

# 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									
Net interest income	12.7	12.1	6	11.2	14	36.7	30.8	19	
Net commission income	10.5	10.5	0	10.4	1	31.7	29.6	7	
Net income from financial items at fair value	1.9	1.5	26	0.8	4.5	6.4	-28		
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	
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Staff costs	-12.0	-13.3	-10	-11.7	3	-38.6	-37.9	2	
Other expenses	-7.8	-8.8	-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	
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Profit before impairment losses	7.2	5.6	27	3.5	16.0	9.4	71		
Impairment losses on loans and other commitments	-0.3	-0.1	-1.6	-1.2	-2.6	-52			
Net operating profit	6.9	5.5	25	1.9	14.8	6.8			
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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			
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Attributable to:									
Non-controlling interests	0.3	0.3	10	0.3	13	1.1	0.8	30	
Shareholders in Bank of Åland Plc	5.1	4.0	28	0.5	10.5	3.6			

	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	2013	2014	2015	2016	2017	2018	2019
Return on equity after taxes, % (ROE)	8.8	1.2	7.6	2.8			10.9
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 receivables, %	5	0.54	0.38	0.60			
Level of provisions for doubtful receivables, %	6	47	47	59			
Core funding ratio, %	7	107	100	105			
Equity/assets ratio, %	8	4.6	4.6	4.6			
Tier 1 capital ratio, excluding Basel 1 floor effect, %	9	11.2	11.3	10.5			
Earnings per share, EUR		0.35	0.28	28	0.04	0.73	0.25
Earnings per share after dilution, EUR		0.35	0.72				
Equity capital per share		13.14	12.77	3			
Equity capital per share after dilution, EUR		12.20	8	11			
Market price per Series A share, EUR		11.32	10.27	10	12.50	-9	
Market price per Series B share, EUR		9.63	8.45	14	8.50	13	
Number of shares outstanding (not own shares), 000s		14,398	14,398	0	14,395	0	
Number of shares outstanding (not own shares), after dilution, 000s		14,498					
Working hours re-calculated to full-time equivalent positions		656	642	2	622	5	645
		612	5				

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 certificates of deposit, index bonds and debentures issued to the public plus 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

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