

Bank of Åland Plc: Year-end report for the period January – December 2012

15.02.2013

Bank of Åland
Financial Statement Release

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Year-end report for the period January – December 2012

“The fourth quarter was strong in terms of earnings, mainly due to income from the divestment of the Swedish subsidiary, which had been emptied of operations. At the quarterly level, however, we can also see that our measures to improve profitability are beginning to have an impact. Yet the conditions for conducting banking operations in the euro zone remain challenging, although there are signs of increased optimism both in the stock market and the fixed income market. The significant cost increases affecting banks because of new legislation and expanded regulatory requirements will be passed on to customers. This will lead to a continued rise in margins, especially on lending.”

Peter Wiklöf, Managing Director

January'December 2012 compared to January'December 2011

- Net operating profit amounted to EUR 10.0 M (-5.7).
- Profit for the period attributable to shareholders was EUR 11.6 M (-6.5).
- Net interest income decreased by 4 per cent to EUR 41.2 M (43.1).
- Net commission income decreased by 16 per cent to EUR 32.7 M (38.7).
- Total expenses decreased by 9 per cent to EUR 94.0 M (103.1).
- Net loan losses were EUR 6.4 M (1.8), equivalent to a loan loss level of 0.22 (0.07) per cent.

- Return on equity after taxes (ROE) amounted to 6.4 per cent (-3.9).
- Earnings per share amounted to EUR 0.80 (-0.54).
- The Tier 1 capital ratio increased to 10.9 per cent (8.4).
- The Board of Directors proposes a dividend of EUR 0.15 (0.00) per share.
- The Bank's earnings performance is determined to a significant degree by external factors that are difficult to predict. Since new securities legislation removes the explicit obligation in an interim report to provide an account of probable developments during the current financial period, the Bank of Åland is henceforth choosing to refrain from providing earnings forecasts in interim reports.

The fourth quarter of 2012 compared to the third quarter of 2012

- Net operating profit amounted to EUR 14.5 M (-0,5). Of this, EUR 13.8 M was proceeds from the divestment of the Bank's Swedish subsidiary, which had been emptied of operations.
- Profit for the period attributable to shareholders was EUR 14.9 M (-0.3).
- Net interest income decreased by 3 per cent to EUR 9.9 M (10.2).
- Net commission income increased by 20 per cent to EUR 9.2 M (7.7).
- Total expenses increased by 17 per cent to EUR 25.2 M (21.5).
- Net loan losses were EUR 3.1 M (1.0), including EUR 2.0 M in group impairment losses for the shipping industry.
- Earnings per share amounted to EUR 1.03 (-0.02).

Financial summary

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Bank of Åland Group	Q4 2012	Q3 2012	% 2012	Q4 2011	% 2011
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EUR M

Income

Net interest income 9.9 10.2 -3 12.1 -18 41.2 43.1 -4

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Net commission income 9.2 7.7 20 8.3 11 32.7 38.7 -16

Other income 23.6 4.1 2.6 36.5 17.4

Total income 42.7 22.0 94 23.0 86 110.4 99.2 11

Staff costs -13.7 -12.3 11 -16.7 -18 -52.3 -60.0 -13

Other expenses -11.5 -9.2 26 -12.6 -8 -41.7 -43.1 -3

Total expenses -25.2 -21.5 17 -29.3 -14 -94.0 -103.1 -9

Profit before loan losses 17.5 0.5 -6.3 16.4 -3.9
etc.

Impairment losses on loans -3.1 -1.0 -0.8 -6.4 -1.8
and other commitments

Net operating profit 14.5 -0.5 -7.1 10.0 -5.7

Income taxes 0.6 0.3 2.6 -75 2.2 0.4

Profit for the report 15.1 -0.2 -4.5 12.2 -5.3
period

Attributable to:

Non-controlling interests 0.2 0.2 56 0.2 32 0.6 1.2 -47

Shareholders in Bank of 14.9 -0.3 -4.7 11.6 -6.5
Åland Plc

VOLUME

Lending to the public 2,906 2,895 0 2,737 6

Deposits from the public 2,447 2,557 -4 2,544 -4

Managed assets 4,292 4,230 1 3,814 13

Equity capital 186 178 5 181 3

Balance sheet total 3,637 3,620 0 3,400 7

Risk-weighted assets 1,402 1,420 -1 1,729 -19

FINANCIAL RATIOS

Return on equity after 33.3 -0.4 -11.4 6.4 -3.9
taxes, % (ROE)

Expenses/income ratio, % 59 98 127 85 104

Loan loss level, % 0.42 0.14 0.12 0.22 0.07

Gross non-performing 0.64 0.86 0.70 0.64 0.70
assets, %

Level of provisions for 108 67 71 108 71
doubtful receivables, %

Core funding ratio, % 104 106 108 104 108

Equity/assets ratio, % 5.1 4.9 5.3 5.1 5.3

Core Tier 1 capital ratio, 10.9 9.7 8.4 10.9 8.4
%

Earnings per share before 1.03 -0.02 -0.34 0.80 -0.54
dilution, %

Equity capital per share, 12.70 12.12 12.34 12.70 12.34
EUR

Market price per Series A 10.04 10.04 14.15 10.04 14.15
share, EUR

Market price per Series B 7.10 7.77 8.68 7.10 8.68
share, EUR

Number of shares 14,395 14,395 14,441 14,395 14,441
outstanding (not own
shares) thousands

Working hours 626 633 697 640 690
re-calculated to
full-time equivalent
positions

Ålandsbanken follows the disclosure procedure enabled by Standard 5.2b published by the Finnish Financial Supervision Authority and hereby publishes its Year-end report for the period January – December 2012 enclosed to this stock exchange release. Ålandsbanken's Year-end report for the period January – December 2012 is attached to this release in pdf format and is also available on the company's web site at www.alandsbanken.fi.

Mariehamn, February 15, 2013

THE BOARD OF DIRECTORS

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