

Year-end report

For the period January–December 2013 • February 14, 2014



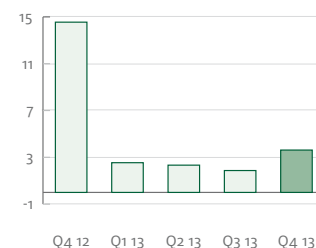
January–December 2013

Compared to January– December2012

- Net operating profit improved by 5 per cent to EUR 10.4 M (9.9). Excluding nonrecurring items, net operating profit improved by EUR 15.3 M to EUR 12.4 M (-2.9).
- Profit for the period attributable to shareholders amounted to EUR 6.7 M (11.3).
- Net interest income increased by 3 per cent to EUR 42.4 M (41.2).
- Net commission income increased by 30 per cent to EUR 42.4 M (32.7).
- Total expenses decreased by 2 per cent to EUR 92.0 M (94.1).
- Net impairment losses on loans (including recoveries) decreased by 37 per cent to EUR 4.1 M (6.4), equivalent to a loan loss level of 0.13 (0.22) per cent.
- Return on equity after taxes (ROE) amounted to 3.8 per cent (6.6).
- Earnings per share amounted to EUR 0.46 (0.79).
- The core Tier 1 capital ratio calculated without transitional rules amounted to 10.8 (10,9) per cent.
- The Board of Directors proposes a dividend of EUR 0.15 (0.15) per share.

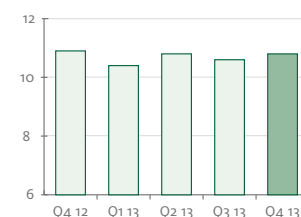
Net operating profit

EUR M



Core Tier 1 ratio

Per cent



The fourth quarter of 2013

Compared to the third quarter of 2013

- Net operating profit amounted to EUR 3.6 M (1.9). Excluding nonrecurring items, net operating profit amounted to EUR 4.1 M (3.4).
- Profit for the period attributable to shareholders amounted to EUR 3.1 M (0.5).
- Net interest income increased by 4 per cent to EUR 11.6 M (11.2).
- Net commission income increased by 23 per cent to EUR 12.8 M (10.4).
- Total expenses increased by 16 per cent to EUR 24.6 M (21.1).
- Net impairment losses on loans (including recoveries) amounted to EUR 1.5 M (1.6), equivalent to a loan loss level of 0.19 per cent (0.21).

“Due to our determined efforts, we improved net operating profit (excluding nonrecurring items) by EUR 15.3 M compared to the preceding year. This improvement in earnings occurred because of a sharply improved net commission income plus a net interest income that showed a rising trend for three quarters. We were also able to keep our expenses at a lower level despite the banking tax and costly new regulations.

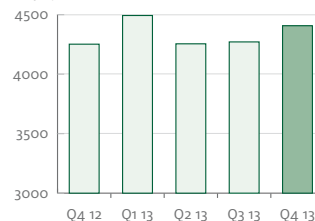
“During the year, our Swedish operations in particular continued to show stable growth.

“Via our customer satisfaction surveys, we clearly see that there is a need for a bank that combines strong investment expertise with financing know-how and that also values long-term relationships and a high level of service.”

Peter Wiklöf, Managing Director

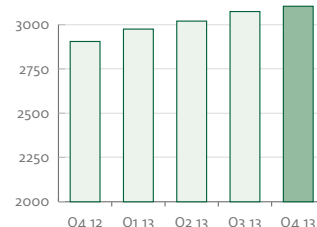
Managed assets

EUR M



Lending

EUR M



The Bank of Åland is a bank with strong customer relationships and personal service. The Bank has extensive financial investment expertise and at the same time can offer good financing services. The commercial bank was founded in 1919 and has been listed on the Nasdaq OMX Helsinki Oy (Helsinki Stock Exchange) since 1942. The Bank of Åland's Head Office is in Mariehamn. The Bank has seven offices in the Åland Islands, six offices elsewhere in Finland and three offices in Sweden. A total of six subsidiaries, whose operations are connected in various ways to banking, belong to the Bank of Åland Group.

Financial summary

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
Income								
Net interest income	11.6	11.2	4	9.9	17	42.4	41.2	3
Net commission income	12.8	10.4	23	9.2	39	42.4	32.7	30
Net income from financial items at fair value	1.0	-0.7		19.3	-95	5.8	20.8	-72
Other income	4.2	3.7	14	4.3	-2	15.8	15.7	1
Total income	29.7	24.6	20	42.8	-31	106.4	110.4	-4
Expenses								
Staff costs	-13.6	-11.7	17	-13.6	0	-51.5	-52.4	-2
Other expenses	-8.8	-7.4	20	-8.9	-1	-32.5	-33.6	-3
Depreciation/amortisation	-2.2	-2.1	4	-2.6	-17	-8.0	-8.1	-1
Total expenses	-24.6	-21.1	16	-25.1	-2	-92.0	-94.1	-2
Profit before impairment losses	5.1	3.5	44	17.6	-71	14.5	16.3	-11
Impairment losses on loans and other commitments	-1.5	-1.6	-11	-3.1	-52	-4.1	-6.4	-37
Net operating profit	3.6	1.9	93	14.6	-75	10.4	9.9	5
Income taxes	-0.4	-1.1	-66	0.4		-2.7	2.0	
Profit for the report period	3.3	0.8		15.0	-78	7.7	11.9	-35
Attributable to:								
Non-controlling interests	0.2	0.3	-33	0.2	-18	1.0	0.6	65
Shareholders in Bank of Åland Plc	3.1	0.5		14.7	-79	6.7	11.3	-41
Volume								
Lending to the public	3,104	3,074	1	2,905	7			
Deposits from the public ¹	2,466	2,487	-1	2,452	1			
Managed assets	4,407	4,271	3	4,252	4			
Equity capital	184	179	3	179	3			
Balance sheet total	3,887	3,871	0	3,633	7			
Risk-weighted assets	1,481	1,479	0	1,401	6			
Financial ratios								
Return on equity after taxes, % (ROE) ²	6.9	1.2		34.3		3.8	6.6	
Expenses/income ratio ³	0.83	0.86		0.59		0.86	0.85	
Loan loss level, % ⁴	0.19	0.21		0.42		0.13	0.22	
Gross non-performing receivables, % ⁵	0.50	0.60		0.64				
Level of provisions for doubtful receivables, % ⁶	50	62		81				
Core funding ratio, % ⁷	103	105		103				
Equity/assets ratio, % ⁸	4.7	4.6		4.9				
Tier 1 capital ratio, without transitional rules, % ⁹	10.8	10.6		10.9				
Earnings per share before dilution, % ¹⁰	0.21	0.04		1.02	-79	0.46	0.79	-41
Equity capital per share, EUR ¹¹	12.54	12.20	3	12.21	3			
Market price per Series A share, EUR	10.88	12.50	-13	10.04	8			
Market price per Series B share, EUR	7.94	8.50	-7	7.10	12			
Number of shares outstanding (not own shares) thousands	14,395	14,395		14,395				
Working hours re-calculated to full-time equivalent positions	631	622	1	626	1	617	640	-4

¹ Deposits from the public and public sector entities, including certificates of deposit, index bonds and debentures issued to the public
² Profit for the report period attributable to shareholders / Average shareholders' portion of equity capital
³ Expenses / Income
⁴ Impairment losses on loan portfolio and other commitments / Lending to the public
⁵ Non-performing receivables more than 90 days / Lending to the public including provisions for impairment losses
⁶ Provisions for individual impairment losses / Doubtful receivables

⁷ Lending to the public / Deposits including certificates of deposit, index bonds and debentures issued to the public and covered bonds issued
⁸ Equity capital / Balance sheet total
⁹ (Core Tier 1 capital / Capital requirement) x 8 %
¹⁰ Shareholders' portion of earnings for the period/ Number of shares adjusted for share issue
¹¹ Equity capital/Number of shares on closing day

Comments

MACRO SITUATION AND REGULATORY REQUIREMENTS

The European debt crisis is still not over. This is adversely affecting the Finnish and Swedish economies and means that record-low interest rates stubbornly persist. Meanwhile signs of recovery have been visible in other parts of the world economy, especially the United States. Long-term market yields rose during the year. Share prices rose by 26 per cent on the Nasdaq OMX Helsinki (OMXHPI) exchange and by 23 per cent on the Nasdaq OMX Stockholm (OMX-SPI) during 2013.

