attributable to shareholders rose by 16 per cent to EUR 7.2 M (6.2).
- Net interest income increased by 6 per cent to EUR 14.0 M (13.3).
- Net commission income increased by 17 per cent to EUR 16.3 M (13.9).
- Total expenses increased by 4 per cent to EUR 25.5 M (24.6).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.8 M (-0.1), equivalent to a loan loss level of 0.18 (0.00) per cent.
- Return on equity after taxes (ROE) increased to 11.4 (10.3) per cent.
- Earnings per share increased by 15 per cent to EUR 0.46 (0.40).

## Financial summary

Group	Q4 2019	Q3 2019	%	Q4 2018	%	Jan-Dec 2019	Jan-Dec 2018	%
EUR M								
Income								
Net interest income	14.0	13.3	5	13.3	6	53.9	54.5	-1
Net commission income	16.3	13.8	18	13.9	17	58.0	54.3	7
Net income from financial items at fair value	1.1	1.6	-33	0.2		3.9	1.5	
Other income	5.0	4.2	21	4.9	4	18.1	17.4	4
<b>Total income</b>	<b>36.4</b>	<b>32.9</b>	<b>11</b>	<b>32.3</b>	<b>13</b>	<b>133.9</b>	<b>127.6</b>	<b>5</b>
Staff costs	-14.6	-13.4	9	-14.3	2	-57.0	-57.1	0
Other expenses	-7.6	-6.3	20	-8.5	-11	-28.7	-33.4	-14
Depreciation/amortisation	-3.3	-2.9	17	-1.8	84	-11.8	-7.3	62
<b>Total expenses</b>	<b>-25.5</b>	<b>-22.5</b>	<b>13</b>	<b>-24.6</b>	<b>4</b>	<b>-97.5</b>	<b>-97.8</b>	<b>0</b>
<b>Profit before impairment losses</b>	<b>10.9</b>	<b>10.4</b>	<b>5</b>	<b>7.7</b>	<b>43</b>	<b>36.4</b>	<b>29.8</b>	<b>22</b>
Impairment losses on financial assets, net	-1.8	-0.8		0.1		-3.2	-0.8	
<b>Net operating profit</b>	<b>9.1</b>	<b>9.5</b>	<b>-4</b>	<b>7.7</b>	<b>18</b>	<b>33.2</b>	<b>29.0</b>	<b>15</b>
Income taxes	-1.9	-1.9	-1	-1.5	27	-6.9	-6.1	14
<b>Profit for the report period</b>	<b>7.2</b>	<b>7.6</b>	<b>-5</b>	<b>6.2</b>	<b>16</b>	<b>26.3</b>	<b>22.9</b>	<b>15</b>
Attributable to:								
<b>Shareholders in Bank of Åland Plc</b>	<b>7.2</b>	<b>7.6</b>	<b>-5</b>	<b>6.2</b>	<b>16</b>	<b>26.3</b>	<b>22.9</b>	<b>15</b>
Volume								
Receivables from the public and public sector	4 110	3 985	3	4 022	2			
Deposits from the public and public sector	3 368	3 288	2	3 304	2			
Actively managed assets 1	6 343	5 788	10	5 177	23			
Equity capital	258	247	5	242	7			
Balance sheet total	5 607	5 555	1	5 558	1			
Risk exposure amount	1 583	1 571	1	1 578	0			

Financial ratios

Return on equity after taxes, % (ROE) 2	11.4	12.3	10.3	10.7	9.8		
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	10.7	10.5	9.8				
Expense/income ratio 3	0.70	0.69	0.76	0.73	0.77		
Loan loss level, % 4	0.18	0.08	0.00	0.08	0.02		
Liquidity coverage ratio (LCR), % 5	139	163	120				
Loan/deposit ratio, % 6	122	121	122				
Core funding ratio, % 7	90	88	90				
Equity/assets ratio, % 8	4.6	4.4	4.4				
Common equity Tier 1 capital ratio, % 9	13.4	13.3	13.0				
Earnings per share, EUR 10	0.46	0.49	-5	0.40	15	1.69	1.48
Earnings per share after dilution, EUR	0.46	0.49	-5	0.40	16	1.69	1.48
Earnings per share, EUR, moving 12-month average to the end of report period	1.69	1.63	4	1.48	14		
Equity capital per share, EUR 11	16.61	15.86	5	15.67	6		
Equity capital per share after dilution, EUR	16.59	15.83	5	15.58	6		
Market price per Series A share, EUR	17.00	14.70	16	13.30	28		
Market price per Series B share, EUR	16.55	14.85	11	13.10	26		
Number of shares outstanding, 000s	15 551	15 551		15 472	1		
Number of shares outstanding, after dilution, 000s	15 601	15 587	0	15 590	0		
Working hours re-calculated to full-time equivalent positions	705	713	-1	692	2	700	691

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 / Receivables from 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 / Deposits from the public

7 Receivables from the public / Deposits including certificates of deposit, index bonds and debentures issued to the public plus covered bonds issue

8 Equity capital / Balance sheet total.

9 (Common equity Tier 1 capital / Capital requirement) x 8%.

10 Shareholders' portion of earnings for the period / Average number of shares.

11 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 Year-end Report for the period January - december 2019, which is enclosed with this stock exchange release. The Bank's Year-end Report for the period January - december 2019 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-dec\\_19.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_19.pdf)

For more information please contact:

Peter Wiklöf, Managing Director and Chief Executive, Bank of Åland, tel. + 358 (0)40 512 7505

## Attachment

- [alandsbanken\\_en\\_resultat\\_jan-dec\\_19](#)