

# Bank of Åland Plc: Interim Report for the period January-March 2020

24.04.2020

Bank of Åland Plc  
Interim Report  
April 24, 2020 9.00 am

## **Interim Report for the period January-March 2020**

“The Bank of Åland began this year with higher income. Net interest income of EUR 14.5 M was 10 per cent better and net commission income of EUR 16.9 M was 20 per cent better than in the corresponding period of 2019. The Bank’s operating profit before impairment losses was 72 per cent better than in the same period last year.

“Everyone knows that the coronavirus pandemic will lead to a far-reaching economic downturn, but no one knows how long and deep it will be. The Bank of Åland is preparing itself for this economic downturn by significantly increasing its model-driven impairment loss reserves and taking a total of EUR 3.8 M in impairment losses (EUR 0.4 M in Q1 2019).

“The net operating profit of the Bank in the first quarter of 2020 rose by 19 per cent to EUR 6.9 M, which is satisfactory under the prevailing circumstances.”

*Peter Wiklöf, Managing Director and Chief Executive*

## **January-March 2020 compared to January-March 2019**

- Net operating profit increased by 19 per cent to EUR 6.9 M (5.8).
- Profit for the period attributable to shareholders rose by 19 per cent to EUR 5.4 M (4.6).
- Net interest income increased by 10 per cent to EUR 14.5 M (13.2).
- Net commission income increased by 20 per cent to EUR 16.9 M (14.1).
- Total expenses increased by 4 per cent to EUR 27.2 M (26.0).
- Net impairment losses on financial assets (including recoveries) totalled EUR 3.8 M (0.4), equivalent to a loan loss level of 0.37 (0.05) per cent.
- Return on equity after taxes (ROE) increased to 8.4 (7.6) per cent.
- Earnings per share increased by 18 per cent to EUR 0.35 (0.30).
- The common equity Tier 1 ratio increased to 14.4 per cent (13.4).

- Revised future outlook: Due to low visibility and high volatility in the market, until further notice the Bank of Åland has decided to refrain from issuing any outlook for 2020.

## Financial summary

Group	Q1 2020	Q4 2019	%	Q1 2019	%
EUR M					
Income					
Net interest income	14.5	14.0	3	13.2	10
Net commission income	16.9	16.3	4	14.1	20
Net income from financial items at fair value	0.7	1.1	-32	0.4	80
Other income	5.8	5.0	15	4.6	26
<b>Total income</b>	<b>37.9</b>	<b>36.4</b>	<b>4</b>	<b>32.3</b>	<b>18</b>
Staff costs	-15.2	-14.6	4	-14.5	5
Other expenses	-9.0	-7.6	18	-8.7	3
Depreciation/amortisation	-3.1	-3.3	-8	-2.8	8
<b>Total expenses</b>	<b>-27.2</b>	<b>-25.5</b>	<b>7</b>	<b>-26.0</b>	<b>4</b>
<b>Profit before impairment losses</b>	<b>10.7</b>	<b>10.9</b>	<b>-2</b>	<b>6.2</b>	<b>72</b>
Impairment losses on financial assets, net	-3.8	-1.8		-0.4	
<b>Net operating profit</b>	<b>6.9</b>	<b>9.1</b>	<b>-24</b>	<b>5.8</b>	<b>19</b>
Income taxes	-1.5	-1.9	-22	-1.2	23
<b>Profit for the report period</b>	<b>5.4</b>	<b>7.2</b>	<b>-24</b>	<b>4.6</b>	<b>18</b>
Attributable to:					
<b>Shareholders in Bank of Åland Plc</b>	<b>5.4</b>	<b>7.2</b>	<b>-24</b>	<b>4.6</b>	<b>19</b>
Volume					
Receivables from the public and public sector	4,076	4,110	-1	4,017	1
Deposits from the public and public sector	3,409	3,368	1	3,107	10
Actively managed assets <sup>1</sup>	5,431	6,343	-14	5,476	-1
Equity capital	258	258	0	247	4
Balance sheet total	5,599	5,607	0	5,542	1
Risk exposure amount	1,589	1,583	0	1,548	3
Financial ratios					
Return on equity after taxes, % (ROE) <sup>2</sup>	8.4	11.4		7.6	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	10.9	10.7		9.9	
Expense/income ratio <sup>3</sup>	0.72	0.70		0.81	
Loan loss level, % <sup>4</sup>	0.37	0.18		0.05	
Liquidity coverage ratio (LCR), % <sup>5</sup>	146	139		171	
Loan/deposit ratio, % <sup>6</sup>	120	122		129	
Core funding ratio, % <sup>7</sup>	89	90		90	
Equity/assets ratio, % <sup>8</sup>	4.6	4.6		4.5	
Common equity Tier 1 capital ratio, % <sup>9</sup>	14.4	13.3		13.4	
Earnings per share, EUR <sup>10</sup>	0.35	0.46	-25	0.30	18
Earnings per share after dilution, EUR	0.35	0.46	-24	0.30	18
Earnings per share, EUR, moving 12-month average to the end of report period	1.75	1.69	3	1.52	15
Equity capital per share, EUR <sup>11</sup>	16.54	16.61	0	15.91	4
Equity capital per share after dilution, EUR	16.54	16.59	0	15.86	4
Market price per Series A share, EUR	17.00	17.00		15.10	13
Market price per Series B share, EUR	15.70	16.55	-5	14.20	11
Number of shares outstanding, 000s	15,586	15,551	0	15,525	0
Number of shares outstanding, after dilution, 000s	15,600	15,601	0	15,595	0

Working hours re-calculated to full-time equivalent positions	720	705	2	683	5
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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 / Lending to 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 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 covered bonds 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 Interim Report for the period January–March 2020, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January – March 2020 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\\_20.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-mar_20.pdf)

Mariehamn, April 24, 2020

THE BOARD OF DIRECTORS

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## Attachment

- [alandsbanken\\_en\\_resultat\\_jan-mar\\_20](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-mar_20.pdf)