BENCHMARK INTEREST RATES, AVERAGES, PER CENT

	Q4 2013	Q3 2013	Q4 2012
Euribor 3 mo	0.24	0.22	0.19
Euribor 12 mo	0.53	0.54	0.60
Stibor 3 mo	1.13	1.21	1.45

	2013	2012
Euribor 3 mo	0.22	0.57
Euribor 12 mo	0.54	1.11
Stibor 3 mo	1.19	2.00

The average value of the Swedish krona in relation to the euro was 1 per cent higher in 2013 than in 2012. On December 31, 2013, the value of the krona was 3 per cent lower than a year earlier. When translating the income statement of the Bank of Åland's Swedish operations into euros, average exchange rates for the period are used, while the balance sheet is translated at the exchange rate prevailing on the closing day.

More than five years after the onset of the financial crisis, the new post-crisis regulations and reporting rules have not yet been finally approved by all the requisite bodies. However, the European Parliament has approved the new Capital Requirements Directive (CRD IV), based on the Basel 3 regulations, which embodies rules on stricter capital requirements, larger liquidity buffer requirements, longer maturity requirements on borrowings by banks etc. The rules will officially enter into force through legislation, starting in 2014, but these rules have set the standard for the banking industry for a long time. However, the new regulations are resulting in additional costs to banks of 0.6-1.0 percentage points, calculated on the basis of lending volume. Starting in 2013, Finland also introduced a banking tax amounting to 0.125 per cent of risk-weighted assets, which further increases the Bank of Åland's lending costs. Since Finnish regulatory authorities have been very unwilling to let banks pass on these additional costs to existing loans of individual customers, as most other European countries have done, lending margins have been raised even more on new loans in Finland.

IMPORTANT EVENTS

Two of the Bank of Åland's three wholly owned mutual fund (unit trust) companies, Alpha Management Company S.A. (Luxembourg) and Ålandsbanken Fonder AB (Sweden), were emptied of business operations after the administration of these companies' funds were transferred to an external party in Luxembourg. Alpha Management Company S.A. has been liquidated, while Ålandsbanken Fonder AB is under liquidation. The change that has been

implemented will mean a cost reduction of more than EUR 0.5 M annually.

The Bank of Åland has been granted permission by the Finnish Financial Supervisory Authority to calculate the capital requirement for operational risks according to the standardised approach, instead of the basic indicator approach, starting on June 30, 2013. The capital requirement has decreased by EUR 1.7 M as a consequence of this.

An Extraordinary General Meeting in Mariehamn on March 5, 2013, did not give a sufficient voting majority to the proposal of the Board of Directors to remove the section of the Articles of Association stating that a person who has reached the age of 67 may not be elected as a Board member. After that, a legal action was initiated against the Bank of Åland, in which the plaintiff claimed that this provision of the Bank's Articles of Association is discriminatory and thus illegal. On September 23, the District Court rejected the plaintiff's case on grounds that the Bank of Åland is not the correct respondent. The District Court's ruling has been appealed by the plaintiff.

On April 18, 2013, the Annual General Meeting elected Nils Lampi, Christoffer Taxell and Dan-Erik Woivalin as new members of the Bank's Board of Directors. Board members Agneta Karlsson, Anders Å Karlsson, Annika Wijkström and Anders Wiklöf were re-elected. At the statutory meeting of the Board the same day, Nils Lampi was elected Chairman and Christoffer Taxell was elected Vice Chairman of the Board.

The Bank of Åland intends to seek a long-term strategic business partner for the wholly owned subsidiary Crosskey Banking Solutions Ab Ltd. Possible forms of collaboration may include a reduction in the Bank of Åland's ownership. New regulations make banks less suitable as owners of IT companies. The growth of Crosskey has been rapid and has occurred with good profitability since the Bank of Åland's IT operations were turned into a limited liability company in 2004. Today Crosskey accounts for nearly one third of the number of employees in the Bank of Åland Group.

After several years of stable growth since being established in 2009, the Bank of Åland's operations in Sweden reported a positive net operating profit, excluding nonrecurring items, during the last two quarters of 2013.

EARNINGS FOR THE FOURTH QUARTER OF 2013

Profit attributable to shareholders amounted to EUR 3.1 M in the fourth quarter. This was EUR 2.6 M higher than during the preceding quarter. The quarter was favourably affected by significant performance-related asset management income and the lowering of Finnish corporate tax from 24.5 per cent to 20.0 per cent from January 1, 2014, which lowered deferred taxes by EUR 1.6 M. The fourth quarter has a seasonally higher level of activity than the third quarter, which is affected by the summer holiday period.

Nonrecurring expenses of EUR 0.5 M before taxes were charged to earnings for the quarter due to efficiency-raising measures in the Swedish asset management organisation. In the preceding quarter, a provision was charged to earnings for a possible reduction in purchase price due to a re-examination by the tax authority of older

tax returns for the Swedish subsidiary that was sold in October 2012. The tax authority's decision has been appealed.

Return on equity after taxes was 6.9 per cent, compared to 1.2 per cent in the preceding quarter.

Both increased volume and higher margins contributed to net interest income that amounted to EUR 11.6 M, an increase of EUR 0.4 M or 4 per cent compared to the preceding quarter. The investment margin – defined as net interest income expressed as a percentage of the average balance sheet total – improved to 1.20 per cent, compared to 1.17 per cent in the preceding quarter.

Net commission income amounted to EUR 12.8 M, an increase of EUR 2.4 M or 23 per cent compared to the preceding quarter, mainly due to higher performance-related fund and asset management fees.

Net income on financial items at fair value amounted to EUR 1.0 M, compared to EUR -0.7 M in the preceding quarter. Excluding the third quarter provision for a possible reduction in purchase price, this income was at an unchanged level.

Information technology (IT) income from Crosskey's operations increased by 9 per cent to EUR 3.9 M, compared to EUR 3.6 M in the preceding quarter.

Total expenses were EUR 24.6 M. This was EUR 3.5 M or 16 per cent higher than during the preceding quarter. Third quarter expenses are seasonally always the lowest of the four quarters.

Impairment losses on loans amounted to EUR 1.5 M, compared to EUR 1.6 M in the preceding quarter. The gross impairment loss reserve for individual commitments increased by EUR 5.4 M (0.9), among other things because the earlier group impairment loss reserve for the shipping industry was replaced by individual impairment losses. Reversals of no longer necessary individual impairment loss reserves and recoveries of earlier provisions amounted to EUR 0.1 M (0.1). The group impairment loss reserve attributable to the shipping industry decreased by EUR 3.8 M and was withdrawn. The group impairment loss reserve for the construction industry, totalling EUR 0.6 M, was withdrawn, while a new group impairment loss of EUR 0.7 M was made for high-risk commitments.

Net operating profit amounted to EUR 3.6 M and, excluding the non-recurring item, amounted to EUR 4.1 M (3.4). For the second consecutive quarter, the Sweden business area reported a positive net operating profit excluding nonrecurring items, this quarter totalling EUR 0.6 M (0.1).

EARNINGS FOR JANUARY–DECEMBER 2013

Profit for the report period attributable to shareholders amounted to EUR 6.7 M (11.3).

Underlying net operating profit excluding nonrecurring items improved by EUR 15.3 M to EUR 12.4 M. Nonrecurring items in 2013 consisted of a EUR 1.5 M provision for possible reduction in purchase price due to the tax authority's re-examination of older tax returns in the Swedish subsidiary that was sold, plus restructuring expenses of EUR 0.5 M in the Swedish asset management organisation. Nonrecurring items in 2012 consisted of a capital gain of EUR 13.8 M on the sale of the Swedish subsidiary that had been emptied of operations, a capital gain of EUR 1.0 M on the sale of the associ-

ated company Ålands Företagsbyrå, an impairment loss of EUR 0.8 M on shares in the equities-trading platform Burgundy and restructuring expenses of EUR 1.1 M in connection with staff cutbacks.

Return on equity after taxes was 3.8 (6.6) per cent.

Total income excluding nonrecurring items increased by EUR 11.4 M or 12 per cent to EUR 107.9 M.

Re-pricing in the loan portfolio and volume growth enabled the Bank to partly limit the adverse impact of sharply falling money market rates on net interest income. Net interest income increased by EUR 1.2 M or 3 per cent to EUR 42.4 M. The falling trend in net interest income has ended, having bottomed out in the first quarter of 2013.

