

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

29.10.2012

Bank of Åland Interim report Bank of Åland Plc: Interim Report for the period January–September 2012 Mariehamn, 2012-10-29 15:00 CET (GLOBE NEWSWIRE) -- Bank of Åland Plc STOCK EXCHANGE RELEASE 29.10.2012 4.00 pm Interim Report for the period January–September 2012 “During the third quarter, we carried out our first covered bond issue and our Malmö office in Sweden reached break-even. The third quarter showed that our measures to improve profitability are beginning to have an impact. Earnings were clearly better than in the preceding quarter. Right now the conditions for conducting banking operations in the euro zone are unusually challenging, and we must take further steps – both on the income side and the expense side – to ensure acceptable profitability in this extreme low-interest environment.” Peter Wiklöf, Managing Director The third quarter of 2012 compared to the second quarter of 2012 -- -Net operating profit amounted to EUR -0.5 M (-3.0), but an impairment loss of EUR -0.8 M was charged to earnings for the quarter when the recognised value of the Bank’s shareholding in the equities-trading platform Burgundy was changed to zero. -- Profit for the period attributable to shareholders was EUR -0.3 M (-2.2). -- Net interest income increased by 7 per cent to EUR 10.2 M (9.6). -- Net commission income increased by 1 per cent to EUR 7.7 M (7.6). -- Total expenses decreased by 9 per cent to EUR 21.5 M (23.7). -- Net loan losses were EUR 1.0 M (1.5), equivalent to a loan loss level of 0.14 (0.21) per cent. -- Earnings per share amounted to EUR -0.02 (-0.05). January/September 2012 compared to January/September 2011 -- Net operating profit amounted to EUR -4.5 M (1.4). -- Profit for the period attributable to shareholders was EUR -3.3 M (-1.7). -- Net interest income increased by 1 per cent to EUR 31.3 M (31.0). -- Net commission income decreased by 23 per cent to EUR 23.5 M (30.4). -- Total expenses decreased by 7 per cent to EUR 68.8 M (73.8). -- Net loan losses were EUR 3.4 M (0.9), equivalent to a loan loss level of 0.16 (0.05) per cent. -- Earnings per share amounted to EUR -0.23 (-0.14). -- The Tier 1 capital ratio increased to 9.7 per cent (8.4 per cent on December 31, 2011), mainly because the capital requirement for credit risks is now calculated according to the Internal Ratings Based (IRB) approach for the Finnish household portfolio. -- Record-low interest rates in the euro zone and uncertain stock market performance are weighing down earnings. The Group will implement income-raising measures and is continuing to review its measures to improve efficiency. The Bank will report sizeable capital gains from divestments of assets. These are higher than previously estimated. The Group will also incur further expenses related to staff cut backs. If loan losses remain within forecasted limits, these circumstances and expectations will together lead the Group to report a positive operating profit in 2012 (The forecast has been changed). Financial summary -----

Bank of Åland Group											
	Q3	Q2	%	Q3	%	Jan-Se	Jan-Se	%	2012	2011	2011
	p	p		p	p	2012	2011		2012	2011	
	EUR M										
Income											
Net interest income	10.2	9.6	7	11.4	-11	31.3	31.0	1			
Net commission income	7.7	7.6	1	9.7	-21	23.5	30.4	-23			
Other income	4.1	5.1	-18	2.3	83	12.9	14.7	-13			
Total income	22.0	22.3	-1	23.4	-6	67.6	76.2	-11			
Staff costs	-12.3	-13.0	-5	-12.8	-4	-38.6	-43.3	-11			
Other expenses	-9.2	-10.7	-14	-9.8	-6	-30.2	-30.6	-1			
Total expenses	-21.5	-23.7	-9	-22.6	-5	-68.8	-73.8	-7			
Profit before loan losses	0.5	-1.4	0.8	-33	-1.1	2.4					

etc. ----- Impairment losses on -1.0 -1.5 -36 -0.7  
43 -3.4 -0.9 loans and other commitments -----  
Net operating profit -0.5 -3.0 -84 0.1 -4.5 1.4 -----  
----- Income taxes 0.3 0.9 -70 -0.6 1.6 -2.2 ----  
----- Profit for the report -0.2 -2.0 -91 -0.5 -63 -2.9  
-0.8 period -----  
----- Attributable to: -----  
Non-controlling interests 0.2 0.1 11 0.1 80 0.4 1.0 -61 -----  
----- Shareholders in Bank of -0.3 -2.2 -84 -0.6 -43 -3.3 -1.7 88 Åland Plc -----  
----- Volume -----  
Lending to the public 2,895 2,861 1 2,639 10 -----  
-- Deposits from the public 2,557 2,591 -1 2,494 3 -----  
----- Managed assets 4,230 3,982 6 3,492 21 -----  
----- Equity capital 178 177 0 158 13 -----  
Balance sheet total 3,620 3,580 1 3,338 8 -----  
Risk-weighted assets 1,420 1,445 0 1,689 -14 -----  
--- Financial ratios ----- Return on equity after  
-0.4 -4.5 -1.5 -2.2 -1.5 taxes, % (ROE) -----  
Expenses/income ratio, % 98 106 97 102 97 -----  
- Loan loss level, % 0.14 0.21 0.10 0.16 0.05 -----  
- Gross non-performing 0.86 0.88 1.09 0.86 1.09 loans, % -----  
----- Level of provisions for 67 73 82 67 82 doubtful receivables, % -----  
----- Core funding ratio 106 110 106 106 106 (Lending/deposits), % -----  
----- Equity/assets ratio, % 4.9 5.0 4.7 4.9 4.7 -----  
----- Tier 1 capital ratio, % 9.7 9.6 7.3 9.7 7.3 -----  
----- Earnings per share before -0.02 -0.15 -0.05 -0.23  
-0.14 dilution, % ----- Equity capital per share,  
12.12 12.13 12.45 12.12 12.45 EUR ----- Market  
price per Series A 10.04 10.90 16.00 10.04 16.00 share, EUR -----  
----- Market price per Series B 7.77 7.58 10.50 7.77 10.50 share, EUR -----  
----- Price per A share, 10.04 10.90 16.00 10.04 16.00 adjusted for  
share issue, EUR ----- Price per B share, 7.77  
7.58 1 0.50 7.77 10.50 adjusted for share issue, EUR -----  
----- Number of shares 14,395 14,395 12,374 14,395 12,374 outstanding (not own shares)  
thousands ----- Working hours 633 651 678 654  
677 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 Interim Report for the period January -  
September 2012 enclosed to this stock exchange release. Ålandsbanken's Interim Report for the  
period January - September 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, October 29, 2012 THE BOARD OF  
DIRECTORS For more information please contact: Managing Director, Peter Wiklöf +358 204 291255