

Ålandsbanken Interim report Interim report for January - March 2009

11.05.2009

Bank of Åland Plc STOCK EXCHANGE RELEASE 11.05.2009 09.00 hrs Interim report for January - March 2009 The report period in brief -Consolidated net operating profit increased by 11 per cent to 6.3 million euros (January - March 2008: EUR 5.7 M) -Ålandsbanken Sverige AB, the Bank's new subsidiary in Sweden, was consolidated for the first time on March 31, 2009, which means that the company is included in the statement of financial position, while consolidated earnings do not include effects generated by Ålandsbanken Sverige -Net interest income decreased by 10 per cent to EUR 9.1 M (10.1) -Commission income decreased by 2 per cent to EUR 5.0 M (5.1) -Net income from securities transactions and foreign exchange dealing rose to EUR 3.1 M (0.7) -Total income increased by 12 per cent to EUR 20.4 M (18.1) -Expenses rose by 10 per cent to EUR 13.8 M (12.5) -Loan losses amounted to EUR 0.4 M (0.0) -Lending volume increased by 15 per cent to EUR 2,416 M (March 2008: 2,109) - Deposits increased by 15 per cent to EUR 2,354 M (March 2008: 2,042) -Mutual fund assets under management amounted to EUR 542 M (340) -Return on equity after taxes (ROE) was 13.1 per cent (12.1) -The expense/income ratio was 69 per cent (69) -The total capital ratio in compliance with Basel 2 amounted to 12.4 (12.3) per cent -Earnings per share after taxes amounted to EUR 0.37 (0.34)

EARNINGS AND PROFITABILITY This Interim Report has been prepared in compliance with the International Financial Reporting Standards (IFRSs) that have been adopted by the European Union, as well as with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Ålandsbanken Sverige AB, the Bank's new subsidiary in Sweden, was consolidated for the first time on March 31, 2009, which means that the company is included in the statement of financial position, while consolidated earnings do not include effects generated by Ålandsbanken Sverige. Earnings summary for the report period During January-March 2009, the consolidated net operating profit of the Bank of Åland Group increased by 111 per cent to EUR 6.3 M (5.7 in the corresponding period of 2008). Net interest income was lower than in the corresponding period last year as a consequence of sharply falling interest rates. Commission income and expenses for the period were at the same level, but net income from securities transactions and foreign exchange dealing as well as other operating income were higher than last year. Income increased by 12 per cent to EUR 20.4 M (18.1), while expenses rose by 10 per cent to EUR 13.8 M (12.5). Return on equity after taxes (ROE) increased to 13.1 (12.1) per cent, and earnings per share to EUR 0.37 (0.34). Net interest income During the report period, consolidated net interest income decreased by 10 per cent to EUR 9.1 M (10.1) as a result of lower interest rates, despite a higher volume of both deposits and lending. During the period, margins on lending showed a positive trend. Lending volume rose by 15 per cent to EUR 2,416 M (2,109), while deposit volume increased by 15 per cent to EUR 2,354 M (2,042). Other income Commission income fell by 2 per cent to EUR 5.0 M (5.1). Securities commissions and lending commissions rose, while income from mutual fund and management commissions declined. Net income from securities trading for the Bank's own account was EUR 2.7 M (0.4). Valuation and realisation of value increases in interest rate hedging derivatives (the Bank of Åland does not apply hedge accounting) resulted in a positive nonrecurring effect of EUR 2.4 M. Net income from dealing in the foreign exchange market increased to EUR 0.5 M (0.3). Net income from financial assets available for sale was EUR 0.0 M (0.0), and net income from investment properties was EUR 0.2 M (0.1). Other operating income increased to EUR 3.4 M (2.6) as a consequence of higher income from the sale and development of information technology (IT) systems. During the report period, the Bank of Åland Plc bought Kaupthing Bank Sverige AB in Sweden, now Ålandsbanken Sverige AB (encompassing Kaupthing Bank Sverige AB, Kaupthing Fonder AB and Alpha Management Company S.A). A preliminary acquisition analysis