Net commission income increased by EUR 9.7 M or 30 per cent to EUR 42.4 M, mainly due to higher income from investment and brokerage services.

Net income on financial items at fair value, excluding nonrecurring items, increased by EUR 0.4 M to EUR 7.3 M, mainly thanks to higher income from the Treasury unit's liquidity portfolio. Non-recurring items attributable to a possible purchase price reduction in 2013 are included in recognised net income on financial items at fair value. Included in 2012 was a capital gain on the sale of the Swedish subsidiary and Företagsbyrå plus an impairment loss on shares in Burgundy.

IT income increased by 2 per cent to EUR 14.8 M (14.5)

Total expenses decreased by EUR 2.1 M or 2 per cent to EUR 92.0 M, despite salary increases of about EUR 1.0 M as provided by collective agreements, a new banking tax expense of about EUR 1.7 M and higher recognised expenses in euros of about EUR 0.2 M due to a strengthening of the Swedish krona. Nonrecurring expenses in connection with restructuring decreased by EUR 0.6 M to EUR 0.5 M. Hours worked, recalculated to the number of full-time equivalent positions, decreased by 30 positions or 5 per cent to 617 (640). The impact of efficiency-raising measures implemented in recent years is clearly evident.

Net impairment losses on loans (including recoveries) amounted to EUR 4.1 M, equivalent to a loan loss level of 0.13 per cent, compared to EUR 6.4 M and 0.22 per cent in the preceding year.

BUSINESS AREAS

The year's customer surveys gave continued high marks to the Bank of Åland. A full 91 per cent of Private Banking customers in the Finnish Mainland business area and 88 per cent of Premium Banking customers in the Finnish Mainland and Åland business areas responded that they were very satisfied and would gladly recommend the Bank of Åland to others.

In all business areas, 2013 has been characterised by extensive customer activities, aimed at existing customers and their needs as well as new and potential customers.

The Åland business area continued to expand its collaboration with Åland Post in the archipelago, also initiating collaboration in Brändö. For some time, Åland Post has served as the banking representative of the Bank of Åland in Kumlinge and Kökar. In Brändö, the Bank of Åland is in charge of the collaboration. The office in Kyrkby has been closed.

In the Finnish Mainland business area, the Bank closed its Munkkiniemi and Aleksanterinkatu offices in Helsinki, whose customers are now being served by the office in Espoo-Tapiola or from our expanded Bulevardi office in Helsinki.

The Sweden business area initiated an increased focus on retirement savings, with the Bank serving as an affiliated agent of the Folksam insurance company. The Gothenburg office moved to new premises. Business volume growth remained very high, especially in Private Banking.

Crosskey signed an agreement with a new customer in Sweden, Marginalen Bank.

Net operating income improved by EUR 0.5 M to EUR 10.4 M. The improvement was allocated as follows (EUR M):

• Sweden	+5.8 (business volume growth and direct cost efficiency improvements)
• Finnish Mainland	+4.1 (higher commission income and lower impairment losses)
• Åland	+3.2 (higher commission income, improved cost efficiency and lower impairment losses)
• Corporate units incl. eliminations	+1.6 (Treasury, Compass Card, Fondbolag)
• Crosskey	+0.6 (higher revenue)
• Nonrecurring items	-14.8 (sale proceeds from the Swedish subsidiary, Företagsbyrå, Burgundy, restructuring expenses)

BUSINESS VOLUME

Managed assets increased by EUR 155 M during the year and amounted to EUR 4,407 M (4,252). Higher market valuations offset net outflows from discretionary mandates, which included the end of a large assignment of about EUR 200 M in Sweden during the third quarter. Managed assets in the Bank of Åland Group's own mutual funds rose by EUR 93 M or 11 per cent to EUR 960 M (867). The new Bostadsfonden, a housing mutual fund which was launched at the turn of the year, was very well received. Net inflow into Bostadsfonden was EUR 88 M. Assets under discretionary management decreased by EUR 106 M or 6 per cent to EUR 1,685 M (1,791). Assets under advisory management rose by EUR 169 M or 11 per cent to EUR 1,762 M (1,593). Of total managed assets, the Sweden business area accounted for EUR 2,361 M or 54 (56) per cent.

Deposits from the public – including certificates of deposit, index bonds and debentures issued to the public – increased by EUR 14 M or 1 per cent, amounting to EUR 2,466 M (2,452) on December 31, 2013. Despite increased risk appetite among customers, together with low interest rates, this means that they reduced their account deposits to a greater extent and shifted to other investment alternatives.

Lending to the public totalled EUR 3,104 M (2,905). This represented an increase of EUR 199 M or 7 per cent. The lending increase was primarily related to the Swedish market.

CREDIT QUALITY

Lending to private individuals comprises nearly two thirds of the loan portfolio. Home mortgage loans account for about two thirds of lending to private individuals. Loans for the purchase of securities, with market-listed securities as collateral, comprise the second-largest type of lending to private individuals. Loan-to-value

ratios are conservative. Historically, the Bank of Åland has never had any substantial loan losses on this type of lending. The corporate portfolio has a close affinity with the household portfolio, since many of the companies are owned by customers who, as individuals, are also Private Banking customers.

Non-performing loans (more than 90 days) decreased by EUR 3.0 M to EUR 15.6 M (18.6) during 2013. As a share of lending to the public, non-performing receivables fell from 0.64 per cent to 0.50 per cent. The level of provisions for doubtful receivables, i.e. individual impairment losses as a proportion of all doubtful receivables, was 50 per cent compared to 83 per cent at year-end 2012.

The Bank of Åland Group had EUR 16.5 M (13.7) in impairment loss provisions, comprising individual impairments of EUR 15.8 M (10.6) and group impairments of EUR 0.7 M (3.1).

LIQUIDITY AND BORROWING

The Bank of Åland's liquidity reserve in the form of cash, account balances and investments with other banks, liquid interest-bearing securities plus holdings of unencumbered covered bonds issued by the Bank amounted to EUR 569 M on December 31, 2013 (483). This was equivalent to 15 per cent of total assets (13) and 18 per cent of lending to the public (17). Given the Bank's ability to issue further covered bonds, there is an additional unutilised liquidity reserve.

During 2014, about EUR 200 M in borrowing will mature. The average remaining maturity of outstanding bonds was about 3.1 years at year-end (3.0). During the first quarter, the Bank of Åland issued EUR 100 M in covered bonds with a 10-year maturity. During the second quarter, the Bank of Åland issued SEK 500 M in non-covered bonds with an 18-month maturity. During the third quarter, the Bank of Åland issued SEK 750 M in non-covered bonds with a 2-year maturity. During the third quarter, the Bank of Åland also issued EUR 17 M in subordinated debentures with a 5-year maturity and 20 per cent annual principal repayment. During the fourth quarter, the Bank of Åland issued EUR 100 M in covered bonds with a 5.5 year maturity.

The Bank of Åland's core funding ratio, defined as lending to the public divided by deposits from the public including certificates of deposit, index bonds and subordinated debentures issued to the public, plus covered bonds issued, amounted to 103 per cent at year-end (103).

RATING

The Bank of Åland has a BBB/A-3 credit rating for long-term and short-term borrowing from the Standard & Poor's rating agency. The Bank's covered bonds received a Standard & Poor's credit rating of AA.

EQUITY AND CAPITAL ADEQUACY

Equity capital including non-controlling interests increased in the amount of total income for the period, EUR 7.9 M, and decreased by the dividend paid to Bank of Åland shareholders, EUR 2.2 M, and the dividend paid to non-controlling shareholders in subsidiaries, EUR 0.7 M. On December 31, 2013 equity capital totalled EUR 184.1 M (179.0). Other comprehensive income included re-measurements of defined-benefit pension plans by EUR 2.1 M, in compliance with IAS 19.

The equity/assets ratio decreased to 4.7 per cent, compared to 4.9 per cent at year-end 2012.

Core Tier 1 capital as defined in capital adequacy regulations increased by EUR 7.6 M to EUR 160.0 (152.4). The unrealised increases in the value of the fair value reserve that existed at year-end 2012 were largely realised during the year, which contributed to the increase.

