

# Interim Report for the period January–March 2016

26.04.2016

Bank of Åland Plc Interim Report April 26, 2016, 9.00 a.m. Interim Report for the period January–March 2016 “Strong quarterly earnings, but we are seeing negative market interest rates squeezing our net interest income. During the first quarter, our deposits rose sharply (8 per cent) and we had a continued positive inflow to our financial investment services. Our customers’ actively managed assets thus grew by 1 per cent despite falling stock markets during the quarter.” Peter Wiklöf, Managing Director January–March 2016 compared to January–March 2015 -- Net operating profit decreased by 15 per cent to EUR 8.0 M (9.4). -- Profit for the period attributable to shareholders decreased by 18 per cent to EUR 6.3 M (7.7). -- Net interest income increased by 10 per cent to EUR 13.9 M (12.7). -- Net commission income decreased by 12 per cent to EUR 11.3 M (12.9). -- Total expenses decreased by 3 per cent to EUR 22.2 M (22.8). -- Net impairment losses on loans (including recoveries) increased to EUR 0.4 M (0.2), equivalent to a loan loss level of 0.05 (0.02) per cent. -- Return on equity after taxes (ROE) decreased to 11.7 (15.9) per cent. -- Earnings per share decreased by 23 per cent to EUR 0.41 (0.54). -- The core Tier 1 capital ratio increased to 12.5 per cent (12.0 on December 31, 2015). Financial summary -----

Bank of Åland Group	Q1	Q4	%	Q1	%	2016	2015	2015
EUR M								
Income								
Net interest income	13.9	14.8	-6	12.7	10			
Net commission income	11.3	11.2	1	12.9	-12			
Net income from financial items at fair value	1.5	2.5	-40	2.4	-39			
Other income	3.8	4.0	-5	4.5	-15			
Total income	30.6	32.4	-6	32.4	-6			
Staff costs	-14.2	-15.1	-6	-13.7	4			
Other expenses	-6.4	-8.0	-20	-7.2	-11			
Depreciation/amortisation	-1.5	-1.6	-2	-1.9	-19			
Total expenses	-22.2	-24.7	-10	-22.8	-3			
Profit before impairment losses	8.4	7.8	8	9.6	-13			
Impairment losses on loans and other commitments	-0.4	-1.1	-64	-0.2				
Net operating profit	8.0	6.6	21	9.4	-15			
Income taxes	-1.7	-1.3	24	-1.7	-2			
Profit for the report period	6.3	5.3	20	7.7	-18			
Attributable to:								
Non-controlling interests	0.0	0.0	-77	0.0				
Shareholders in Bank of Åland Plc	6.3	5.3	20	7.7	-18			
Volume								
Lending to the public	3,594	3,617	-1	3,416	5			
Deposits from the public	1,289	2,675	8	2,507	16			
Investment volume	2,681	5,076	-4	6,973	-2			
Equity capital	219	213	3	203	8			
Balance sheet total	4,715	4,602	2	4,418	7			
Risk exposure amount	1,542	1,581	-2	1,599	-4			

Financial ratios				Return on			
equity after taxes, % (ROE)	3	11.7	9.9	15.9			
Expense/income ratio	4	0.73	0.76	0.70			
Loan loss level, %	5	0.05	0.13	0.02	Gross		
non-performing receivables, %	6	0.79	0.87	0.61			
Level of provisions for doubtful receivables, %	7	37	34	68			
Core funding ratio, %	8	93	100	103			
Equity/assets ratio, %	9	4.6	4.6	4.6			
Tier 1 capital ratio, %	10	12.5	12.0	11.4			
Earnings per share, EUR	11	0.41	0.35	20	0.54	-23	
Earnings per share after dilution, EUR		0.41	0.34	20	0.54	-23	
Equity capital per share, EUR	12	14.36	14.00	3	14.04	2	
Equity capital per share after dilution, EUR		14.26	13.94	2	14.01	2	
Market price per Series A share, EUR		16.19					
Market price per Series B share, EUR		15.30	15.60	-2	14.15	8	
Number of shares outstanding (not own shares), 000s		15,267	15,208	0	14,415	6	000s
Number of shares outstanding (not own shares), 000s after dilution, 000s		15,478	15,411	0	14,515	7	
Working hours recalculated to full-time equivalent positions		667	658	1	661	1	

1. Deposits from the public and public sector entities, including certificates of deposit, index bonds and debentures issued to the public  
2. Investment volume encompasses actively managed assets (the Group's own mutual funds, discretionary and advisory managed assets) plus other securities volume in brokerage accounts  
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. 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 Interim Report for the period January – March 2016, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January – March 2016 is attached to this release in PDF format and is also available on the company's web site at [https://www.alandbanken.com/uploads/pdf/result/en\\_resultat\\_jan-mar\\_16.pdf](https://www.alandbanken.com/uploads/pdf/result/en_resultat_jan-mar_16.pdf)

Mariehamn, April 26, 2016  
THE BOARD OF DIRECTORS  
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