showed that the net assets acquired after restructuring expenses amounted to EUR 56.2 M and the cost of the shares, including the purchase price and acquisition-related expenses, amounted to EUR 34.3 M. An adjusted acquisition analysis will be made later during 2009, and at that time negative goodwill of about EUR 20-25 M will be recognised as income. For detailed information about the acquisition analysis, see Note 4 under "Notes to the consolidated interim report" on page 12. The Group's total income increased by 12 per cent to EUR 20.4 M (18.1). Expenses Staff costs rose by 7 per cent to EUR 7.6 M (7.1) as a consequence of salary hikes as provided by collective agreements, as well as continued investments in human resource development in the Group. Changes in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, according to the corridor approach affected staff costs in the amount of EUR 0.0 M (-0.0). Other administrative expenses (office, marketing, communications and IT) increased to EUR 2.9 M (2.7). Production for own use totalled EUR -0.2 M (-0.2) and was related to expenses for computer software, which in accordance with IFRSs must be capitalised. Depreciation/amortisation decreased to EUR 1.4 M (1.5). Other operating expenses amounted to EUR 2.0 M (1.4). The Group's total expenses rise by 10 per cent to EUR 13.8 M (12.5). Impairment losses on loans and other commitments Loan losses amounted to EUR 0.4 M (0.0). Balance sheet total and off-balance sheet obligations At the end of the report period, the Group's balance sheet total was EUR 3,104 M (2,732). Off-balance sheet obligations rose to EUR 257 M (170). Personnel Hours worked in the Group, recalculated to full-time equivalent positions, totalled 492 (493) during January-march 2009. This represented a decrease of one position compared to the year-earlier period. The number of employees at Ålandsbanken Sverige AB on March 31, 2009 was 174.

	Bank of Åland Group	Mar 31	Mar 31	2009	2008
Ålandsbanken Abp	305	318			
Ab Compass Card Oy Ltd	6	5			
Crosskey Banking Solutions Ab Ltd	154	145			
Ålandsbanken Asset Management Ab	16	13			
Ålandsbanken Fondbolag Ab	6	7			
Ålandsbanken Equities Ab	5	0			
Ålandsbanken Veranta Ab	0	5			
Total number of full-time equivalent positions, recalculated from hours worked	492	493			

Expense/income ratio Efficiency measured as expenses divided by income, including and excluding loan losses, respectively:

	Bank of Åland Group	Mar 31	Mar 31	2009	2008
Including loan losses	0.69	0.69			
Excluding loan losses	0.67	0.69			

Capital adequacy The Group is reporting capital adequacy in accordance with Pillar 1 in the Basel 2 regulations. According to Pillar 1 of Basel 2, the Group's total capital ratio at the end of March 2009 was 12.4 per cent. The capital requirement for credit risks has been calculated according to the standardised approach, and the capital requirement for operational risks has been calculated according to the basic indicator approach in the Basel 2 regulations.

	Bank of Åland Group	Mar 31	Mar 31	Dec 31	2009	2008	2008
Capital base, EUR M							
Core capital 1	127.0	103.5	112.4				
Supplementary capital	70.2	49.6	53.4				
Total capital base	197.2	153.1	165.7				
Capital requirement for credit risks	109.7	90.6	95.9				
Capital requirement for operational risks	16.7	9.3	9.3				
Capital requirement for market risks	0.5	0.0	0.0				

-----	Total capital requirement	126.9	99.8	105.1	-----
-----	Total capital ratio, %	12.4	12.3	12.6	-----
-----	Core capital ratio, %	8.0	8.3	8.6	-----

----- | 1 Includes preliminary negative goodwill from the acquisition of Kaupthing | | Bank Sverige AB and profit for the period minus estimated dividends paid. | -----

