

# Year-end report for the period January - December 2010

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Ålandsbanken  
Financial Statement Release

Year-end report for the period January - December 2010

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Year-end report for the period January - December 2010

The report period in brief

"In terms of earnings, it was a weak year. The reasons were the build-up of our Swedish operations, a single loan impairment loss and very low interest rates that squeezed our net interest income. Despite these circumstances, our Finnish business showed better operational income in 2010 than in 2009.

"During 2010, the Bank of Åland was very successful in attracting new and existing customers to our financial investment services, which is clearly visible in our volume growth. Customer loyalty is the highest in Finland and, combined with good results in our investment advisory services, strongly contributed to this growth.

"In Sweden, since last autumn we have seen clearly higher customer activity and expect a clearly lower loss level in 2011. Overall this means that we expect significantly better earnings in 2011."

Peter Wiklöf, Managing Director

-- Consolidated net operating profit decreased to 1.8 million euros  
(January-December 2009: EUR 7.4 M, excluding negative goodwill)

-- The income of the Group's operations in Finland totalled EUR 16.4 M, which was  
6 per cent better than the previous year (15.4, excluding negative goodwill)

-- Net interest income fell by 6 per cent to EUR 36.8 M (39.1)

-- Commission income increased by 35 per cent to EUR 43.7 M (32.5)

- Total income increased by 14 per cent to EUR 99.7 M (87.2)
- Expenses rose by 19 per cent to EUR 92.2 M (77.2)
- Impairment losses on loans amounted to EUR 5.9 M (2.9)
- Lending volume increased by 1 per cent to EUR 2,573 M (December 2009: 2,546)
- Deposits increased by 8 per cent to EUR 2,600 M (December 2009: 2,411)
- Assets under management increased by 38 per cent to EUR 4,276 M (December 2009: 3,101)
- Fund assets under management increased by 25 per cent to EUR 998 M (801)
- The expense/income ratio amounted to 98 (72) per cent
- The total capital ratio in compliance with Basel 2 amounted to 12.0 per cent (12.3)
- The Board of Directors proposes a dividend of EUR 0.00 (0.70) per share
- Taking into consideration that we expect operations in Sweden to have a clearly lower loss level during 2011 and that the Group's earnings in 2010 were pulled down by a sizeable impairment loss on a loan, the Group's earnings in 2011 are expected to be significantly better than in 2010

Bank of Åland Group Full Full Q4 Q3 Q2 Q1 Q4  
year year

EUR M 2010 2009 2010 2010 2010 2010 2009

Income statement in brief

Net interest income 36.8 39.1 9.0 9.4 9.3 9.1 9.7

Other income 62.9 48.1 18.7 13.7 16.1 14.3 13.4

Total income 99.7 87.2 27.7 23.1 25.4 23.5 23.2

Total expenses -92.2 -77.2 -25.7 -21.8 -23.4 -21.3 -23.0

Net operating profit before 7.7 33.4 2.0 1.3 2.1 2.2 0.2

impairment losses

Impairment losses -5.9 -2.9 -0.4 -5.4 0.0 -0.1 -0.6

Net operating profit/loss 1.8 30.5 1.6 -4.1 2.1 2.2 -0.4

Selected balance sheet items

Total lending volume 2,573 2,546 2,573 2,547 2,549 2,549 2,546

Total deposits from the 2,600 2,411 2,600 2,459 2,492 2,408 2,411

public

Equity capital 155 162 155 156 160 166 162

Balance sheet total 3,475 3,379 3,475 3,492 3,617 3,572 3,379

Financial ratios

Earnings per share before -0.20 2.27 0.02 -0.39 0.11 0.06 -0.08

dilution, EUR

Earnings per share after -0.20 2.27 0.02 -0.39 0.11 0.06 -0.08

dilution, EUR

Equity capital per share, EUR 13.39 13.97 13.39 13.35 13.72 14.32 13.97

Return on equity after taxes, -1.0 17.8 1.0 -11.2 4.0 1.9 -1.7

%

Return on total assets, % 0.0 12.3 12.0 12.5 12.4 12.6 12.3

(ROA)

Equity/assets ratio, % 4.5 4.8 4.5 4.5 4.4 4.7 4.8

Expense/income ratio

Including negative goodwill

Including loan losses 0.92 0.70 0.92 0.94 0.92 0.91 0.99

Excluding loan losses 0.98 0.72 0.94 1.18 0.92 0.91 1.02

Total capital ratio, % 12.0 12.3 12.0 12.5 12.4 12.6 12.3

Core capital ratio, % 7.3 7.9 7.3 7.6 7.6 7.6 7.9

Mariehamn, February 18, 2011

THE BOARD OF DIRECTORS

For more information please contact:

Peter Wiklöf, Managing Director, telephone +358 (0)204 291 225

Tom Westerén, Communications and Marketing Director, telephone +358

(0)40 519 0885