

# Bank of Åland Plc: Interim Report for the period January - June 2012

30.07.2012

Bank of Åland Interim report Bank of Åland Plc: Interim Report for the period January - June 2012  
 Mariehamn, 2012-07-30 13:00 CEST (GLOBE NEWSWIRE) -- Bank of Åland Plc Interim Report  
 30.07.2012 14.00 hrs Interim Report for the period January - June 2012 • July 30, 2012, 2.00 pm  
 "Right now the external conditions for conducting banking operations in the euro zone are unusually  
 challenging, forcing us to take further steps - both on the income side and the expense side - to  
 ensure profitable banking business even in an extreme low-interest environment. During July, we  
 received two encouraging pieces of news. One is that a declaration of intent has been signed on the  
 divestment of the Bank's Swedish subsidiary, which has been emptied of banking operations, a  
 transaction that is expected to give us a capital gain of about EUR 6 M in the fourth quarter. The other  
 is that Standard & Poor's has assigned our covered bonds a high credit rating, AA. This credit rating  
 opens a new, important source of funding in the form of covered bonds." Peter Wiklöf, Managing  
 Director January'June 2012 compared to January'June 2011 -- Net operating profit amounted to EUR  
 -4.0 M (1.4). -- Profit for the period attributable to shareholders was EUR -3.0 M (-1.2). -- Net interest  
 income increased by 8 per cent to EUR 21.0 M (19.6). -- Net commission income decreased by 24 per  
 cent to EUR 15.7 M (20.8). -- Total expenses decreased by 8 per cent to EUR 47.2 M (51.2). -- Net loan  
 losses were EUR 2.4 M (0.3), equivalent to a loan loss level of 0.17 (0.02) per cent. -- The Tier 1 capital  
 ratio increased to 9.6 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. -- Due to macroeconomic developments in Europe, including  
 record-low interest rates and uncertain stock market performance, it has become more difficult for the  
 Bank to earn profits. The Group intends to further review its expenses, which overall are expected to  
 be lower than in 2011. The Bank expects capital gains from divestments of assets and also intends to  
 adjust certain interest rate terms in such a way that they better reflect prevailing market conditions. 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. The second quarter of 2012 compared to  
 the first quarter of 2012 -- Net operating profit amounted to EUR -3.0 M (-1.1). -- Profit for the period  
 attributable to shareholders was EUR -2.2 M (-0.8). -- Net interest income decreased by 17 per cent to  
 EUR 9.6 M (11.5). -- Net commission income decreased by 5 per cent to EUR 7.6 M (8.0). -- Total  
 expenses increased by 1 per cent to EUR 23.7 M (23.5). -- Net loan losses were EUR 1.5 M (0.9),  
 equivalent to a loan loss level of 0.21 (0.12) per cent. Financial summary -----  
 ----- Bank of Åland Group Q2 Q1 % Q1 % 1.1-30 1.1-30 % 2012 2011 2011 .6  
 .6 2012 2011 ----- EUR M -----  
 ----- Income -----  
 Net interest income 9.6 11.5 -17 10.1 -5 21.0 19.6 8 -----  
 ----- Net commission income 7.6 8.0 -5 10.7 -28 15.7 20.8 -24 -----  
 ----- Other income 5.1 3.8 34 5.9 -14 8.9 12.5 -29 -----  
 ----- Total income 22.3 23.3 -4 26.7 -16 45.6 52.8 -14 -----  
 ----- Staff costs  
 -13.0 -13.2 -2 -16.5 -21 -26.2 -30.4 -14 -----  
 Other expenses -10.7 -10.3 4 -10.6 1 -21.0 -20.8 1 -----  
 ----- Total expenses -23.7 -23.5 1 -27.2 -13 -47.2 -51.2 -8 -----  
 ----- Profit before loan losses  
 -1.4 -0.2 -0.5 -1.6 1.6 etc. ----- Impairment

losses on	-1.5	-0.9	78	-0.3	-2.4	-0.3	loans and other commitments	-----
-----							Net operating profit	-3.0 -1.1 -0.8 -4.0 1.4 -----
-----							Income taxes	0.9 0.4
-0.6	1.3	-1.6	-----				Profit for the report	-2.0 -0.7
-1.3	53	-2.7	-0.3	period	-----			
-----							Attributable to:	-----
-----							Non-controlling interests	0.1 0.1 59 0.9 -84 0.2 0.9 -75 -----
-----							Shareholders in Bank of Åland Plc	-2.2 -0.8 -2.2 -1 -3.0 -1.2 -----
-----								-----
Volume	-----						Lending to the public	2,861 2,762 4
2,567	11	-----					Deposits from the public	2,591
2,551	2	2,492	4	-----			Managed assets	3,982
4,044	-2	3,814	-1	-----			Equity capital	177 180 -1
155	14	-----					Balance sheet total	3,580 3,553 1
3,403	5	-----					Risk-weighted assets	1,445 1,374 5
1,591	-9	-----						-----
-----							Financial ratios	-----
Return on equity after	-4.5	-1.6	-3.4	-3.1	-0.4	taxes, % (ROE)	-----	
-----							Expenses/income ratio, %	106 101 102 104 97 -----
-----							Loan loss level, %	0.21 0.12 0.04 0.17 0.02 -----
-----							Gross non-performing	0.88 0.63 1.04 0.88 1.04 loans, % -----
-----							Level of provisions for	73 67 75 73 75 doubtful receivables, % -----
-----							Core funding ratio	110 108 103 110 108
(Lending/deposits), %	-----						Equity/assets ratio,	-----
%	5.0	5.1	4.6	5.0	4.6	-----	Tier 1 capital ratio, %	-----
9.6	10.3	7.7	9.6	7.7	-----		Earnings per share	-----
before	-0.15	-0.06	-0.19	-0.21	-0.10	dilution, %	-----	
----							Equity capital per share,	12.11 12.26 13.15 12.11 13.15 EUR -----
-----							Market price per Series A	10.90 14.15 25.98 10.90 25.98 share, EUR -----
-----							Market price per Series B	7.58 8.68 16.50 7.58 16.50
share, EUR	-----						Price per A share,	10.90 14.15
24.20	10.90	24.20	adjusted for share issue, EUR	-----				-----
-----							Price per B share,	7.58 8.68 15.27 7.58 15.27 adjusted for share issue, EUR -----
-----							Working hours	651 679 699 666 693 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 - June 2012 enclosed to this stock exchange release. Ålandsbanken's Interim Report for the period January - June 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, July 30, 2012 THE BOARD OF DIRECTORS For more information please contact: Managing Director, Peter Wiklöf +358 204 291255