----- Deposits Deposits from the public, including bonds and certificates of deposit issued, continued to increase during January-March 2009. On March 31, 2009, deposits totalled EUR 2,354 M (2,042), an increase of 15 per cent, of which EUR 200 M consisted of deposits in Ål andsbanken Sverige AB. Deposit accounts rose by 24 per cent to EUR 1,946 M (1,566). Bonds and certificates of deposit issued to the public decreased by 14 per cent to EUR 407 M (476). During the report period, debenture loans totalling EUR 16.9 M were issued. Lending During the 12 months to March 31, 2009, the volume of lending to the public increased by 15 per cent to EUR 2,416 M (2,109). The volume of lending at Ålandsbanken Sverige was EUR 209 M. Lending to households increased by 14 per cent to EUR 1,663 M (1,455). Households accounted for 69 (69) per cent of the Group's total lending volume. Lending to companies rose by 16 per cent to EUR 727 M. Ab Compass Card Oy Ltd Ab Compass Card Oy Ltd is a subsidiary of the Bank of Åland Plc. The mission of the company is to issue credit and debit cards to private and institutional customers. The company is in its start-up phase and did not have operating income during the report period. The company currently has 6 employees and offices in Mariehamn and Helsinki. Crosskey Banking Solutions Ab Ltd Crosskey Banking Solutions Ab Ltd is a wholly- owned subsidiary of the Bank of Åland Plc. The mission of the company is to develop, sell and maintain banking computer systems ' either as whole systems or as modules ' to small and medium-sized banks in Europe, as well as sell operational services. Among Crosskey's current customers are DnB NOR, S-Bank, Tapiola Bank, the Bank of Åland, eQ Bank and Ålands Penningautomatförening. Crosskey currently has 165 employees in Mariehamn, Turku, Helsinki and Stockholm. Ålandsbanken Asset Management Ab Ålandsbanken Asset Management Ab is a subsidiary of the Bank of Åland Plc. The company offers asset management services to institutions and private individuals. The company also manages all of the Bank of Åland's mutual funds. The company currently has about 450 customers and EUR 700 M in managed assets. Despite the market situation, the company's earnings was at a higher level than in the year-earlier period. Ålandsbanken Equities Ab Ålandsbanken Equities is a subsidiary of the Bank of Åland Plc. The company offers equity analysis and stock brokerage services to institutional investors. The company has an office in Helsinki. Ålandsbanken Fondbolag Ab Ålandsbanken Fondbolag Ab is a wholly-owned subsidiary of the Bank of Åland Abp. At the end of the report period, mutual fund assets under management totalled EUR 211 M (EUR 340 M on March 31, 2008), down 38 per cent from one year earlier. The decrease was due to a downturn in valuations, especially in equity mutual funds, due to the very weak market situation during 2008, as well as customer redemption of mutual fund units. The number of unit holders totalled 14,441 (14,344 in March 31, 2008), an increase of 0.7 per cent. Ålandsbanken Sverige AB Ålandsbanken Sverige AB is a wholly-owned subsidiary of the Bank of Åland Plc. The company has operations in private banking, asset management, stock brokerage and institutional equities trading. Ålandsbanken Sverige AB has EUR 200 M in deposits from the public, EUR 209 M in loan volume and EUR 331 M in managed mutual fund assets. Ålandsbanken Sverige AB currently has 174 employees and offices in Stockholm, Gothenburg and Malmö, Sweden. Annual General Meeting The Annual General Meeting of Shareholders (AGM) of the Bank of Åland on March 26, 2009 approved the Board of Directors' proposal for the distribution of a dividend of EUR 0.50 per share for 2008. The dividend was distributed on April 7, 2009. The AGM unanimously re-elected Sven-Harry Boman, Kent Janér, Agneta Karlsson, Göran Lindholm, Leif Nordlund, Teppo Taberman and Anders Wiklöf as members of the Board of Directors. Important events after the close of the report period No important events have occurred after the close of the report period. On May 4, 2009, the Bank of Åland published a stock exchange release containing a positive profit warning: the earnings forecast for 2009 was changed from "better" to "substantially better" than in 2008. Outlook for 2009 Two thousand nine will be very challenging for

all financial market players. The Bank of Åland expects its operating earnings to fall as a consequence of further weakening of net interest income, due to very low interest rates and continued low activity in capital markets. The acquisition of Kaupthing Bank Sverige will have a significant positive nonrecurring effect on the Group's earnings during the year. Operational activities in Sweden will be included in earnings during 2009. Overall, we expect consolidated earnings to be substantially better than in 2008. It should again be emphasised that great uncertainty prevails in the global financial system. Combined with the acquisition of Kaupthing, this means that the outlook for the future is burdened with greater uncertainty than normal. The Group's assessment of the outlook for 2009 is based on its assumptions about future developments in the fixed income and financial markets.

