

Bank of Åland Plc: Year-end report for the period January – December 2013

14.02.2014

Bank of Åland Financial Statement Release Bank of Åland Plc: Year-end report for the period January – December 2013 Mariehamn, 2014-02-14 08:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc Year-end report 14.02.2014 9.00 hrs Year-end report for the period January – December 2013 “Due to our determined efforts, we improved net operating profit (excluding nonrecurring items) by EUR 15.3 M compared to the preceding year. This improvement in earnings occurred because of a sharply improved net commission income plus a net interest income that showed a rising trend for three quarters. We were also able to keep our expenses at a lower level despite the banking tax and costly new regulations. “During the year, our Swedish operations in particular continued to show stable growth.” “Via our customer satisfaction surveys, we clearly see that there is a need for a bank that combines strong investment expertise with financing know-how and that also values long-term relationships and a high level of service.” Peter Wiklöf, Managing Director January'December 2013 compared to January' December 2012 -- Net operating profit improved by 5 per cent to EUR 10.4 M (9.9). Excluding nonrecurring items, net operating profit improved by EUR 15.3 M to EUR 12.4 M (-2.9). -- Profit for the period attributable to shareholders amounted to EUR 6.7 M (11.3). -- Net interest income increased by 3 per cent to EUR 42.4 M (41.2). -- Net commission income increased by 30 per cent to EUR 42.4 M (32.7). -- Total expenses decreased by 2 per cent to EUR 92.0 M (94.1). -- Net impairment losses on loans (including recoveries) decreased by 37 per cent to EUR 4.1 M (6.4), equivalent to a loan loss level of 0.13 (0.22) per cent. -- Return on equity after taxes (ROE) amounted to 3.8 per cent (6.6). -- Earnings per share amounted to EUR 0.46 (0.79). -- The core Tier 1 capital ratio calculated without transitional rules amounted to 10.8 (10,9) per cent. -- The Board of Directors proposes a dividend of EUR 0.15 (0.15) per share. The fourth quarter of 2013 compared to the third quarter of 2013 -- Net operating profit amounted to EUR 3.6 M (1.9). Excluding nonrecurring items, net operating profit amounted to EUR 4.1 M (3.4). -- Profit for the period attributable to shareholders amounted to EUR 3.1 M (0.5). -- Net interest income increased by 4 per cent to EUR 11.6 M (11.2). -- Net commission income increased by 23 per cent to EUR 12.8 M (10.4). -- Total expenses increased by 16 per cent to EUR 24.6 M (21.1). -- Net impairment losses on loans (including recoveries) amounted to EUR 1.5 M (1.6), equivalent to a loan loss level of 0.19 per cent (0.21). Financial summary -----

| | Bank of Åland Group | Q4 2013 | Q3 2013 | Q4 2012 | Q3 2012 | % 2013 | % 2012 | % |
|---------------------------|---------------------|---------|---------|---------|---------|--------|--------|------------------------|
| 2013 | 2013 | 2012 | | | | | | |
| ----- EUR M ----- | | | | | | | | |
| ----- Income ----- | | | | | | | | |
| Net interest income | 11.6 | 11.2 | 4 | 9.9 | 17 | 42.4 | 41.2 | 3 |
| Net commission income | 12.8 | 10.4 | 23 | 9.2 | 39 | 42.4 | 32.7 | 30 |
| Net income from financial | 1.0 | -0.7 | 19.3 | -95 | 5.8 | 20.8 | -72 | items at fair value -- |
| Other income | 4.2 | 3.7 | 14 | 4.3 | -2 | 15.8 | 15.7 | 1 |
| Total income | 29.7 | 24.6 | 20 | 42.8 | -31 | 106.4 | | |
| 110.4 | -4 | | | | | | | |
| Staff costs | -13.6 | -11.7 | 17 | -13.6 | 0 | -51.5 | -52.4 | -2 |
| Other expenses | -8.8 | -7.4 | 20 | -8.9 | -1 | -32.5 | -33.6 | -3 |
| Depreciation/amortisation | -2.2 | -2.1 | 4 | -2.6 | -17 | -8.0 | -8.1 | -1 |
| Total expenses | -24.6 | -21.1 | 16 | -25.1 | -2 | -92.0 | -94.1 | -2 |
| Profit before impairment | 5.1 | 3.5 | 44 | 17.6 | -71 | 14.5 | 16.3 | -11 losses |

