

Bank of Åland Plc: Half-Year Financial Report for the period January - June 2019

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Bank of Åland Plc
Half-Year Financial Report
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"In terms of earnings, one of our best quarters ever. Net commission income and total expenses developed satisfactorily. Net interest income decreased due to a lower risk level, where we actively downweighted high-margin lending for commercial properties in favour of lending to private individuals. Net commission income has now surpassed net interest income in size, which shows our ability to generate income from less capital-intensive operations."

Peter Wiklöf, Managing Director and Chief Executive

January–June 2019 compared to January - June 2018

- Net operating profit increased by 7 per cent to EUR 14.5 M (13.6).
- Profit for the period attributable to shareholders rose by 8 per cent to EUR 11.5 M (10.6).
- Net interest income decreased by 5 per cent to EUR 26.5 M (27.9).
- Net commission income increased by 1 per cent to EUR 27.9 M (27.7).
- Total expenses decreased by 3 per cent to EUR 49.4 M (51.1).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.6 M (0.7), equivalent to a loan loss level of 0.03 (0.03) per cent.
- Return on equity after taxes (ROE) amounted to 9.6 (9.3) per cent.
- Earnings per share increased to EUR 0.74 (0.69).
- The common equity Tier 1 ratio amounted to 13.3 per cent (13.0 on December 31, 2018).
- Unchanged future outlook: The Bank of Åland expects its net operating profit in 2019 to be at about the same level as in 2018.

The second quarter of 2019 compared to the second quarter of 2018

- Net operating profit increased by 4 per cent to EUR 8.7 M (8.4).
- Profit for the period attributable to shareholders rose by 5 per cent to EUR 6.9 M (6.6).
- Net interest income decreased by 3 per cent to EUR 13.4 M (13.8).
- Net commission income increased by 3 per cent to EUR 13.8 M (13.4).
- Total expenses decreased by 1 per cent to EUR 23.4 M (23.6).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.2 M (0.5), equivalent to a loan loss level of 0.01 (0.05) per cent.
- Return on equity after taxes (ROE) amounted to 11.5 (11.5) per cent.
- Earnings per share amounted to EUR 0.45 (0.43).

Financial summary

Group	Q2 2019	Q1 2019	%	Q2 2018	%	Jan-Jun 2019	Jan-Jun 2018	%
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EUR M								
Income								
Net interest income	13.4	13.2	2	13.8	-3	26.5	27.9	-5
Net commission income	13.8	14.1	-2	13.4	3	27.9	27.7	1
Net income from financial items at fair value	0.8	0.4	85	0.9	-18	1.2	1.3	-12
Other income	4.3	4.6	-6	4.4	-1	8.9	8.5	5
Total income	32.3	32.3	0	32.5	-1	64.6	65.4	-1
Staff costs								
Other expenses	-6.0	-8.7	-31	-7.3	-18	-14.8	-17.9	-17
Depreciation/amortisation	-2.8	-2.8	-1	-1.8	54	-5.7	-3.7	54
Total expenses	-23.4	-26.0	-10	-23.6	-1	-49.4	-51.1	-3
Profit before impairment losses	8.9	6.2	43	8.9	0	15.1	14.3	6
Impairment losses on financial assets, net	-0.2	-0.4	-62	-0.5	-64	-0.6	-0.7	-9
Net operating profit	8.7	5.8	51	8.4	4	14.5	13.6	7
Income taxes	-1.8	-1.2	47	-1.8	-2	-3.0	-2.9	2
Profit for the report period	6.9	4.6	51	6.6	5	11.5	10.6	8
Attributable to:								
Shareholders in Bank of Åland Plc	6.9	4.6	52	6.6	5	11.5	10.6	8
Volume								
Receivables from the public and public sector	4,001	4,017	0	3,963	1			
Deposits from the public and public sector	3,225	3,107	4	3,095	4			
Actively managed assets 1	5,637	5,476	3	5,650	0			
Equity capital	242	247	-2	229	5			
Balance sheet total	5,514	5,542	-1	5,301	4			
Risk exposure amount	1,577	1,548	2	1,575	0			
Financial ratios								
Return on equity after taxes, % (ROE) 2	11.5	7.6		11.5		9.6	9.3	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	10.0	9.9		9.4				
Expense/income ratio 3	0.72	0.81		0.73		0.77	0.78	
Loan loss level, % 4	0.01	0.05		0.05		0.03	0.03	
Liquidity coverage ratio (LCR), % 5	165	171		135				
Loan/deposit ratio, % 6	124	129		128				
Core funding ratio, % 7	89	90		90				
Equity/assets ratio, % 8	4.4	4.5		4.3				
Common equity Tier 1 capital ratio, % 9	13.3	13.4		12.7				
Earnings per share, EUR 10	0.45	0.30	51	0.43	5	0.74	0.69	8
Earnings per share after dilution, EUR	0.45	0.30	51	0.42	5	0.74	0.68	8
Earnings per share, EUR, moving 12-month average to the end of report period	1.54	1.52	1	1.40	10			
Equity capital per share, EUR 11	15.59	15.91	-2	14.85	5			
Equity capital per share after dilution, EUR	15.54	15.86	-2	14.75	5			
Market price per Series A share, EUR	14.60	15.10	-3	14.50	1			
Market price per Series B share, EUR	14.55	14.20	2	13.50	8			
Number of shares outstanding, 000s	15,525	15,525		15,448	1			
Number of shares outstanding, after dilution, 000s	15,595	15,595	0	15,586	0			
Working hours re-calculated to full-time equivalent positions	702	683	3	693	1	694	686	1

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 and public sector 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 and public sector / Deposits from the public and public sector

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

8 Equity capital / Balance sheet total

9 Common equity Tier 1 capital / Risk exposure amount

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

11 Shareholders' portion of 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 Half-Year Financial Report for the period January - June 2019, which is enclosed with this stock exchange release. The Bank`s Half-Year Financial Report for the period January - June 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-jun_19.pdf

Mariehamn, July 18, 2019

THE BOARD OF DIRECTORS

For more information please contact:

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

Attachment

- [alandsbanken_en_resultat_jan-jun_19](#)