However, general interest rates, the demand for lending, the trend of the capital and financial markets and the competitive situation, as well as the general economic situation, are factors that the Group cannot influence. Financial information in 2009 Interim reports will be published as follows during 2009. January-June 2009 Monday, August 24, 2009 January-September 2009 Monday, October 26, 2009 Mariehamn, May 11, 2009 THE BOARD OF DIRECTORS -----

----- | FINANCIAL RATIOS ETC. | ----- |

Bank of Åland Group | Jan-Mar | Jan-Mar | Full year | | 2009 | 2008 | 2008 | -----

----- | Earnings per share before dilution, | 0.37 | 0.34 | 1.22 | | EUR 1 | | | |

----- | Earnings per share after dilution, | 0.37 |

0.34 | 1.22 | | EUR 2 | | | | ----- | Market price per

share, end of period, EUR | ----- | Series A |

25.00 | 31.80 | 26.60 | ----- | Series B | 19.00 |

26.06 | 17.24 | ----- | Equity capital per share,

EUR 3 | 11.78 | 11.91 | 11.87 | ----- | Return on

equity after taxes, % (ROE) | 13.1 | 12.1 | 10.7 | | 4 | | | | -----

----- | Return on total assets, % (ROA) 5 | 0.6 | 0.6 | 0.5 | -----

----- | Equity/assets ratio, % 6 | 4.4 | 5.1 | 5.0 | -----

----- | Total lending volume, EUR M | 2,416 | 2,109 | 2,193 | -----

----- | Total deposits from the public, EUR M | 2,354 | 2,042 | 2,126 | -----

----- | Equity capital, EUR M | 137 | 138 | 138 | -----

----- | Balance sheet total, EUR M | 3,104 | 2,732 |

2,770 | ----- | Expense/income ratio | -----

----- | Including loan losses | 0.69 | 0.69 | 0.73 | -----

----- | Excluding loan losses | 0.67 | 0.69 | 0.70 | -----

----- | 1 Profit for the period before dilution / Average

number of shares | ----- | 2 Profit for the period

after dilution / (Average number of shares + shares | | outstanding) | -----

----- | 3 Equity capital - minority share of capital / Number of shares on balance

| sheet date | ----- | 4 (Net operating profit -

taxes) / Average equity capital | ----- | 5) (Net

operating profit - taxes) / Average balance sheet total | -----

----- | 6) Equity capital / Balance sheet total | -----

----- | SUMMARY STATEMENT OF

FINANCIAL POSITION | ----- | Bank of Åland

Group | Mar 31 | Mar 31 | Dec 31 | | 2009 | 2008 | 2008 | -----

----- | EUR M | ----- | ASSETS | -----

----- | Cash | 44 | 38 | 79 | -----

----- | Debt securities eligible for | 132 | 177 | 146 | | refinancing with central

banks | | | | ----- | Claims on credit institutions |

246 | 214 | 123 | ----- | Claims on the public and

public sector | 2,416 | 2,109 | 2,193 | | entities | | | | -----

Debt securities	97	87	131			
Shares and participations	27	3	3			
Shares and participations in associated companies	1	1	1			
Derivative instruments	17	21	15			
Intangible assets	5	6	5			
Tangible assets	36	28	36			
Other assets	57	24	11			
Accrued income and prepayments	24	23	25			
Deferred tax assets	1	1	1			
TOTAL ASSETS	3,104	2,732	2,770			
LIABILITIES						
Liabilities to credit institutions	89	52	71			
Liabilities to the public and public sector entities	1,947	1,567	1,758			
Debt securities issued to the public	692	811	665			
Derivative instruments	12	2	6			
Other liabilities	81	66	41			
Accrued expenses and prepaid income	68	26	18			
Subordinated liabilities	60	52	53			
Deferred tax liabilities	20	16	19			
TOTAL LIABILITIES	2,967	2,594	2,631			
EQUITY CAPITAL AND MINORITY INTERESTS						
Share capital	23	23	23			
Share premium account	33	33	33			
Reserve fund	25	25	25			
Fair value reserve	2	1	2			
Retained earnings	52	55	54			
Equity capital attributable to owners	136	137	137			
Equity capital attributable to minority interests	1	1	2			
TOTAL EQUITY CAPITAL	137	138	138			
TOTAL LIABILITIES AND EQUITY CAPITAL	3,104	2,732	2,770			

