

# Bank of Åland Plc: Interim Report for the period January – March 2012

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Bank of Åland  
Interim report

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"The earnings that were reported for the first quarter do not reflect the Bank of Åland's long-term earnings potential. During the quarter, we carried out the most extensive efficiency-raising programme in the Bank of Åland's history. The influx of new customers remained high, including 800 new customers in Sweden. The effects of this will be visible in future earnings reports. Meanwhile our profitability is being squeezed by the lingering effects of the financial crisis, especially in the form of low and falling market interest rates."  
Peter Wiklöf, Managing Director

January'March 2012 compared to January'March 2011

- Net operating profit amounted to EUR -1.1 M (2.1).
- Profit for the period attributable to shareholders was EUR -0.8 M (1.0).
- Net interest income increased by 21 per cent to EUR 11.5 M (9.5).
- Net commission income decreased by 21 per cent to EUR 8.0 M (10.1).
- Total expenses decreased by 2 per cent to EUR 23.5 M (24.0).
- Net loan losses were EUR 0.9 M (0.0), equivalent to a loan loss level of 0.12 (0.00) per cent.
- The Tier 1 capital ratio increased to 10.3 per cent (8.4 per cent on December 31, 2011), due to the fact that the capital requirement for credit risks is now calculated according to the Internal Ratings Based (IRB) approach for the Finnish household portfolio.
- The efficiency-raising measures that have been implemented are expected to lower the Group's expense level by EUR 8 M per year when they achieve their full effect, which is expected to occur by the end of 2012. The effect in 2012 is estimated at about EUR 7 M. The Group's expenses in 2012 are expected to be lower than in 2011. The Bank also expects income from divestments of certain assets during during 2012. If loan losses remain within forecasted limits, these circumstances and assumptions will together lead the Group to report a positive net operating profit in 2012.

## Financial summary

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Bank of Åland Group Q1 Q4 % Q1 %					
2012 2011 2011					
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EUR M					
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Income					
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Net interest income 11.5 12.1 -5 9.5 21					
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Net commission income 8.0 8.3 -3 10.1 -20					
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Other income 3.8 2.6 43 6.6 -42					
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Total income 23.3 23.0 1 26.1 -11					
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Staff costs -13.2 -16.7 -21 -13.9 -5					
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Other expenses -10.3 -12.6 -18 -10.1 2					
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Total expenses -23.5 -29.3 -20 -24.0 -2					
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Profit before loan losses etc. -0.2 -6.3 -97 2.1 -110					
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Impairment losses on loans and other -0.9 -0.8 2 0.0					
commitments					
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Net operating profit -1.1 -7.1 -85 2.1 -150					
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Income taxes 0.4 2.6 -86 -1.1 -133					
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Profit for the report period -0.7 -4.5 -84 1.0 -168					
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Attributable to:					
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Non-controlling interests 0.1 0.2 -52 0.0 483					
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Shareholders in Bank of Åland Plc -0.8 -4.7 -83 1.0 -177					
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VOLUME					

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Lending to the public 2,762 2,737 1 2,550 8  
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Deposits from the public 2,551 2,544 0 2,521 1  
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Managed assets 4,044 3,814 6 4,400 -8  
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Equity capital 180 181 -1 155 16  
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Balance sheet total 3,553 3,400 4 3,398 5  
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Risk-weighted assets 1,374 1,729 -21 1,645 -16  
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FINANCIAL RATIOS  
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Return on equity after taxes, % (ROE) -1.6 -11.4 2.7  
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Expenses/income ratio, % 105 127 92  
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Loan loss level, % 0.12 0.12 0.00  
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Gross non-performing loans, % 0.63 0.70 0.86  
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Level of provisions for doubtful receivables, 67 71 72  
%

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Core funding ratio (Lending/deposits), % 108 108 101  
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Equity/assets ratio, % 5.1 5.3 4.6  
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Tier 1 capital ratio, % 10.3 8.4 7.4  
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Earnings per share before dilution, % -0.06 -0.34 0.09  
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Equity capital per share, EUR 12.26 12.34 13.41  
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Market price per Series A share, EUR 14.25 14.15 25.50  
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Market price per Series B share, EUR 9.15 8.68 17.00  
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Price per A share, adjusted for share issue, 14.25 14.15 23.75  
EUR

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Price per B share, adjusted for share issue, 9.15 8.68 15.83  
EUR  
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Working hours re-calculated to full-time 679 697 687  
equivalent positions

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Ålandsbanken follows the disclosure procedure enabled by Standard 5.2b published by the Finnish Financial Supervision Authority and hereby publishes its Interim Report for the period January – March 2012 enclosed to this stock exchange release. Ålandsbanken's Interim Report for the period January – March 2012 is attached to this release in pdf format and is also available on the company's web site at [www.alandsbanken.fi](http://www.alandsbanken.fi).

Mariehamn, April 27, 2012

THE BOARD OF DIRECTORS

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