

# Bank of Åland Plc: Year-end Report for the period January–December 2016

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Bank of Åland Financial Statement Release Bank of Åland Plc: Year-end Report for the period January–December 2016 Mariehamn, 2017-02-14 08:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc Stock Exchange Release February 14, 2017, 9.00 a.m. Bank of Åland Plc: Year-end Report for the period January–December 2016 “We achieved a stable net operating profit for the year (EUR 25.1 M), defending our net interest income well despite falling market interest rates. Late in 2016 we also saw a high activity level among our investment customers, resulting in higher brokerage commission income and a rising volume of actively managed assets. “The Bank of Åland grew and became stronger during the 2016 financial year. In spite of this, our earnings did not reach the previous year’s record level. This was mainly due to lower income from our treasury operations, where net income from financial items was EUR 3.8 M lower than in 2015.” Peter Wiklöf, Managing Director January - December 2016 compared to January - December 2015 -- Net operating profit decreased by 17 per cent to EUR 25.1 M (30.3). -- Profit for the period attributable to shareholders decreased by 19 per cent to EUR 19.7 M (24.3). -- Net interest income increased by 2 per cent to EUR 55.1 M (54.0). -- Net commission income decreased by 3 per cent to EUR 44.9 M (46.5). -- Total expenses decreased to EUR 91.3 M (91.6). -- Net impairment losses on loans (including recoveries) amounted to EUR 4.1 M (3.0), equivalent to a loan loss level of 0.11 (0.09) per cent. -- Return on equity after taxes (ROE) amounted to 9.1 (12.0) per cent. -- Earnings per share amounted to EUR 1.29 (1.60). -- The core Tier 1 capital ratio not taking into account transitional rules, amounted to 11.8 per cent (12.0). The fourth quarter of 2016 compared to the fourth quarter of 2015 -- Net operating profit decreased by 4 per cent to EUR 6.3 M (6.6). -- Profit for the period attributable to shareholders fell by 7 per cent to EUR 4.9 M (5.3). -- Net interest income decreased by 5 per cent to EUR 14.0 M (14.8). -- Net commission income increased by 9 per cent to EUR 12.2 M (11.2). -- Total expenses decreased by 3 per cent to EUR 23.8 M (24.7). -- Net impairment losses on loans (including recoveries) amounted to EUR 1.0 M (1.1), equivalent to a loan loss level of 0.11 (0.13) per cent. -- Return on equity after taxes (ROE) amounted to 8.9 (9.9) per cent. -- Earnings per share amounted to EUR 0.32 (0.35). Financial summary Group Q4 Q3 % Q4 % Jan-De Jan-De % 2016 2016 2015 c c 2016 2015 EUR M Income Net interest income 14.0 13.7 2 14.8 -5 55.1 54.0 2 Net commission income 12.2 10.6 15 11.2 9 44.9 46.5 -3 Net income from financial 0.3 0.5 -42 2.5 -88 4.2 8.0 -48 items at fair value Other income 4.7 3.8 25 4.0 18 16.2 16.4 -1 Total income 31.2 28.5 9 32.4 -4 120.4 124.9 -4 Staff costs -14.8 -13.3 12 -15.1 -2 -57.0 -56.0 2 Other expences -7.5 -6.7 12 -8.0 -6 -28.3 -28.7 -1 Depreciation/amortisation -1.5 -1.5 1 -1.6 -7 -5.9 -6.9 -14 Total expenses -23.8 -21.5 11 -24.7 -3 -91.3 -91.6 0 Profit before impairment 7.4 7.1 4 7.8 -5 29.2 33.3 -12 losses Impairment losses on -1.0 -0.9 17 -1.1 -9 -4.1 -3.0 33 loans and other commitments Net operating profit 6.3 6.2 2 6.6 -4 25.1 30.3 -17 Income taxes -1.4 -1.2 16 -1.3 6 -5.4 -6.0 -9 Profit for the report 4.9 5.0 -1 5.3 -7 19.7 24.3 -19 period Attributable to: Shareholders in Bank of 4.9 5.0 -1 5.3 -7 19.7 24.3 -19 Åland Plc Volume Lending to the public 3,808 3,692 3 3,617 5 Deposits from the public 3,100 2,897 7 2,675 16 1 Actively managed assets 2 3,900 3,837 2 3,927 -1 Equity capital 222 217 2 213 4 Balance sheet total 5,137 4,909 5 4,602 12 Risk exposure amount 1,576 1,538 2 1,581 0 Financial ratios Return on equity after 8.9 9.2 9.9 9.1 12.0 taxes, % (ROE) 3 Expences/income ratio 4 0.76 0.75 0.76 0.76 0.73 Loan loss level, % 5 0.11 0.10 0.13 0.11 0.09 Gross non-performing 0.57 0.90 0.87 receivables, % 6 Level of provisions for 50 39 34 doubtful receivables, %7 Core funding ratio, % 8 89 90 100 Equity/assets ratio, % 9 4.3 4.4 4.6 Tier 1 capital ratio, % 11.8 12.1 12.0 10 Earnings per share, EUR 0.32 0.33 -1 0.35 -7 1.29 1.60 -19 11 Earnings per share after 0.32 0.32 -1 0.34 -7 1.28 1.59 -20 dilution, EUR Equity capital per share, 14.50 14.20 2 14.00 4 EUR 12 Equity capital per share

14.37 14.07 2 13.94 3 after dilution, EUR Market price per Series A 14.84 14.10 5 16.40 -14 share, EUR Market price per Series B 14.38 13.58 6 15.60 -13 share, EUR Number of shares 15,299 15,299 0 15,208 1 outstanding (not own shares), 000s Number of shares 15,572 15,540 0 15,411 1 outstanding (not own shares), after dilution, 000s Working hours 685 690 -1 667 3 683 663 3 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 Actively managed assets encompassed managed assets in the Group's own mutual funds, as well as discretionary and advisory securities volume. 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 Shareholders' portion of 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 Year-end Report for the period January - December 2016, which is enclosed with this stock exchange release. The Bank's Interim Report for the period January - December 2016 is attached to this release in PDF format and is also available on the company's web site at [https://www.alandsbanken.com/uploads/pdf/result/en\\_resultat\\_jan-dec\\_16.pdf](https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_16.pdf) Mariehamn, February 14, 2017 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 <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=757695&messageId=950602>