

# 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, | 492 | 493 |  
| recalculated from hours worked | | |

#### 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.

---

Capital adequacy	
------------------	--

---

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 | 1 | 1 | 1 |  
| associated companies | | |

| 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 | 1,947 | 1,567 | 1,758 |  
| sector entities | | |

| 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 |  
| of the parent | | |

| Equity capital attributable to | 1 | 1 | 2 |  
| minority interests | | |

| 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 |  
| and foreign exchange dealing | | | |  
-----

| Net income from financial assets | 0.0 | 0.0 | -0.1 |  
| available for sale | | | |  
-----

| 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 |  
-----

| Other operating expenses | -2.0 | -1.4 | -7.4 |  
-----

| Total expenses | -13.8 | -12.5 | -52.1 |  
-----

| Impairment losses on loans and other | -0.4 | 0.0 | -2.3 |  
| commitments | | | |  
-----

| Share of profit/loss in associated | 0.1 | 0.1 | 0.2 |  
| companies | | | |  
-----

| Net operating profit | 6.3 | 5.7 | 20.0 |  
-----

| |

| Income taxes | -1.8 | -1.5 | -5.4 |

| Profit for the period | 4.5 | 4.2 | 14.6 |

| Other comprehensive income |

| Assets available for sale | 0.6 | 0.5 | 1.8 |

| Income tax on other comprehensive | -0.2 | -0.1 | -0.5 |  
| income | | |

| Total comprehensive income for the | 5.0 | 4.5 | 15.9 |  
| period | | |

| Profit attributable to: |

| Owners of the parent | 4.3 | 3.9 | 14.0 |

| Minority interests | 0.2 | 0.2 | 0.6 |

| Total | 4.5 | 4.2 | 14.6 |

| Total comprehensive income for the period attributable to: |

| Owners of the parent | 4.7 | 4.3 | 15.3 |

| Minority interests | 0.2 | 0.2 | 0.6 |

| Total | 5.0 | 4.5 | 15.9 |

| Earnings per share |

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

| Earnings per share after dilution, EUR | 0.37 | 0.34 | 1.22 |  
| 2 | | |

| 1 Profit for the period before dilution /Average number of shares |

| 2 Profit for the period after dilution / (Average number of shares + shares |  
| outstanding) |

-----  
QUARTERLY DATA, EARNINGS

| Bank of Åland Group | Q I | Q IV | Q III | Q II | Q I |  
| | 2009 | 2008 | 2008 | 2008 | 2008 |  
-----

EUR M euro

| Net interest income | 9.1 | 10.7 | 10.5 | 10.7 | 10.1 |  
-----

| Income from equity instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |  
-----

| Commission income | 5.0 | 4.6 | 3.8 | 5.1 | 5.1 |  
-----

| Commission expenses | -0.5 | -0.6 | -0.5 | -0.6 | -0.5 |  
-----

Net income from securities	3.1	2.4	-0.1	0.4	0.7
transactions and foreign					
exchange dealing					
-----

| Net income from financial assets | 0.0 | -0.3 | 0.0 | 0.1 | 0.0 |  
| avai lable for sale | | | | |  
-----

| Net income from investment | 0.2 | 0.0 | 0.0 | 0.1 | 0.1 |  
| properties | | | | |  
-----

| Other operating income | 3.4 | 3.4 | 3.2 | 3.1 | 2.6 |  
-----

| Total income | 20.4 | 20.3 | 16.9 | 19.0 | 18.1 |  
-----


| Staff costs | -7.6 | -7.4 | -6.8 | -7.1 | -7.1 |  
-----

| Other administrative expenses | -2.9 | -3.1 | -2.3 | -2.9 | -2.7 |  
-----

| Production for own use | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 |  
-----

| Depreciation/amortisation | -1.4 | -1.5 | -1.6 | -1.3 | -1.5 |  
-----

| Other operating expenses | -2.0 | -2.9 | -1.5 | -1.6 | -1.4 |  
-----

| Total expenses | -13.7 | -14.6 | -12.2 | -12.8 | -12.5 |  
-----


| Impairment losses on loans and | -0.4 | -1.9 | -0.2 | -0.2 | 0.0 |  
| other commitments | | | | |  
-----

| Share of profit/loss in | 0.1 | -0.1 | 0.0 | 0.1 | 0.1 |  
-----

| associated companies | | | | |

| Net operating profit | 6.3 | 3.7 | 4.5 | 6.1 | 5.7 |

## CASH FLOW STATEMENT

| Bank of Åland Group | Jan-Mar | Jan-Mar |

| | 2009 | 2008 | -----

| Cash flow from operating activities |

| Net operating profit | 6.3 | | 5.7 | |

| Adjustment for net operating profit | 3.7 | | 1.9 | |

| items not affecting cash flow | | | |

| Gains/losses from investing activities | -0.2 | | -0.1 | |

| Income taxes paid | -1.1 | | -0.1 | |

| Changes in assets and liabilities in | -8.7 | -0.1 | 134.8 | 142,3 |

| operating activities | | | |

| Cash flow from investing activities | | 30.0 | | -3.1 |

| Cash flow from financing activities | | -17.3 | | -1.9 |

| Change in cash and cash equivalents | | 12.6 | | 137.3 |

| Cash and cash equivalents, January 1 | | 323.5 | | 255.0 |

| Cash and cash equivalents, March 31 | | 336.1 | | 392.2 |

## | STATEMENT OF CHANGES IN EQUITY |

| Bank of Åland | Share | Share | Reserve | Fair | Retai | Total | Minor | Total |

