

Interim Report for the period January - March 2011

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Ålandsbanken
Interim report

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"The first quarter was consistent with our expectations. We can note with pleasure that the Bank of Åland's mutual funds have the highest rating in Finland and that net inflow into our funds exceeded the inflow into the entire Finnish fund market. During the quarter, we also became even more convinced that the Bank of Åland's unique position as the "small banking firm offering strong customer relationships, combined with the financing expertise of a major bank" is clearly in demand in Sweden as well."

Peter Wiklöf, Managing Director

The first quarter of 2011 compared to the first quarter of 2010

- Profit for the period attributable to shareholders increased by 40 per cent to EUR 1.0 M (0.7)
- Consolidated net operating profit decreased by 1 per cent to 2.1 million euros (2.2)
- Earnings per share totalled EUR 0.09 (0.06)
- Return on equity after taxes (ROE) was 2.7 (1.9) per cent
- The expense/income ratio amounted to 0.92 (0.91)
- Net interest income increased by 4 per cent to EUR 9.5 M (9.1)
- Net commission income increased by 36 percent to EUR 10.1 M (7.4)
- Profit before loan losses totalled EUR 2.1 M (2.2)
- Net loan losses amounted to EUR 0.0 M (0.1).
- Managed assets increased by 29 per cent to EUR 4,273 M (3,316)

- Lending volume was largely unchanged at EUR 2,550 M (2,549)
- Deposits increased by 5 per cent to EUR 2,521 M (2,408)
- The Tier 1 capital ratio was 7.4 (December 31, 2010: 7.3) per cent
- The core funding ratio (lending as a percentage of deposits from the public including certificates of deposit, index bonds and debentures) was 101 (December 31, 2010: 99) per cent
- Based on our assessment of external factors and taking into consideration that operations in Sweden will have a smaller negative impact on earnings than last year, the Group's profit before loan losses is expected to be better than in 2010. Loan losses are expected to be low during 2011. Taken together, this means that the Group's after-tax profit attributable to shareholders in 2011 will be significantly better than in 2010

Financial summary

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Bank of Åland Group	Q1 2011	Q4 2010	% 2011	% 2010	
EUR M					
Income					
Net interest income	9.5	9.0	5	9.1	4
Net commission income	10.1	12.0	-16	7.4	36
Other income	6.6	6.8	-2	7.0	-5
Total income	26.2	27.8	-6	23.5	11
Staff costs	-13.9	-14.9	-7	-12.9	8
Other expenses	-10.1	-10.8	-6	-8.4	20
Total expenses	-24.0	-25.7	-7	-21.3	13
Profit before loan losses e tc.	2.1	2.0	5	2.2	-4
Impairment losses on loans and other commitments	0.0	-0.4	-102	-0.1	-111
Operating income	2.1	1.6	31	2.2	-1

Income taxes -1.1 -1.3 -15 -1.4 -22

Profit for the report period 1.0 0.4 183 0.8 36

Attributable to:

Non-controlling interests 0.0 0.1 -87 0.0 -53

Shareholders in Bank of Åland Plc 1.0 0.3 309 0.7 40

VOLUME

Lending to the public 2,550 2,573 -1 2,549 0

Deposits from the public 2,521 2,600 -3 2,408 5

Managed assets 4,273 4,304 -1 3,316 29

Equity capital 155 155 0 166 -7

Balance sheet total 3,398 3,475 -2 3,572 -5

Risk-weighted assets 1,645 1,664 -1 1,657 -1

FINANCIAL RATIOS

Return on equity after taxes, % (ROE) 2.7 1.0 1.9

Expenses/income ratio, % 92 93 91

Loan loss level, % 0.00 0.06 0.01

Gross non-performing assets, % 0.87 1.07 0.68

Level of provisions for doubtful
receivables, % 72 85 71

Core funding ratio (Lending/deposits), % 101 99 106

Equity/assets ratio, % 4.6 4.5 4.7

Tier 1 capital ratio, % 7.4 7.3 7.7

Earnings per share before dilution, % 0.09 -0.20 0.06

Equity capital per share, EUR 13.41 13.39 14.32

Market price per Series A share, EUR 25.50 29.50 32.40

Market price per Series B share, EUR 17.00 19.93 24.78

Working hours re-calculated to full-time 687 676 683
equivalent positions

Bank of Åland follows the disclosure procedure enabled by Standard 5.2b published by the Finnish Financial Supervision Authority and hereby publishes its Interim Report for January-March 2011 enclosed to this stock exchange release. Bank of Åland's Interim Report for January-March 2011 is attached to this release in pdf format and is also available on the company's web site at www.a.landsbanken.fi.

Mariehamn, April 28, 2011

THE BOARD OF DIRECTORS

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