Risk-weighted assets increased by EUR 80 M or 6 per cent to EUR 1,481 M (1,401), mainly due to increased lending in Sweden. Starting on June 30, 2013, the capital requirement for operational risks is being calculated according to the standardised approach instead of the basic indicator approach as earlier. This lowered the capital requirement by EUR 1.7 M, equivalent to risk-weighted assets of EUR 21 M.

The core Tier 1 capital ratio decreased to 10.8 (10.9) per cent, without taking transitional rules into account. Since the Bank of Åland has no hybrid capital, its core Tier 1 capital ratio is the same as its Tier 1 capital ratio. The total capital ratio fell to 15.2 (15.7) per cent.

DIVIDEND

The Board of Directors proposes that the Annual General Meeting approve the payment of a dividend of EUR 0.15 per share (0.15), equivalent to a total amount of EUR 2.2 M. The proposed dividend is equivalent to a 33 (19) per cent payout ratio.

CORRECTIONS

The Bank of Åland has corrected a number of items in older financial statements. These items are related to reporting of deferred tax assets in connection with the transfer of business assets and liabilities to the branch in Sweden, defined benefit pension plans in compliance with IAS 19 in Swedish operations, intangible assets that arose when purchasing the asset management company All-cap, market valuation of fixed interest loans and zero coupon bonds issued within the framework of the fair value option as well as fair value hedging and revaluation of the Head Office property when transitioning to IFRSs with regard to capital adequacy reporting.

Due to the corrections that have been made, equity capital on January 1, 2012 decreased by EUR 2.0 M, while core Tier 1 capital on the same date increased by EUR 1.3 M. Profit for 2012 has been corrected by EUR -0.1 M. The change in equity capital on December 31, 2012 due to corrections in profit for the year and other comprehensive income amounts to EUR 0.0 M. The entire correction for 2012 is reported in the fourth quarter accounts. The accounts for the first three quarters of 2013 have been corrected. The effect of all these corrections can be seen in the tables on pages 32–37 of this year-end report.

The tables also include the effect of a revised accounting principle for defined-benefit pension plans in compliance with IAS 19R, which went into effect in 2013 and which is shown on page 15 of this Year-end Report. The revised accounting principle reduces equity capital on January 1, 2012 by EUR 5.0 M. Profit for the year 2012 decreases by EUR 0.2 M.

IMPORTANT EVENTS AFTER THE CLOSE OF THE REPORT PERIOD

Because of changes in customer behaviour as well as changes in the business environment, the Bank of Åland is considering the introduction of changes in its office network, operations and organisational structure related to the Bank's business in the Hel-

sinki region. For this reason, on January 15, 2014 the Bank of Åland convened co-determination negotiations. The need for staff cut-backs is estimated at six positions. The efficiency-raising measures that have been announced will lead to an annual cost reduction of about EUR 0.5 M. Restructuring expenses are estimated at a total of EUR 0.5 M.

RISKS AND UNCERTAINTIES

The Bank of Åland's earnings are affected by external changes that the Company itself cannot control. Among other things, the Group's trend of earnings is affected by macroeconomic changes and changes in general interest rates, share prices and exchange rates, along with higher expenses due to regulatory decisions and directives as well as the competitive situation.

The Group aims at achieving operations with reasonable and carefully considered risks. The Group is exposed to credit risk, liquidity risk, market risk, operational risk and business risk.

The Bank does not engage in trading for its own account.

The Bank of Åland has no direct exposure to the "GIIPS" countries (Greece, Italy, Ireland, Portugal and Spain) or to Cyprus.

FUTURE OUTLOOK

Since new securities legislation removes the explicit obligation in an interim report to provide an account of probable developments during the current financial period, the Bank of Åland is choosing to refrain from providing earnings forecasts in interim reports. In accordance with legislative requirements, a statement on the Bank's future outlook will be presented in the Annual Report, which will be published on March 14, 2014.

GENERAL MEETING

The Annual General Meeting will be held in Mariehamn at 3.00 p.m. on Thursday, April 10, 2014.

FINANCIAL INFORMATION

The Annual Report for 2013 will be published on March 14, 2014. The corporate governance statement and the risk report (Pillar 3) are included in the Annual Report.

The Interim Report for January–March 2014 will be published on Tuesday, April 29, 2014.

The Interim Report for January–June 2014 will be published on Friday, July 25, 2014.

The Interim Report for January–September 2014 will be published on Tuesday, October 28, 2014.

This Year-end Report is unaudited.

Mariehamn, February 13, 2014

THE BOARD OF DIRECTORS

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Summary income statement

Bank of Åland Group	Note	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M									
Net interest income	4	11.6	11.2	4	9.9	17	42.4	41.2	3
Net commission income	5	12.8	10.4	23	9.2	39	42.4	32.7	30
Net income from financial items at fair value	6	1.0	-0.7		19.3	-95	5.8	20.8	-72
IT income		3.9	3.6	9	3.7	6	14.8	14.5	2
Other operating income		0.3	0.1		0.6	-49	1.0	1.2	-13
Total income		29.7	24.6	20	42.8	-31	106.4	110.4	-4
Staff costs		-13.6	-11.7	17	-13.6	0	-51.5	-52.4	-2
Other costs	7	-8.8	-7.4	20	-8.9	-1	-32.5	-33.6	-3
Depreciation/amortisation		-2.2	-2.1	4	-2.6	-17	-8.0	-8.1	-1
Total expenses		-24.6	-21.1	16	-25.1	-2	-92.0	-94.1	-2
Profit before impairment losses		5.1	3.5	44	17.6	-71	14.5	16.3	-11
Impairment losses on loans and other commitments	8	-1.5	-1.6	-11	-3.1	-52	-4.1	-6.4	-37
Net operating profit		3.6	1.9	93	14.6	-75	10.4	9.9	5
Income taxes	9	-0.4	-1.1	-66	0.4		-2.7	2.0	
Profit for the period		3.3	0.8		15.0	-78	7.7	11.9	-35
Attributable to:									
Non-controlling interests		0.2	0.3	-33	0.2	-18	1.0	0.6	65
Shareholders in Bank of Åland Plc		3.1	0.5		14.7	-79	6.7	11.3	-41
Earnings per share, EUR		0.21	0.04		1.02	-79	0.46	0.79	-41

Summary statement of other comprehensive income

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
Profit for the period	3.3	0.8		15.0	-78	7.7	11.9	-35
Cash flow hedge	0.6	0.4	40	-1.6		1.1	-1.6	
Assets available for sale	0.0	1.1		2.1		-4.6	3.6	
Translation differences	0.8	-0.3		-10.1		0.9	-10.6	
Income taxes	-0.3	-0.3	-5	2.3		0.7	2.1	-65
Items that have been or may be reclassified to the income statement	1.1	0.9	23	-7.2		-1.9	-6.4	-70
Re-measurements of defined benefit pension plans	0.6	1.4	-54	-0.9		2.7	-2.8	
Income taxes	0.0	-0.3		0.2	-96	-0.5	0.6	
Items that may not be reclassified to the income statement	0.6	1.1	-39	-0.7		2.1	-2.3	
Other comprehensive income	1.7	1.9	-11	-7.9		0.2	-8.7	
Total comprehensive income for the period	5.0	2.8	81	7.1	-30	7.9	3.2	
Attributable to:								
Non-controlling interests	0.2	0.3	-33	0.2	-18	1.0	0.6	65
Shareholders in Bank of Åland Plc	4.8	2.5	94	6.8	-30	6.9	2.6	

Income statement by quarter

Bank of Åland Group	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
EUR M					
Net interest income	11.6	11.2	10.2	9.4	9.9
Net commission income	12.8	10.4	9.9	9.3	9.2
Net income from financial items at fair value	1.0	-0.7	1.2	4.3	19.3
IT income	3.9	3.6	3.6	3.7	3.7
Other operating income	0.3	0.1	0.3	0.3	0.6
Total income	29.7	24.6	25.1	27.0	42.8
Staff costs	-13.6	-11.7	-13.2	-13.1	-13.6
Other costs	-8.8	-7.4	-8.2	-8.1	-8.9
Depreciation/amortisation	-2.2	-2.1	-1.9	-1.9	-2.6
Total expenses	-24.6	-21.1	-23.2	-23.1	-25.1
Profit before impairment losses	5.1	3.5	1.9	4.0	17.6
Impairment losses on loans and other commitments	-1.5	-1.6	0.5	-1.4	-3.1
Net operating profit	3.6	1.9	2.3	2.5	14.6
Income taxes	-0.4	-1.1	-0.7	-0.6	0.4
Profit for the period	3.3	0.8	1.7	1.8	15.0
Attributable to:					
Non-controlling interests	0.2	0.3	0.3	0.2	0.2
Shareholders in Bank of Åland Plc	3.1	0.5	1.4	1.7	14.7

Summary balance sheet

Bank of Åland Group	Note	Dec 31, 2013	Dec 31, 2012	%
EUR M				
Assets				
Cash and balances with central banks		50	133	-62
Debt securities eligible for refinancing with central banks		428	305	40
Lending to credit institutions		131	104	26
Lending to the public and public sector entities	10, 11	3,104	2,905	7
Debt securities		64	45	42
Shares and participations		2	7	-66
Shares and participations in associated companies		1	1	5
Derivative instruments	14	15	20	-26
Intangible assets		9	10	-5
Tangible assets		31	33	-7
Other assets		19	45	-58
Accrued income and prepayments		28	19	44
Deferred tax assets		6	8	-26
Total assets		3,887	3,633	7
Liabilities				
Liabilities to credit institutions		347	375	-7
Liabilities to the public and public sector entities	12	2,177	2,127	2
Debt securities issued	12, 13	1,019	763	33
Derivative instruments	14	20	15	38
Other liabilities		36	67	-47
Provisions		1	1	-38
Accrued expenses and prepaid income		29	30	-5
Subordinated liabilities	12	64	64	0
Deferred tax liabilities		11	13	-12
Total liabilities		3,703	3,454	7
Equity capital and non-controlling interests				
Share capital		29	29	0
Share premium account		33	33	0
Reserve fund		25	25	0
Fair value reserve		1	3	-49
Unrestricted equity capital fund		24	24	0
Own shares		0	0	0
Retained earnings		68	61	11
Shareholders' interest in equity capital		181	176	3
Non-controlling interests' portion of equity capital		4	3	9
Total equity capital		184	179	3
Total liabilities and equity capital		3,887	3,633	7

Statement of changes in equity capital

Bank of Åland Group

EUR M	Share capital	Unrestricted equity capital fund	Share premium account	Reserve fund	Cash flow hedge	Own shares	Fair value reserve	Translation difference	Retained earnings	Shareholders' portion of equity capital	Non-controlling interests' portion of equity capital	Total
Equity capital, Dec 31, 2011	29.1	24.5	33.3	25.1	0.0	-0.1	1.8	7.8	56.4	177.9	2.6	180.6
Adjustment, correction of errors									-2.0	-2.0		-2.0
Adjustment for retroactive application									-2.0	-2.0		-2.0
Adjusted equity capital, Dec 31, 2011	29.1	24.5	33.3	25.1	0.0	-0.1	1.8	7.8	52.4	173.9	2.6	176.6
Comprehensive income for the period					-1.2		2.8	-8.0	9.0	2.6	0.6	3.2
Purchases of own shares						-0.2				-0.2		-0.2
<i>Transactions with Group shareholders</i>												
Dividend paid									0.0	0.0	0.0	0.0
Other			-0.5							-0.5		-0.5
Equity capital, Dec 31, 2012	29.1	24.5	32.7	25.1	-1.2	-0.2	4.5	-0.2	61.4	175.8	3.2	179.0
Comprehensive income for the period					0.8		-3.4	0.7	8.8	6.9	1.0	7.9
<i>Transactions with Group shareholders</i>												
Dividend paid									-2.2	-2.2	-0.7	-2.9
Equity capital, Dec 31, 2013	29.1	24.5	32.7	25.1	-0.4	-0.2	1.1	0.5	68.1	180.6	3.5	184.1

Summary cash flow statement

Bank of Åland Group	Jan–Dec 2013		Jan–Dec 2012	
EUR M				
Cash flow from operating activities				
Net operating profit	10.4		9.9	
Adjustment for net operating profit items not affecting cash flow	20.0		16.6	
Gains/losses from investing activities	0.7		-16.9	
Income taxes paid	-1.5		-2.3	
Changes in assets and liabilities in operating activities	-405.5	-375.9	-150.0	-142.7
Cash flow from investing activities		-7.1		56.1
Cash flow from financing activities		332.3		144.8
Exchange rate differences in cash and cash equivalents		-1.3		2.8
Change in cash and cash equivalents		-52.0		60.9
Cash and cash equivalents at beginning of period		245.6		184.7
Cash and cash equivalents at end of period		193.6		245.6
Change in cash and cash equivalents		-52.0		60.9

Notes to the consolidated interim report

1. Corporate information

The Bank of Åland Plc (Ålandsbanken Abp) is a Finnish public limited company with its Head Office in Mariehamn. It is a commercial bank with a total of 16 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 of the Parent Company 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 Year-end Report for the financial period January 1–December 31, 2013 was approved by the Board of Directors on February 13, 2014.

2. Basis for preparation of the interim report and essential accounting principles

BASIS FOR PREPARATION OF THE YEAR-END REPORT

This Year-end Report for the period January 1–December 31, 2013 has been prepared in compliance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards, IAS 34, "Interim Financial Reporting," that have been adopted by the European Union.

The Year-end 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, 2012.

Tables show correct rounded-off figures on each line, but this does not mean that rounded-off figures add up to the correct total.

The impact on earnings of the divestment of businesses and strategic shareholdings, as well as restructuring expenses in connection with major organisational changes and discontinuation of business operations, are defined as nonrecurring items.

Comparative figures have been corrected. The effect of all corrections can be seen in the tables on pages 32–37 of this Year-end Report.

ESSENTIAL ACCOUNTING PRINCIPLES

The essential accounting principles used in preparing the Year-end Report are the same as those used in preparing the financial statements for the year ending December 31, 2012.

New accounting norms and standards with material effects that are being applied starting in 2013 are IAS 19, "Employee Benefits" and IAS 1, "Presentation of Financial Statements". As a consequence of the amendment to IAS 19, the option of accruing actuarial gains and losses as part of the "corridor approach" or of recognising actuarial gains and losses directly in the income statement may not be applied. These items must be recognised immediately in other comprehensive income. In addition, the return on plan assets must henceforth be calculated using the same discount rate as pension liability. Comparative figures for 2012 have been restated. The effect is presented in the table below. The amendment to IAS 1 is related to the presentation of other comprehensive income. The amendment implies a change in the grouping of transactions that are recognised under "Other comprehensive income". Items that will be reclassified to the income statement must be presented separately from those items that will not be reclassified to the income statement. This does not change the factual content in "Other comprehensive income", only the way it is presented.

Amendments to IFRS 7, "Financial instruments: Disclosures" and IAS 32, "Financial Instruments: Presentation" are related to new disclosure requirements for offsetting financial assets and liabilities as well as clarification concerning when offsetting of financial assets and liabilities is allowed.

The former amendment will be applied to the financial year beginning January 1, 2013 and the latter amendment to financial years beginning January 1, 2014 or later, with retroactive application. The amendment to IFRS 7 has not caused any material changes in the Group's interim reports, and the Group has chosen not to apply the revised IAS 32 in advance.

IFRS 13 contains rules for defining fair value and specifies disclosure requirements. The new disclosure requirements are presented in this Year-end Report, Note 15.

ESTIMATES AND JUDGEMENTS

Preparation of financial statements in compliance with IFRSs requires 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 the estimates.

