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Bank of Aland PLC Finnish Covered Bonds Outlook Revised To Negative After Similar Action On Issuer

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OVERVIEW

- On Nov. 20, 2012, we revised our outlook to negative from stable on Bank of Aland PLC (BBB/Negative/A-3).
- Our covered bond ratings on the Finnish legislation-enabled covered bonds issued by Bank of Aland are six notches above our rating on the issuer, which is the maximum achievable rating under our asset-liability mismatch criteria.
- Consequently, we have revised to negative from stable our outlook on the covered bonds issued by Bank of Aland, to reflect the outlook on the issuer.

LONDON (Standard & Poor's) Dec. 10, 2012--Standard & Poor's Ratings Services today revised its outlook to negative from stable on its ratings on the "kiinteistövuokudellinen joukkovelkakirjalaina" (KJs; Finnish legislation-enabled covered bonds) issued by Bank of Aland PLC (BBB/Negative/A-3; see list below).

On Nov. 20, 2012, we revised our outlook on Bank of Aland to negative from stable (see "Outlooks On Two Finnish Banks Revised To Negative Due To Rising Economic Risks," published on RatingsDirect on the Global Credit Portal).

Because the ratings on the covered bonds receive the maximum uplift available under our criteria, any lowering of the ratings on the issuer would trigger a

similar rating action on the bonds. Therefore, we have today revised our outlook on all of Bank of Aland's outstanding covered bonds to reflect the covered bonds' link to the rating on the issuer. We uplift the rating on the covered bonds from that on Bank of Aland.

According to our asset-liability mismatch (ALMM) criteria, Bank of Aland's covered bonds can achieve up to six notches of uplift above the issuer credit rating on Bank of Aland (see "Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds," published Dec. 16, 2009). This is based on our assessment of the covered bonds' ALMM risk classification as "low" and our categorization of the program in category 2.

We currently rate the covered bonds 'AA', which includes the maximum potential uplift of six notches above the rating on Bank of Aland PLC. If we were to downgrade Bank of Aland PLC, it would trigger a downgrade of the covered bonds.

RELATED CRITERIA AND RESEARCH

All articles listed below are available on RatingsDirect on the Global Credit Portal.

- Outlooks On Two Finnish Banks Revised To Negative Due To Rising Economic Risks, Nov. 20, 2012
- Rating Assigned To Bank of Aland PLC's Covered Bond Program, Sept. 18, 2012
- Covered Bond Ratings Framework: Methodology And Assumptions, June 26, 2012
- Principles Of Credit Ratings, Feb. 16, 2011
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 16, 2009
- European Legal Criteria for Structured Finance Transactions, Aug. 28, 2008

RATINGS LIST

Outlook Action

	To	From
Bank of Aland PLC - Aalandsbanken Adp		
Long-term:	AA/Negative	AA/Stable

Finland: Kiinteistövakuudellinen joukkovelkakirjalaina (Legislation-Enabled Covered Bonds)

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