

Bank of Åland Plc: Year-end Report for the period January–December 2017

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Bank of Åland Financial Statement Release Bank of Åland Plc: Year-end Report for the period January–December 2017 Mariehamn, 2018-02-13 08:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc Stock Exchange Release February 13, 2018, 9.00 a.m. Bank of Åland Plc: Year-end Report for the period January–December 2017 "During 2017 we saw continued stable customer growth in all markets, and we improved our profit after taxes by 5 per cent to EUR 20.7 M. The single most positive element of our volume increase can be seen in the significant growth in customer investment volume (+47 per cent). This increased volume was also accompanied by a clear improvement in net commission income. Our total expenses climbed relatively sharply during the year (+9 per cent). This was largely driven by project expenses connected to the launch of a new IT platform for our capital market business and continued hiring to expand our customer base. "Digitisation and sustainability issues are playing an ever-increasing role in the financial services sector. The Bank of Åland is well-positioned in both areas but has also chosen to continue offering its customers the opportunity for personal meetings with their chosen advisor, an alternative that is available to fewer and fewer customers at other banks." Peter Wiklöf, Managing Director January–December 2017 compared to January–December 2016 -- Net operating profit increased by 4 per cent to EUR 26.0 M (25.1). -- Profit for the period attributable to shareholders increased by 5 per cent to EUR 20.7 M (19.7). -- Net interest income increased by 1 per cent to EUR 55.9 M (55.1). -- Net commission income rose by 11 per cent to EUR 49.7 M (44.9). -- Total expenses increased by 9 per cent to EUR 99.8 M (91.3). -- Net impairment losses on loans (including recoveries) totalled EUR 2.1 M (4.1), equivalent to a loan loss level of 0.06 (0.11) per cent. -- Return on equity after taxes (ROE) amounted to 9.1 (9.1) per cent. -- Earnings per share amounted to EUR 1.35 (1.29). -- The common equity Tier 1 ratio, not taking into account transitional rules, amounted to 12.9 per cent (11.8). -- The Board of Directors proposes a dividend of EUR 0.65 (0.60) per share. -- Future outlook: Net operating profit in 2018 is expected to be at about the same level as, or better than, in 2017. The fourth quarter of 2017 compared to the fourth quarter of 2016 -- Net operating profit increased by 3 per cent to EUR 6.5 M (6.3). -- Profit for the period attributable to shareholders increased by 5 per cent to EUR 5.2 M (4.9). -- Net interest income rose by 1 per cent to EUR 14.1 M (14.0). -- Net commission income rose by 3 per cent to EUR 12.6 M (12.2). -- Total expenses increased by 6 per cent to EUR 25.3 M (23.8). -- Net impairment losses on loans (including recoveries) totalled EUR 0.6 M (1.0), equivalent to a loan loss level of 0.06 (0.11) per cent. -- Return on equity after taxes (ROE) amounted to 8.8 (8.9) per cent. -- Earnings per share amounted to EUR 0.34 (0.32). Financial summary Group Q4 Q3 % Q4 % Jan-De Jan-De % 2017 2017 2016 c c 2016 2017 EUR M Income Net interest income 14.1 14.3 -1 14.0 1 55.9 55.1 1 Net commission income 12.6 12.2 4 12.2 3 49.7 44.9 11 Net income from financial 1.0 1.8 -46 0.3 3.1 4.2 -26 items at fair value Other income 4.6 3.9 20 4.7 -2 19.3 16.2 19 Total income 32.4 32.2 1 31.2 4 128.0 120.4 6 Staff costs -14.9 -14.1 6 -14.8 0 -59.8 -57.0 5 Other expenses -8.5 -8.3 3 -7.5 13 -32.9 -28.3 16 Depreciation/amortisation -1.9 -2.0 -6 -1.5 27 -7.1 -5.9 20 Total expenses -25.3 -24.4 4 -23.8 6 -99.8 -91.3 9 Profit before impairment 7.1 7.8 -8 7.4 -3 28.2 29.2 -3 losses Impairment losses on -0.6 -0.6 9 -1.0 -41 -2.1 -4.1 -47 loans and other commitments Net operating profit 6.5 7.2 -10 6.3 3 26.0 25.1 4 Income taxes -1.3 -1.5 -9 -1.4 -6 -5.3 -5.4 -2 Profit for the report 5.2 5.8 -10 4.9 5 20.7 19.7 5 period Attributable to: Shareholders in Bank of 5.2 5.8 -10 4.9 5 20.7 19.7 5 Åland Plc Volume Lending to the public 3,979 3,967 0 3,808 4 Deposits from the public 3,197 3,286 -3 3,100 3 1 Actively managed assets 2 5,737 5,700 1 3,900 47 Equity capital 234 230 2 222 5 Balance sheet total 5,353 5,356 0 5,137 4 Risk exposure amount 1,538 1,553 -1 1,576 -2 Financial ratios Return on equity after

8.8 10.1 8.9 9.1 9.1 taxes, % (ROE) 3 Expenses/income ratio 4 0.78 0.76 0.76 0.78 0.76 Loan loss level, % 5 0.06 0.06 0.11 0.06 0.11 Gross non-performing 0.35 0.66 0.57 receivables, % 6 Level of provisions for 60 41 50 doubtful receivables, %7 Core funding ratio, % 8 88 91 89 Equity/assets ratio, % 9 4.4 4.3 4.3 Common equity Tier 1 12.9 12.6 11.8 capital ratio, % 10 Earnings per share, EUR 0.34 0.38 -10 0.32 5 1.35 1.29 5 11 Earnings per share after 0.34 0.37 -9 0.32 6 1.34 1.28 5 dilution, EUR Equity capital per share, 15.14 14.98 1 14.50 4 EUR 12 Equity capital per share 15.02 14.82 1 14.37 5 after dilution, EUR Market price per Series A 14.20 14.86 -4 14.84 -4 share, EUR Market price per Series B 14.05 14.90 -6 14.38 -2 share, EUR Number of shares 15,435 15,335 1 15,299 1 outstanding (not own shares), 000s Number of shares 15,586 15,588 0 15,572 0 outstanding (not own shares), after dilution, 000s Working hours 693 702 -1 685 1 691 683 1 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. (Common equity 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 2017, which is enclosed with this stock exchange release. The Bank's Year-end Report for the period January - december 2017 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_17.pdf For more information please contact: Peter Wiklöf, Managing Director and Chief Executive, Bank of Åland, tel. + 358 (0)40 512 7505

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