In compliance with IAS 19 (2011), re-measurements of defined-benefit pension plans have been recognised in other comprehensive income for the period when they arise. According to the previous IAS 19, actuarial gains and losses were accrued as part of the "corridor approach". This will lead to actuarial gains and losses being recognised faster than in the previous method. In addition, the return on plan assets has been calculated using the same discount rate as pension liability. These gains and losses are no longer transferred via the income statement during later periods. The amended accounting principle has been applied retroactively, and its effects on the Group's summary balance sheet and the statement of comprehensive income are as follows:

Effect of IAS 19	Old accounting principle	New accounting principle	Change
EUR K			
Balance sheet, January 1, 2012			
Assets (-) / liabilities (+) recognised in the balance sheet	-6,880	-4,241	2,639
Deferred tax liabilities	1,686	1,039	-647
Retained earnings	-5,195	-3,202	1,992
Balance sheet, December 31, 2012			
Assets (-) / liabilities (+) recognised in the balance sheet	-7,182	-578	6,604
Deferred tax liabilities	1,759	142	-1,618
Retained earnings	-5,422	-436	4,986
Income statement, 2012			
Staff costs	-343	-113	230
Tax expenses	84	28	-56
Change in income	-259	-85	174
Other comprehensive income, 2012			
Change in actuarial gains/losses under "Other comprehensive income"	0	3,734	3,734
Change in taxes attributable to items recognised under "Other comprehensive income"	0	-915	-915
Change in comprehensive income for the year	0	2,819	2,819

3. Segment report

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 "Åland" business area includes office operations in Åland. "Finnish Mainland" includes office operations on the Finnish mainland and Ålandsbanken Asset Management Ab. The "Sweden" business area includes the operating units Ålandsbanken Abp (Finland) svensk filial (the Swedish branch of the Bank of Åland Plc) plus Ålandsbanken Fonder AB and Alpha Management Company S.A. The "Crosskey" business area includes Crosskey Banking Solutions Ab Ltd and S-Crosskey Ab. "Corporate" includes all central corporate units in the Group, including Treasury and the subsidiaries Ålandsbanken Fondbolag Ab and Ab Compass Card Oy Ltd.

Bank of Åland Group		2013					
EUR M	Åland	Finnish Mainland	Sweden	Crosskey	Corporate	Eliminations	Total
Net interest income	11.2	15.5	13.4	-0.2	2.1	0.4	42.4
Commission income	7.8	16.8	15.7	-0.1	2.2	0.0	42.4
Net income from financial items	0.7	0.1	-0.2	0.0	6.7	0.0	7.3
Other income	0.2	0.2	0.2	28.3	32.1	-45.3	15.8
Nonrecurring items	0.0	0.0	-1.5	0.0	0.0	0.0	-1.5
Total income	19.9	32.7	27.6	28.1	43.0	-44.8	106.4
Staff costs	-4.0	-9.3	-11.3	-13.4	-13.1	0.0	-51.1
Other expenses	-3.8	-7.5	-6.6	-8.2	-20.0	13.8	-32.3
Depreciation/amortisation	-0.3	-0.9	0.0	-3.5	-3.9	0.6	-8.0
Internal allocation of expenses	-6.9	-11.6	-12.2	0.0	-0.1	30.8	0.0
	0.0	0.0	-0.5	0.0	0.0	0.0	-0.5
Total expenses	-15.0	-29.3	-30.7	-25.1	-37.1	45.1	-92.0
Profit before impairment losses	4.9	3.4	-3.0	3.0	5.9	0.3	14.5
Impairment losses on loans and other commitments	-2.8	-0.9	0.0	0.0	-0.4	0.0	-4.1
Net operating profit	2.1	2.5	-3.0	3.0	5.5	0.3	10.4
Income taxes	-0.5	-0.6	0.8	-0.7	-1.6	0.1	-2.7
Non-controlling interests	0.0	-1.0	0.0	0.0	0.0	0.0	-1.0
Profit for the period attributable to shareholders	1.6	0.9	-2.3	2.3	4.0	0.2	6.7
Business volume							
Lending to the public	651	1,630	797	0	41	-15	3,104
Deposits from the public	745	1,009	550	0	162	-1	2,466
Managed assets	271	1,688	2,361	0	658	-572	4,407
Risk-weighted assets	342	426	511	41	161		1,481
Allocated equity capital	41	54	61	6	18		181
Financial ratios etc.							
Return on equity after taxes, % (ROE)	4.1	1.4	-3.9	38.4			3.8
Expense/income ratio	0.75	0.89	1.11	0.89	0.86		0.86
Non-performing receivables, %	0.57	0.60	0.13		2.31		0.50
Loan loss level, %	0.43	0.06	0.00		0.87		0.13
Lending/deposits, %	87	162	145		25		126
Full-time equivalent positions ¹	66	114	74	191	178		622

Bank of Åland Group		2012					
EUR M	Åland	Finnish Mainland	Sweden	Crosskey	Corporate	Eliminations	Total
Net interest income	11.0	15.9	10.5	-0.1	3.5	0.5	41.2
Commission income	6.7	13.4	11.1	0.0	1.8	-0.3	32.7
Net income from financial items	0.2	0.1	0.6	0.0	6.3	-0.4	6.9
Other income	0.2	0.2	0.6	27.8	31.5	-44.7	15.7
Nonrecurring items	1.0	0.0	12.6	0.0	0.0	0.3	13.9
Total income	19.1	29.6	35.4	27.6	43.2	-44.5	110.4
Staff costs	-4.1	-8.7	-12.3	-13.6	-12.9	0.3	-51.2
Other expenses	-4.0	-6.8	-6.9	-8.5	-20.4	12.0	-33.6
Depreciation/amortisation	-0.3	-0.8	0.0	-3.2	-5.6	1.7	-8.1
Internal allocation of expenses	-7.2	-12.1	-10.7	0.0	-0.2	30.2	0.0
	-0.1	0.0	-0.6	-0.4	0.0	0.0	-1.1
Total expenses	-15.6	-28.5	-30.5	-25.7	-39.0	45.2	-94.1
Profit before impairment losses	3.5	1.0	4.9	1.9	4.2	0.8	16.3
Impairment losses on loans and other commitments	-3.6	-2.7	0.2	0.0	-0.4	0.0	-6.4
Net operating profit	-0.1	-1.6	5.1	1.9	3.8	0.8	9.9
Income taxes	0.0	0.4	-1.1	-0.5	3.2	0.1	2.0
Non-controlling interests	0.0	-0.7	0.0	0.0	0.2	-0.1	-0.6
Profit for the period attributable to shareholders	-0.1	-1.9	4.0	1.4	7.2	0.8	11.3
Business volume							
Lending to the public	647	1,622	609	0	40	-12	2,905
Deposits from the public	730	1,028	484	0	216	-6	2,452
Managed assets	271	1,537	2,384	0	526	-465	4,252
Risk-weighted assets	325	434	449	46	146		1,401
Allocated equity capital	39	54	54	6	24		176
Financial ratios etc.							
Return on equity after taxes, % (ROE)	-0.4	-4.8	15.1	29.3			6.6
Expense/income ratio	0.82	0.96	0.86	0.93	0.90		0.85
Non-performing receivables, %	0.72	0.75	0.17		1.52		0.64
Loan loss level, %	0.56	0.16	-0.04		1.07		0.22
Lending/deposits, %	89	158	126		18		118
Full-time equivalent positions ¹	69	118	83	205	173		647

¹ Number of full-time-equivalent positions, defined as employment level excluding employees on parental and long-term sick leave.

4. Net interest income

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
Interest income								
Credit institutions	0.3	0.3	-2	0.3	-9	1.0	1.3	-23
The public and public sector entities	18.3	18.0	1	17.4	5	70.0	76.7	-9
Debt securities	1.1	0.8	31	1.1	1	3.7	6.6	-44
Other interest income	0.3	0.2		0.1		0.6	1.5	-61
Total	20.0	19.3	4	18.9	6	75.3	86.1	-13
Interest expenses								
Credit institutions	-1.0	-1.1	-7	-1.5	-32	-4.5	-5.9	-24
The public and public sector entities	-3.6	-3.6	0	-4.8	-25	-15.2	-23.8	-36
Debt securities	-3.1	-2.8	10	-2.0	57	-11.0	-11.6	-5
Subordinated liabilities	-0.3	-0.3	-2	-0.4	-25	-1.3	-1.6	-23
Other interest expenses	-0.3	-0.3	30	-0.3	-3	-1.0	-2.0	-50
Total	-8.3	-8.1	3	-9.0	-7	-32.9	-45.0	-27
Net interest income	11.6	11.2	4	9.9	17	42.4	41.2	3
Investment margin, per cent ¹	1.20	1.17		1.10		1.12	1.16	

¹ Investment margin is defined as net interest income expressed as a percentage of the average balance sheet total.

