

# Bank of Åland Plc: Interim Report for the period January–September 2014

28.10.2014

Bank of Åland Interim report Bank of Åland Plc: Interim Report for the period January–September 2014 Mariehamn, 2014-10-28 08:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc Interim Report 28.10.2014 9.00 hrs Interim Report for the period January–September 2014 “All business areas are continuing to improve their net operating profit. Over a two-year period, we have continuously improved the Bank of Åland Group's earnings, and I am very pleased that this quarter we generated a return on equity after taxes (ROE) of 10.9 per cent. “We have nevertheless seen the operating conditions for the banking business become more difficult after the summer as market interest rates have fallen to historical lows. Stock markets have also plummeted. We are seeing a persistently positive influx of customers, but the above-mentioned market conditions will make it challenging to continue our positive trend of earnings quarter by quarter.” Peter Wiklöf, Managing Director January/September 2014 compared to January/September 2013 • Net operating profit improved by EUR 8.0 M to EUR 14.8 M (6.8). • Profit for the period attributable to shareholders improved by EUR 7.6 M to EUR 11.2 M (3.6). • Net interest income increased by 19 per cent to EUR 36.7 M (30.8). • Net commission income increased by 7 per cent to EUR 31.7 M (29.6). • Total expenses increased by 2 per cent to EUR 70.6 M (68.9). • Net impairment losses on loans (including recoveries) decreased by 52 per cent to EUR 1.2 M (2.6), equivalent to a loan loss level of 0.05 (0.12) per cent. • Return on equity after taxes (ROE) amounted to 7.6 per cent (2.8). • Earnings per share amounted to EUR 0.73 (0.25). • The core Tier 1 capital ratio, excluding the Basel I floor effect, amounted to 11.1 per cent (December 31, 2013: 10.8 per cent). Financial summary ----- - Bank of Åland

Group	Q3 2014	Q2 2014	% Q3 2014	Jan-Se 2014	% Jan-Se 2014	Q3 2013	% Q3 2013	Jan-Se 2013	% Jan-Se 2013
----- EUR M -----									
----- Income -----									
	12.7	12.1	6	11.2	14	36.7	30.8	19	
	----- Net interest income -----								
	10.5	10.5	0	10.4	1	31.7	29.6	7	
	----- Net commission income -----								
	----- Net income from								
	1.9	1.5	26	0.8	4.5	6.4	-28	items at fair value	
	----- Other income -----								
	4.0	5.7	-31	3.7	7	13.7	11.6	19	
	----- Total income -----								
	29.1	29.8	-2	26.1	11	86.6	78.3	11	
	----- Staff costs -----								
	-12.0	-13.3	-10	-11.7	3	-38.6	-37.9	2	
	----- Other expenses -----								
	-7.8	-11	-8.9	-12	-25.6	-25.2	2		
	----- Depreciation/amortisation -----								
	-2.1	-2.0	1	-2.1	-1	-6.4	-5.8	9	
	----- Total expenses -----								
	-21.9	-24.1	-9	-22.6	-3	-70.6	-68.9	2	
	----- Profit before								
	7.2	5.6	27	3.5	16.0	9.4	71	losses	
	----- Impairment losses on								
	-0.3	-0.1	-1.6	-83	-1.2	-2.6	-52	loans and other commitments	
	----- Net operating profit -----								
	6.9	5.5	25	1.9	14.8	6.8			
	----- Income taxes -----								
	-1.5	-1.3	18	-1.1	41	-3.4	-2.3	38	
	----- Profit for the report -----								
	5.4	4.3	27	0.8	11.6	4.4	period		
	----- Attributable to: -----								
	0.3	0.3	10	0.3	13	1.1	0.8	30	
	----- Non-controlling interests -----								
	5.1	4.0	28	0.5	10.5	3.6	Åland Plc		
	----- Shareholders in Bank of -----								

	2013	2014	2015	2016	2017	2018	2019
Volume							
Lending to the public	3,258	3,159	3,307	4,074	6		
Deposits from the public	2,482	2,492	0	2,485	0	1	
Managed assets	4,770	4,810	-1	4,271	12		
Equity capital	193	187	3	179	8		
Balance sheet total	4,183	4,041	4	3,871	8		
Risk-weighted assets	1,532	1,469	4	1,479	4		

Financial ratios ----- Return on equity after 10.9  
8.8 1.2 7.6 2.8 taxes, % (ROE) 2 -----

Expense/income ratio 3 0.75 0.81 0.87 0.82 0.88 -----

----- Loan loss level, % 4 0.04 0.01 0.23 0.05 0.12 -----

----- Gross non-performing 0.54 0.38 0.60 receivables, % 5 -----

----- Level of provisions for 47 47 59 doubtful receivables, % 6 -----

----- Core funding ratio, % 7 107 100 105 -----

----- Equity/assets ratio, % 8 4.6 4.6 4.6 -----

----- Tier 1 capital ratio, 11.2 11.3 10.5 excluding Basel 1 floor effect, % 9 -----

----- Earnings per share, EUR 0.35 0.28 28 0.04 0.73 0.25 10

----- Ea rnings per share after 0.35 0.72 dilution,

EUR ----- Equity capital per share, 13.14 12.77 3

12.20 8 EUR 11 ----- Equity capital per share

13.11 after dilution, EUR ----- Market price per

Series A 11.32 10.27 10 12.50 -9 share, EUR -----

- Market price per Series B 9.63 8.45 14 8.50 13 share, EUR -----

----- Number of shares 14,398 14,398 0 14,395 0 outstanding (not own shares), 000s -----

----- Number of shares 14,498 outstanding (not own

shares), after dilution, 000s ----- Working hours

656 642 2 622 5 645 612 5 re-calculated to full-time equivalent positions -----

----- 1 Deposits from the public and public sector entities, including

certificates of deposit, index bonds and debentures issued to the public 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 on January 1 5

Non-performing receivables more than 90 days / Lending to the public before provisions for

impairment losses 6 Provisions for individual impairment losses / Doubtful receivables 7 Lending to

the public / Deposits including cer tificates of deposit, index bonds and debentures issued to the

public plus covered covered bonds issued 8 Equity capital / Balance sheet total 9 (Core Tier 1 capital / Capital

requirement) x 8 % 10 Shareholders' portion of earnings for the period/ Number of shares adjusted for

share issue 11 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 - September 2014, which is enclosed with this stock exchange release. The Bank's Interim

Report for the period January - September 2014 is attached to this release in PDF format and is also

available on the company's web site at

[http://www.alandsbanken.fi/info/opencms/pdf/result/en\\_resultat\\_jan-sep\\_14.pdf](http://www.alandsbanken.fi/info/opencms/pdf/result/en_resultat_jan-sep_14.pdf) Mariehamn, October

28, 2014 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