SUMMARY

STATEMENT OF COMPREHENSIVE INCOME	Bank of Åland Group	Jan-Mar	Jan-Mar	Full year	2009	2008	2008
	EUR M						
Net interest income	9.1	10.1	42.1				
Income from equity instruments	0.0	0.0	0.0				
Commission income	5.0	5.1	18.6				
Commission expenses	-0.5	-0.5	-2.2				
Net income from securities transactions	3.1	0.7	3.3				
Net income from financial assets	0.0	0.0					
Net income from investment properties	0.2	0.1	0.1				
Other operating income	3.4	2.6	12.4				
Total income	20.4	18.1	74.2				
Staff costs	-7.6	-7.1	-28.3				
Other administrative expenses	-2.9	-2.7	-11.0				
Production for own use	0.2	0.2	0.5				
Depreciation/amortisation	-1.4	-1.5	-5.9				

Åland Plc are traded on the Nasdaq OMX Helsinki Oy (Helsinki Stock Exchange). The Interim Report for the financial period January 1-March 31, 2009 was approved by the Board of Directors on May 8, 2009.

2. BASIS FOR PREPARATION AND ESSENTIAL ACCOUNTING PRINCIPLES Basis for preparation This Year-end Report has been prepared in compliance with the International Financial Reporting Standards (IFRSs) that have been adopted by the European Union, as well as with International Accounting Standard (IAS) 34, "Interim Financial Reporting". The Interim Report does not contain all information and notes required in annual financial statements and should be read together with the consolidated financial statements for the year ending December 31, 2008. Essential accounting principles The essential accounting principles used in preparing the Interim Report are the same as the essential accounting principles used in preparing the financial statements for the year ending December 31, 2008, except for the introduction of new standards and interpretations, which are described below. The introduction of new standards and interpretations has not materially affected the Group's results or financial position. New accounting norms and standards in effect starting in 2009: IAS 1, "Presentation of Financial Statements" The standard has been revised in order to provide better information for analysis and comparison of companies. The Group is presenting its financial statements in compliance with the revised IAS 1 for the financial period that begins on January 1, 2009. IFRS 8, "Operating Segments" The standard requires that a company provide financial and descriptive disclosures about its operating segments. IFRS 8 replaces IAS 14, "Segment Reporting". The Group is presenting its financial statements in compliance with IFRS 8 for the financial period that begins on January 1, 2009. **3. ESTIMATES AND JUDGEMENTS** Preparation of financial statements in compliance with IFRSs requires the company's Executive Team to make estimates and judgements that affect the recognised amounts of assets and liabilities, income and expenses as well as disclosures about commitments. Although these estimates are based on the best knowledge of the Executive Team on current events and measures, the actual outcome may diverge from these estimates. **4. BUSINESS COMBINATIONS** During the report period, the Bank of Åland Group made the following acquisitions of companies, which are reported in compliance with IFRS 3, "Business Combinations". This is a preliminary compilation based on a purchase price that has not been finally settled, preliminary fair values for identified assets and liabilities, and which lacks a valuation of customer relationships. An adjusted estimate will be made in conjunction with settlement of the purchase price.

Sector	Date of acquisition	Share of equity capital	Cost	Names of companies
Asset manager	March 27, 2009	100%	34.3	Kaupthing Bank Sverige Ab
Mutual fund	March 27, 2009	100%	34.3	Kaupthing Fonder Mutual fund
Mutual fund	March 27, 2009	100%	34.3	Alpha Management Mutual fund
				Company S.A. manager
				Kaupthing Bank Sverige
				Allocation of cost
				Cash
				Direct acquisition-related expenses
				Estimated purchase price settlement ¹
				34,3
				1 Settlement items known at the close of the report period; final settlement will occur during 2009.
				Net assets acquired
				Kaupthing Bank Sverige
				Fair value
				Carrying amount
				Claims on credit institutions
				Claims on the public
				Shares and participations