5. Net commission income

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
Deposits	0.2	0.2	0	0.2	13	0.8	0.7	9
Lending	1.0	1.3	-25	0.7	42	3.9	3.0	29
Payment intermediation	2.1	2.1	4	2.0	5	8.2	7.6	8
Mutual fund commissions	4.3	3.0	44	2.8	55	13.6	9.9	38
Management commissions	4.1	2.2	87	2.3	79	10.1	7.1	42
Securities commissions	2.6	2.9	-12	2.6	1	11.6	9.6	20
Commission income	0.5	0.5	-14	0.6	-22	2.2	2.1	1
Commission income	14.8	12.2	21	11.1	33	50.3	40.1	25
Payment commission expenses	-1.0	-1.0	-2	-1.0		-3.7	-4.3	
Mutual fund commission expenses ¹	-0.3	-0.2	26	0.0		-1.3	0.0	
Management commission expenses ¹	-0.1	-0.1	3	0.0		-0.6	0.0	
Securities commission expenses	-0.3	-0.2	15	-0.3		-1.0	-1.1	
Other commission expenses	-0.3	-0.3	17	-0.6		-1.2	-2.0	
Commission expenses	-2.0	-1.8	7	-1.9	3	-7.8	-7.4	6
Net commission income	12.8	10.4	23	9.2	39	42.4	32.7	30

¹ Mutual fund commission expenses and management commission expenses were not reported separately during the 2012 financial year. Comparative figures for Q4 2012 and 2012 are thus not shown. For this reason, percentage changes related to commissions expenses comparing the financial years 2013 and 2012 as well as comparing Q4 2013 and Q4 2012 are not shown either.

6. Net income from financial items at fair value

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
Valuation category fair value via the income statement ("profit and loss")								
Debt securities	0.0	0.0		-0.1		0.0	-0.3	
Shares and participations	0.6	0.3	99	0.0		0.9	-0.1	
Derivative instruments	0.0	0.5		0.1		2.7	-1.7	
Loan receivables	-0.7	-0.6	13	-0.3		-3.8	1.8	
Valuation category fair value via the income statement ("profit and loss")	-0.1	0.2		-0.3		-0.3	-0.3	
Hedge accounting								
Ineffective portion of fair value hedge	0.3	-0.1		0.1		0.1	0.2	
<i>of which hedging instruments</i>	-3.1	-0.4		0.2		-5.8	0.9	
<i>of which hedged item</i>	3.4	0.3		-0.1		5.9	-0.7	
Hedge accounting	0.3	-0.1		0.1		0.1	0.2	
Net income from securities transactions	0.2	0.1		-0.2		-0.1	-0.1	
Net income from foreign exchange dealing	1.1	0.7	61	8.6	-87	3.9	10.1	-62
Net income from financial assets available for sale	-0.3	-1.5	-76	10.9		2.1	10.8	-81
Total	1.0	-0.7		19.3	-95	5.8	20.8	-72

7. Other expenses

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
IT expenses (excluding information services)	2.1	1.9	10	2.3	-7	8.4	8.3	1
Premises and property expenses	1.5	1.6	-3	1.6	-6	6.2	6.1	2
Marketing expenses	0.8	0.4	97	0.5	51	2.5	3.0	-16
Information services	0.5	0.6	-3	0.6	-10	2.2	2.4	-9
Staff-related expenses	0.5	0.4	29	0.5	17	2.0	1.9	3
Travel expenses	0.4	0.3	44	0.4	2	1.2	1.2	-3
Purchased services	0.8	0.6	44	0.7	16	3.0	3.3	-10
Deposit guarantee	0.3	0.3	3	0.3	17	1.3	1.2	10
Banking tax	0.4	0.4	-1	0.0		1.7	0.0	
Other expenses	2.0	1.4	45	2.4	-16	6.3	7.7	-18
Production for own use	-0.7	-0.5	44	-0.3		-2.2	-1.5	48
Total	8.8	7.4	20	8.9	-1	32.5	33.6	-3

8. Impairment losses on loans and other commitments

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
Individual impairment losses								
New and increased impairment losses	5.2	0.9		1.0		8.8	3.9	
Reversals of impairment losses	-0.4	-0.1		0.0		-4.0	-1.3	
Actual loss	0.4	0.1		0.1		3.9	1.9	
Recoveries of actual losses	0.0	0.0		0.0		-2.2	0.0	
Total	5.1	0.9		1.1		6.5	4.4	48
Group impairment losses								
New and increased impairment losses	0.7	0.8	-7	2.0	-65	1.9	2.0	-5
Reversals of impairment losses	-4.4	0.0		0.0		-4.4	0.0	
Total	-3.7	0.8		2.0		-2.4	2.0	
Total	1.5	1.6	-11	3.1	-52	4.1	6.4	-37

9. Income taxes

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
EUR M								
Taxes for the period and prior periods	0.2	0.5	-53	0.7	-67	1.5	2.3	-36
Change in tax rate	-1.6					-1.6		
Change in deferred tax assets/liabilities	1.7	0.5		-1.2		2.7	-4.4	
Income taxes	0.4	1.1	-66	-0.4		2.7	-2.0	

10. Lending to the public and public sector by purpose

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Companies			
Shipping	66	74	-11
Wholesale and retail trade	50	55	-9
Housing operations	178	140	27
Other real estate operations	390	334	17
Financial and insurance operations	189	178	6
Hotel and restaurant operations	24	22	9
Other service operations	113	108	5
Agriculture, forestry and fishing	14	14	0
Construction	25	36	-31
Other industry and crafts	35	35	0
Total, companies	1,084	996	9
Private individuals			
Home loans	1,383	1,250	11
Securities and other investments	305	309	-1
Business operations	126	126	0
Other household purposes	185	202	-8
Total, households	1,999	1,888	6
Public sector and non-profit organisations	21	21	0
Total, public sector and non-profit organisations	21	21	0
Total lending	3,104	2,905	7

11. Doubtful receivables and impairment losses

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Non-performing receivables > 90 days past due	15.6	18.6	-16
Gross non-performing receivables as % of total	0.50	0.64	-21
Individual impairment losses			
Gross doubtful receivables	31.7	13.1	
Doubtful receivables as % of total	1.02	0.45	
Individual impairment losses	15.8	10.6	48
Net doubtful receivables	15.9	2.5	
Level of provisions for doubtful receivables, %	50	81	-38
Group impairment losses			
	0.7	3.1	-78
Breakdown of non-performing receivables > 90 days past due			
Private individuals	9.6	12.9	-26
Real estate operations	0.0	0.0	
Housing operations	0.0	0.2	-97
Shipping	1.4	2.0	-33
Financial and insurance operations	0.3	0.8	-65
Other categories	4.3	2.6	69
Total	15.6	18.6	-16
Breakdown of individual impairment losses			
Private individuals	3.9	3.1	25
Real estate operations	0.3	2.1	-85
Housing operations	2.0	1.9	6
Shipping	5.5	0.8	
Financial and insurance operations	0.1	1.8	-96
Other categories	3.9	0.9	
Total	15.8	10.6	49
Breakdown of group impairment losses			
Private individuals	0.4	0.0	
Real estate operations	0.0	0.6	
Housing operations	0.0	0.0	
Shipping	0.1	2.5	
Financial and insurance operations	0.1	0.0	
Other	0.1	0.0	
Total	0.7	3.1	

¹ Because of a change in methodology regarding measurement of group impairment losses, the percentage change when comparing the financial years 2012 and 2013 is not reported.

12. Deposits from the public and public sector, including bonds and certificates of deposit issued

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Deposit accounts from the public and public sector			
Sight deposits	1,757	1,652	6
Time deposits	420	475	-12
Total deposit accounts	2,177	2,127	2
Certificates of deposit issued to the public ¹	122	134	-9
Index bonds (structured products) ¹	104	126	-18
Subordinated debentures ¹	64	64	0
Total bonds and certificates of deposit	289	324	-10
Total deposits	2,466	2,452	1

¹This item does not include debt securities subscribed by credit institutions.

13. Debt securities issued

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Certificates of deposit	134	188	-29
Covered bonds	540	354	53
Senior non-covered bonds	241	95	
Index bonds (structured products)	104	126	-18
Total	1,019	763	33

14. Derivative instruments

Bank of Åland Group	Dec 31, 2013		Dec 31, 2012	
EUR M	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives				
<i>Interest rate forward contracts</i>				
<i>Interest rate swap contracts</i>	4.0	9.1	7.2	11.6
<i>Interest rate futures contracts</i>	0.1	0.0	0.0	0.0
<i>Interest rate option contracts</i>				
<i>Purchased</i>	0.0	0.0	0.0	0.0
<i>Sold</i>	0.0	0.0	0.0	0.0
Currency derivatives				
<i>Forward contracts</i>	0.9	1.9	2.9	1.8
<i>Interest rate and currency swap contracts</i>	0.1	6.1	0.1	0.7
Equity derivatives				
<i>Option contracts</i>				
<i>Purchased¹</i>	8.5	0.0	9.6	0.0
<i>Written</i>	0.0	1.7	0.0	0.0
Other derivatives	1.3	1.3	0.6	0.6
Closing balance	15.0	20.2	20.4	14.7

¹The equity derivatives that were purchased hedge option structures that are embedded in bonds issued to the public.

