

The 2013 Annual Report of the Bank of Åland Plc, with the future outlook for 2014 and new long-term financial targets, has been published

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Bank of Åland Annual report/ annual accounts The 2013 Annual Report of the Bank of Åland Plc, with the future outlook for 2014 and new long-term financial targets, has been published Mariehamn, 2014-03-14 15:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc Stock exchange release March 14, 2014, 4.00 p.m. The 2013 Annual Report of the Bank of Åland Plc, with the future outlook for 2014 and new long-term financial targets, has been published The Annual Report for 2013 of the Bank of Åland Plc (Ålandsbanken Abp) – including the Corporate Governance Statement and the Pillar 3 risk report – was published today in Swedish, Finnish and English. The Annual Report is available for downloading in PDF format from our website:

<http://www.alandsbanken.fi/info/opencms/England/en/about/result/result.html>

FUTURE OUTLOOK The Bank's earnings performance is determined to a significant degree by external factors that are difficult to predict. Income is expected to be higher in 2014 than in 2013 as a consequence of both increased volume and margins, but income is strongly dependent on how the fixed income and stock markets perform and is thus difficult to forecast. Total expenses and impairment losses on loans in 2014 are expected to be at about the same level as in 2013. Taken together, the result of these expectations is that in 2014 the Bank of Åland will report a somewhat better net operating profit and after-tax profit attributable to the shareholders than in 2013. Since new securities legislation has removed the explicit obligation in interim reports to provide an account of probable developments during the current financial period, the Bank of Åland will refrain from providing earnings forecasts in interim reports. In accordance with legislative requirements, a statement on the Bank's future outlook will be presented only in the Annual Report.

LONG-TERM FINANCIAL TARGETS With reference to the extensive changes under way in the regulations affecting the Bank, since the financial crisis began the Bank of Åland has not had any officially communicated long-term financial targets. The Board of Directors has approved the following new long-term financial targets. Return on equity after taxes (ROE) shall exceed 10 percent. As a bank for investors, with financing know-how, the Bank of Åland has a business model that shall generate most earnings from operations with limited capital requirements. The Bank of Åland's earnings will benefit from higher interest rates. After establishing a presence in the Swedish market and implementing several years of restructuring in the Group, we are now seeing a positive trend of earnings. The profitability target shall be achieved by 2016. The Bank's capital adequacy, primarily defined as the core Tier 1 capital ratio under the Basel regulations, shall clearly exceed all regulatory requirements. There is still uncertainty about how the Bank of Åland's core Tier I capital ratio will be affected by the transition from the standardised approach to the IRB approach for corporate portfolio in Finland and the entire lending portfolio in Sweden as well as by the final shape of Basel 3. At present, the Executive Team interprets the ambition to clearly exceed regulatory requirements as meaning that the core Tier I capital ratio, not taking into account transitional rules, should exceed 11 per cent. Looking ahead, the payout ratio shall be at the same level as the Nordic banking industry standard. The goal of the payout ratio is conditional on achieving the capital adequacy target. Over the next few years, the Bank of Åland will prioritise growth, among other things through increased lending. The Nordic industry standard is currently equivalent to a payout ratio of around 50 per cent. The payout ratio is defined as the dividend as a percentage of the shareholders' portion of profit for the accounting period after taxes.

Bank of Åland Plc Further information will be provided by Peter Wiklöf, Managing Director and Chief Executive, tel +358 204 29 011 Attached:

