

Bank of Åland Plc: Year-end Report for the period January–December 2014

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Bank of Åland Financial Statement Release Bank of Åland Plc: Year-end Report for the period January–December 2014 Mariehamn, 2015-02-13 08:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc Year-end Report February 13, 2015, 9.00 Year-end Report for the period January–December 2014 “We closed the year strongly with another improved quarter. Altogether during the year, we more than doubled our net operating profit, which totalled EUR 22.4 M. It is especially satisfying to see the earnings improvements on the Finnish mainland and in Sweden, with Sweden now having clearly begun to contribute positive earnings. We are continuing to strengthen our offering in the financial investment field, and during 2014 the investment volume that we manage on behalf of our customers grew by 14 per cent to a new record level of EUR 5,042 M. “Growth remains weak in our vicinity, and central banks are competing to see which can stimulate the economy most. This will lead to continued great market uncertainty and to extremely low market interest rates, which among other things will squeeze our net interest income and that of other banks during 2015.” Peter Wiklöf, Managing Director January'December 2014 compared to January'December 2013 • Net operating profit improved by EUR 12.0 M or 116 per cent to EUR 22.4 M (10.4). • Profit for the period attributable to shareholders improved by EUR 9.4 M or 141 per cent to EUR 16.1 M (6.7). • Net interest income increased by 16 per cent to EUR 49.3 M (42.4). • Net commission income increased by 9 per cent to EUR 46.2 M (42.4). • Total expenses increased by 3 per cent to EUR 96.4 M (93.5). • Net impairment losses on loans (including recoveries) decreased by 57 per cent to EUR 1.8 M (4.1), equivalent to a loan loss level of 0.06 (0.14) per cent. • Return on equity after taxes (ROE) increased to 8.7 per cent (3.8). • Earnings per share increased to EUR 1.12 (0.46). • The core Tier 1 capital ratio, excluding the Basel I floor effect, amounted to 10.9 per cent (December 31, 2013: 10.8 per cent). • The Board of Directors proposes a dividend of EUR 0.40 per share (0.15). The fourth quarter of 2014 compared to the fourth quarter of 2013 • Net operating profit improved by EUR 4.0 M or 110 per cent to EUR 7.6 M (3.6). • Profit for the period attributable to shareholders improved by EUR 2.5 M or 84 per cent to EUR 5.6 M (3.1). • Net interest income increased by 9 per cent to EUR 12.6 M (11.6). • Net commission income increased by 13 per cent to EUR 14.5 M (12.8). • Total expenses increased by 5 per cent to EUR 25.8 M (24.6). • Net impairment losses on loans (including recoveries) amounted to EUR 0.5 M (1.5), equivalent to a loan loss level of 0.06 (0.19) per cent. • Return on equity after taxes (ROE) increased to 11.7 per cent (6.9). • Earnings per share increased to EUR 0.39 (0.21). Financial summary ----- Bank of Åland Group Q4 Q3 % Q4

% Jan-De	Jan-De	% 2014	2014	2013	c 2014	c 2013	----- Bank of Åland Group Q4 Q3 % Q4								
----- EUR M -----							----- Income -----								
							Net interest income	12.6	12.7	-1	11.6	9	49.3	42.4	16
							Net commission income	14.5	10.5	39	12.8	13	46.2	42.4	9
							Net income from financial	2.2	1.9	17					
							items at fair value	1.0	6.8	7.4	-8				
							Other income	4.6	4.0	16	4.2	9	18.3	15.8	16
							Total income	34.0	29.1	17	29.7	14	120.6	108.0	12
							Staff costs	-14.5	-12.0	21	-13.6	7	-53.1	-51.5	3
							Other expenses	-9.3	-7.8	19	-8.8	6			
							Depreciation/amortisation	-34.9	-34.0	3					
							Total expenses	-2.0	-2.1	-2	-2.2	-7	-8.4	-8.0	5
							Total	-25.8	-21.9	18	-24.6	5	-96.4	-93.5	3

Profit before impairment	8.1	7.2	13	5.1
60 24.2 14.5 67 losses				
Impairment losses on loans and other commitments	-0.5	-0.3	88	-1.5 -65 -1.8 -4.1 -57
Net operating profit	7.6	6.9	10	3.6 110 22.4 10.4 116
Income taxes	-1.6	-1.5	6	-0.4 -4.8 -2.7 78
Profit for the report period	6.1	5.4	11	3.3 85 17.6 7.7
Attributable to:				
Non-controlling interests	0.4	0.3	28	0.2 1.5 1.0 47
Shareholders in Bank of Åland Plc	5.6	5.1	10	3.1 84 16.1 6.7 141
Volume				
Lending to the public	3,343	3,258	3	3,104 8
Deposits from the public	1	2,391	2,482	-4 2,460
Managed assets	5,042	4,770	6	4,407 14
Equity capital	196	193	2	184 7
Balance sheet total	4,292	4,183	3	3,887 10
Risk exposure amount	1,554	1,532	1	1,475 5
Financial ratios				
Return on equity after taxes, % (ROE)	2	11.7	10.9	6.9 8.7 3.8
Expense/income ratio	3	0.76	0.75	0.83 0.80 0.87
Loan loss level, %	4	0.06	0.03	0.19 0.06 0.14
Gross non-performing receivables, %	5	0.65	1.04	1.02
Level of provisions for doubtful receivables, %	6	66	47	48
Core funding ratio, %	7	105	107	103
Equity/assets ratio, %	8	4.6	4.6	4.7
Tier 1 capital ratio, excluding Basel 1 floor effect, %	9	10.9	11.1	10.8
Earnings per share, EUR	10	0.39	0.35	10 0.21 83 1.12
Earnings per share after dilution, EUR	11	0.21	0.35	1.11 0.46
Equity capital per share, EUR	11	13.49	13.14	3 12.54 8
Equity capital per share after dilution, EUR	11	13.46	13.11	3 12.54
Market price per Series A share, EUR	11	11.27	11.32	0 10.88 4
Market price per Series B share, EUR	11	10.87	9.63	13 7.94 37
Number of shares outstanding (not own shares), 000s	11	14,398	14,398	0 14,395
Number of shares outstanding (not own shares), after dilution, 000s	11	14,498	14,498	0 14,395
Working hours recalculated to full-time equivalent positions	11	643	656	-2 631 2 644 617 4

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 at the beginning of the period 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 Year-end Report for the period January - December 2014, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - December 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-dec_14.pdf Mariehamn, February 13, 2015 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