| | | | | | | | | | | |
|---------------------------------------------------------------|--------|--------|--------|-------|-------|------|------|--------|-----------------------|-------|
| Impairment losses on loans | -1.5 | -1.6 | -11 | -3.1 | -52 | -4.1 | -6.4 | -37 | and other commitments | ----- |
| Net operating profit | 3.6 | 1.9 | 93 | 14.6 | -75 | 10.4 | 9.9 | 5 | ----- | |
| Income taxes | -0.4 | -1.1 | -66 | 0.4 | -2.7 | 2.0 | | | ----- | |
| Profit for the report | 3.3 | 0.8 | 15.0 | -78 | 7.7 | 11.9 | -35 | period | ----- | |
| Attributable to: | | | | | | | | | ----- | |
| Non-controlling interests | 0.2 | 0.3 | -33 | 0.2 | -18 | 1.0 | 0.6 | 65 | ----- | |
| Shareholders in Bank of Åland Plc | 6.7 | 11.3 | -41 | | | | | | ----- | |
| Volume | | | | | | | | | ----- | |
| Lending to the public | 3,104 | 3,074 | 1 | 2,905 | 7 | | | | ----- | |
| Deposits from the public | 1 | 2,466 | 2,487 | -1 | 2,452 | 1 | | | ----- | |
| Managed assets | 4,407 | 4,271 | 3 | 4,252 | 4 | | | | ----- | |
| Equity capital | 184 | 179 | 3 | 179 | 3 | | | | ----- | |
| Balance sheet total | 3,887 | 3,871 | 0 | 3,633 | 7 | | | | ----- | |
| Risk-weighted assets | 1,481 | 1,479 | 0 | 1,401 | 6 | | | | ----- | |
| Financial ratios | | | | | | | | | ----- | |
| Return on equity after taxes, % (ROE) | 6.9 | 1.2 | 34.3 | 3.8 | 6.6 | | | | ----- | |
| Expenses/income ratio | 3 | 0.83 | 0.86 | 0.59 | 0.86 | 0.85 | | | ----- | |
| Loan loss level, % | 4 | 0.19 | 0.21 | 0.42 | 0.13 | 0.22 | | | ----- | |
| Gross non-performing receivables, % | 5 | | | | | | | | ----- | |
| Level of provisions for doubtful receivables, % | 62 | 81 | | | | | | | ----- | |
| Core funding ratio, % | 7 | 103 | 105 | 103 | | | | | ----- | |
| Equity/assets ratio, % | 8 | 4.7 | 4.6 | 4.9 | | | | | ----- | |
| Tier 1 capital ratio, % | 10.8 | 10.6 | 10.9 | | | | | | ----- | |
| Earnings per share before dilution, % | 0.21 | 0.04 | 1.02 | -79 | 0.46 | 0.79 | -41 | | ----- | |
| Equity capital per share, EUR | 12.54 | 12.20 | 3 | 12.21 | 3 | | | | ----- | |
| Market price per Series A share, EUR | 10.88 | 12.50 | -13 | | | | | | ----- | |
| Market price per Series B share, EUR | 7.94 | 8.50 | -7 | 7.10 | 12 | | | | ----- | |
| Number of shares outstanding (not owned shares) thousands | 14,395 | 14,395 | 14,395 | | | | | | ----- | |
| Working hours re-calculated to full-time equivalent positions | 631 | 622 | 1 | 626 | 1 | 617 | 640 | -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 5 Non-performing receivables more than 90 days / Lending to the public including 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 and 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 2013, which is enclosed with this stock exchange release. The Bank's Year-end report for the period January – December 2013 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.pdf

Mariehamn, February 14, 2014

THE BOARD OF DIRECTORS For more information please contact: Managing Director, Peter

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