

Bank of Åland Plc and Ålandsbanken Asset Management Ab initiate merger

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Bank of Åland Company Announcement Bank of Åland Plc and Ålandsbanken Asset Management Ab initiate merger Mariehamn, 2015-01-07 11:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc Stock exchange release January 7, 2015, 12.00 Bank of Åland Plc and Ålandsbanken Asset Management Ab initiate merger The Bank of Åland (Ålandsbanken) and Ålandsbanken Asset Management have reached an agreement to merge during the first half of 2015. The boards of both companies approved the merger plan on January 7, 2015. Ålandsbanken Asset Management, with operations in Finland, is a subsidiary of the Bank of Åland in which 30 per cent of ownership is held by employees of the company. Ålandsbanken Asset Management was founded in 2000 and reported a net operating profit of EUR 3.9 M in the first nine months of 2014. The company has 28 employees and manages about EUR 1.6 billion of the Group's total managed assets of approximately EUR 4.8 billion. Last autumn, the Bank of Åland started a project aimed at coordinating the Bank's asset management units in Finland and Sweden. A well-implemented coordination will unify and strengthen the Bank's range of services in all business areas. Certain overlapping units can also be phased out. Stefan Gothenby has been appointed Chief Investment Officer (CIO) of the Bank of Åland. Jonny Sundström, Ålandsbanken Asset Management's current CIO and Head of Fixed Income, has been appointed as Head of Fixed Income at the Bank. Albert Haeggström has been appointed as the Bank's Head of Equities. In the Finnish Mainland business area, the customer side of Ålandsbanken Asset Management is being coordinated with Private Banking in Helsinki. Christian Wetterstrand, currently Managing Director of Ålandsbanken Asset Management is being appointed as Head of the newly coordinated Private Banking unit. Maria Bernas-Hilli, General Manager, is being appointed as Assistant Head of the unit. As consideration for the merger, the minority shareholders of Ålandsbanken Asset Management will receive 762,912 newly issued Series B shares in the Bank of Åland plus a cash portion equivalent to 10 per cent of the value of the newly issued shares. These shares will entitle their holders to 5 per cent ownership in the Bank of Åland and 0.55 per cent of voting power. The merger will have no impact on the 2014 income statement or balance sheet, yet despite dilution it is expected to boost the Bank of Åland Group's earnings per share and return on equity after taxes (ROE) during 2015. Its impact on the Bank's core Tier 1 capital will be marginal. If the merger had been implemented during 2014 the Group's pro forma earnings - calculated on the basis of January-September 2014 earnings and the Group's financial position on September 30, 2014 and without taking into account any synergies - would have climbed from EUR 0.73 to EUR 0.75 per share despite dilution, and return on equity after taxes (ROE) would have improved by about 0.7 percentage points from 7.6 to 8.3 per cent. Equity capital per share would have decreased from EUR 13.14 to EUR 12.44. The core Tier 1 capital ratio would have been adversely affected only marginally, remaining at an unchanged 11.1 per cent. The Bank of Åland will issue its forecast for 2015 in conjunction with publication of its Year-end Report for 2014 on February 13, 2015. For further information, please contact: Peter Wiklöf, Managing Director and Chief Executive, Bank of Åland Plc, tel +358 40 512 7505 Anne-Maria Salenius, Director, Finnish Mainland Business Area, Bank of Åland Plc, tel +358 40 733 1106 Christian Wetterstrand, Managing Director, Ålandsbanken Asset Management Ab, tel +358 40 544 2301