| Group | capi | premium | fund | value | ned | before | ity | |

| | tal | account | reserve | earni | minor | inter | |

| | | | | ngs | ity | ests | |

| | | | | inter | | |

| | | | | ests | | |

| EUR M |

| Equity | 23.3 | 33.3 | 25.1 | 0.4 | 51.1 | 133.1 | 1.8 | 135.0 |

| capital, Dec | | | | | | |

31, 2007									
-----									
Comprehensive income for the period				0.3		3.9		4.3	0.2   4.5
-----									
Dividend paid					0.0		0.0	-1.0   -1.0	
-----									
Equity capital, Mar 31, 2008		23.3		33.3		25.1		0.7	55.0   137.4   1.1   138.5
-----									
Comprehensive income for the period					1.0		10.1	11.1   0.4   11.4	
-----									
Dividend paid					-11.5		-11.5	0.0   -11.5	
-----									
Other changes in equity attributable to minority interests						0.0		0.1	0.1
-----									
Equity capital, Dec 31, 2008		23.3		33.3		25.1		1.7	53.6   136.9   1.6   138.5
-----									
Comprehensive income for the period						0.4		4.3	4.7   0.2   5.0
-----									
Dividend paid					-5.8		-5.8	-0.9   -6.6	
-----									
Equity capital, Mar 31, 2009		23.3		33.3		25.1		2.1	52.1   135.9   1.0   136.8

## NOTES TO THE CONSOLIDATED INTERIM REPORT

## 1. CORPORATE INFORMATION

The Bank of Åland Plc (Ålandsbanken Abp) is a Finnish public company, organised in compliance with Finnish legislation and with its Head Office in Mariehamn. The Bank of Åland Plc is a commercial bank with a total of 27 offices. Through its subsidiary Crosskey Banking Solutions Ab Ltd, the Bank of Åland Group is also a supplier of modern banking computer systems for small and medium-sized banks.

The Head Office has the following address:  
Bank of Åland Plc  
Nygatan 2 AX-22100 Mariehamn, Åland, Finland

The shares of the Bank of 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 requirements 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.

Names of companies	Sector	Date of acquisition	Share of equity capital	Cost
--------------------	--------	---------------------	-------------------------	------

EUR M
-------

Kaupthing Bank	Asset manager	March 27, 2009	100%	
----------------	---------------	----------------	------	--

Kaupthing Fonder AB	Mutual fund manager	March 27, 2009	100%	
---------------------	---------------------	----------------	------	--

Alpha Management Company S.A.	Mutual fund manager	March 27, 2009	100%	
-------------------------------	---------------------	----------------	------	--

Kaupthing Bank Sverige		34.3	
------------------------	--	------	--

Allocation of cost
--------------------

Kaupthing Bank Sverige	
EUR M	

Cash	35.2
------	------

Direct acquisition-related expenses	3.6
-------------------------------------	-----

Estimated purchase price settlement <sup>1</sup>	-4.5
--	------

	34,3
--	------

<sup>1</sup> Settlement items known at the close of the report period; final settlement will occur during 2009.

Net assets acquired
---------------------

Kaupthing Bank Sverige
------------------------



| EUR M | |

| | Fair value | Carrying |  
| | | amount |

| Claims on credit institutions | 84.9 | 84.9 |

| Claims on the public | 208.4 | 208.9 |

| Shares and participations | 24.6 | 24.6 |

| Other assets | 42.2 | 42.2 |

| Liabilities | 303.9 | 303.0 |

| Net assets acquired | 56.2 | |

| Preliminary negative goodwill | 21.9 | |

| The acquisition analysis will be completed during 2009. Preliminary negative |  
| goodwill has been recognised as an accrued expense. |

| Ålandsbanken Sverige has not had any effect on earnings, since the |  
| acquisition was completed on March 27. |

| Goodwill |

| EUR | 2009 | 2008 |

| Opening balance |

| Gross | 1,372,988 | 1,405,260 |

| | 1,372,988 | 1,405,260 |

| Goodwill recognised during the report period | 0 | 34,373 |

| Impairment | 0 | -66,645 |

| Closing balance | 1,372,988 | 1,372,988 |

## 5. OPERATING SEGMENTS

The Bank of Åland Group reports operating segments in compliance with IFRS 8, which means that operating segments reflect the information that the Group's

Executive Team receives. The Finland segment includes the Bank of Åland Plc, Ab Compass Card Oy Ltd, Ålandsbanken Asset Management Ab, Ålandsbanken Equities Ab, Ålandsbanken Fondbolag Ab and Ålandsbanken Veranta Ab. The Crosskey segment includes Crosskey Banking Solutions Ab and S-Crosskey Ab. The Sweden segment includes Ålandsbanken Sverige AB, Ålandsbanken Fonder AB and Alpha Management Company S.A. In each operating segment, "Other staff costs" are recognised as staff costs while in the external financial statements they are recognised as "Other administrative expenses" and IT depreciation/amortisation is recognised as "Other expenses" while in the external financial statements they are recognised as "Depreciation/amortisation".

-----  
 | Bank of Åland Group | Jan-Mar 2009 |  
 -----

| EUR M | Finland | Sweden | Crosskey | Eliminati | Total |  
 | | | | | ons | |  
 -----

Deposits, lending	11.3	0.0	0.0	0.0	11.3
and portfolio					
management					
 -----

| of which impairment | -0.4 | 0.0 | 0.0 | 0.0 | -0.4 |  
 | losses, loans | | | | |  
 -----

| Capital market | 4.2 | 0.0 | 0.0 | 0.0 | 4.2 |  
 | products/services | | | | |  
 -----

| Other income | 1.0 | 0.0 | 6.6 | -3.3 | 4.4 |  
 -----

| Staff costs | -5.2 | 0.0 | -2.7 | 0.0 | -7.9 |  
 -----

| Other expenses | -4.3 | 0.0 |  
 -----