Nominal value of underlying asset by remaining maturity:

Bank of Åland Group		Dec 31, 2013			
EUR M	Under 1 year	1–5 years	Over 5 years	Total	
Interest rate derivatives					
<i>Interest rate forward contracts</i>					
<i>Interest rate swap contracts</i>	80.4	267.5	235.6	583.5	
<i>Interest rate futures contracts</i>	10.2	0.0	0.0	10.2	
<i>Interest rate option contracts</i>					
<i>Purchased</i>	0.0	14.8	0.0	14.8	
<i>Sold</i>	0.0	17.9	1.3	19.2	
Currency derivatives					
<i>Forward contracts</i>	117.4	13.8	0.0	131.1	
<i>Interest rate and currency swap contracts</i>	5.5	259.5	0.0	265.1	
Equity derivatives					
<i>Option contracts</i>					
<i>Purchased</i>	38.2	58.3	0.0	96.5	
<i>Written</i>	3.9	2.1	0.0	6.0	
Other derivatives	0.0	25.0	0.0	25.0	
Closing balance	255.6	658.9	236.9	1 151.4	

Bank of Åland Group		Dec 31, 2012			
EUR M	Under 1 year	1–5 years	Over 5 years	Total	
Interest rate derivatives					
<i>Interest rate forward contracts</i>					
<i>Interest rate swap contracts</i>	48.5	311.0	27.7	387.2	
<i>Interest rate futures contracts</i>	0.0	0.0	0.0	0.0	
<i>Interest rate option contracts</i>					
<i>Purchased</i>	1.3	20.5	0.0	21.8	
<i>Sold</i>	0.0	9.6	0.0	9.6	
Currency derivatives					
<i>Forward contracts</i>	55.1	7.8	0.0	62.9	
<i>Interest rate and currency swap contracts</i>	80.4	127.1	57.9	265.5	
Equity derivatives					
<i>Option contracts</i>					
<i>Purchased</i>	25.1	92.6	0.0	117.7	
<i>Issued</i>	0.0	0.0	0.0	0.0	
Other derivatives	0.0	15.8	9.2	25.0	
Closing balance	210.3	584.5	94.9	889.7	

15. Financial instruments at fair value

Bank of Åland Group		Dec 31, 2013		
EUR M	Instruments with quoted prices (Level 1)	Appraisal techniques based on observable market data (Level 2)	Appraisal techniques based on non-observable market data (Level 3)	Total
Debt securities eligible for refinancing with central banks	428			428
Claims on the public and public sector entities		127		127
Debt securities	13	51	0	64
Shares and participations	1	0	1	2
Derivative instruments		15		15
Total financial assets	442	193	1	636
Liabilities to the public and public sector entities		0		0
Debt securities issued		299		299
Derivative instruments		20		20
Total financial liabilities	0	319	0	319

Bank of Åland Group		Dec 31, 2012		
EUR M	Instruments with quoted prices (Level 1)	Appraisal techniques based on observable market data (Level 2)	Appraisal techniques based on non-observable market data (Level 3)	Total
Debt securities eligible for refinancing with central banks	305			305
Claims on the public and public sector entities		139		139
Debt securities	10	35		45
Shares and participations	5	0	1	7
Derivative instruments		20		20
Total financial assets	320	194	1	516
Liabilities to the public and public sector entities		0		0
Debt securities issued		92		92
Derivative instruments		15		15
Total financial liabilities	0	107	0	107

16. Off-balance sheet commitments

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Guarantees and pledges	24	15	58
Unutilised overdraft limits	76	69	10
Unutilised credit card limits	105	88	20
Lines of credit	176	195	-10
Other	36	38	-4
Total	418	405	3

17. Assets pledged for own liabilities

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Bonds as assets pledged	212	191	11
Loan receivables constituting collateral (cover pool) for covered bonds	893	665	34
Total	1,104	856	29

18. Maturity breakdown of assets and liabilities

Bank of Åland Group		Dec 31, 2013									Total cash flow	Carrying amount
EUR M	Payable on demand	< 1 month	1-3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	> 5 years			
Financial assets												
Cash and balances with central banks	50										50	50
Debt securities eligible for refinancing with central banks		16	10	18	5	22	48	279	48	446	428	
Lending to credit institutions	51	76	4			0				132	131	
Lending to the public	205	97	118	126	139	176	533	975	1,317	3,686	3,104	
Debt securities		21	18	0	15	0	0	10		65	64	
Total financial assets	306	211	150	143	159	199	581	1,265	1,365	4,379	3,776	
Financial liabilities												
Liabilities to credit institutions	74	41	47	26	3	8	137	12		349	347	
Liabilities to the public	1,764	129	103	93	48	43	2	1		2,181	2,177	
Debt securities issued		67	120	59	126	73	226	459	215	1,346	1,019	
Subordinated liabilities		20		12	4		14	17		68	64	
Total financial liabilities	1,838	257	270	189	182	124	379	489	215	3,944	3,606	
Derivative contracts												
Incoming cash flow		4	2	5	2	3	15	29	20	80		
Outgoing cash flow		-1	-2	-3	-4	-3	-12	-28	-23	-77		
		3	0	2	-1	-1	3	1	-4	3		
GAP		-44	-121	-44	-25	73	205	777	1,147	438		

Bank of Åland Group		Dec 31, 2012									
EUR M	Payable on demand	< 1 month	1-3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	> 5 years	Total cash flow	Carrying amount
Financial assets											
Cash and balances with central banks	133									133	133
Debt securities eligible for refinancing with central banks		6	0	2	2	12	36	205	55	319	305
Lending to credit institutions	52	52								104	104
Lending to the public	118	79	65	157	153	122	407	1,056	1,123	3,280	2,905
Debt securities		5	20	20						45	45
Total financial assets	303	142	86	179	155	134	442	1,261	1,178	3,880	3,491
Financial liabilities											
Liabilities to credit institutions	89	17	41	29	7	16	15	164		378	375
Liabilities to the public	1,784	116	136	135	31	58	3	1		2,263	2,127
Debt securities issued		48	98	39	22	20	217	298	64	806	763
Subordinated liabilities		3	0	16			32	17		69	64
Total financial liabilities	1,873	183	275	219	61	94	268	480	64	3,516	3,329
Derivative contracts											
Incoming cash flow		1	2	4	2	4	9	20	6	48	
Outgoing cash flow		-1	-2	-3	-3	-3	-9	-18	-6	-44	
		0	0	2	-1	1	0	2	0	4	
GAP		-41	-189	-38	94	41	175	783	1,114	368	

Sight deposits from the public, which are a significant source of funding, are contractually repayable on demand and are thus reported as having a maturity of <3 months. In practice they are a source of financing that, based on historical behaviour, has largely proved to have a long maturity.

19. Interest rate refixing periods

Bank of Åland Group		Dec 31, 2013					
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total	
Assets							
Lending to credit institutions	175					175	
Lending to the public and public sector entities	2,169	213	434	266	22	3,104	
Debt securities	233	20	31	173	36	492	
Total interest-bearing assets	2,576	233	464	440	58	3,771	
Liabilities							
Liabilities to credit institutions	158	46	13	130		347	
Deposits from the public	1,993	92	91	1		2,177	
Debt securities	585	56	24	154	200	1,019	
Subordinated liabilities		19	29	16		64	
Total liabilities	2,735	214	157	300	200	3,606	
Off-balance sheet items	-43	-28	-7	-4	76		
Difference between assets and liabilities	-202	-9	301	136	-66		
Bank of Åland Group		Dec 31, 2012					
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total	
Assets							
Lending to credit institutions	228					228	
Lending to the public and public sector entities	1,998	284	366	228	29	2,905	
Debt securities	93	20	10	185	42	350	
Total interest-bearing assets	2,320	304	376	413	71	3,483	
Liabilities							
Liabilities to credit institutions	160	64	20	130		375	
Deposits from the public	1,922	75	130	1		2,127	
Debt securities	515	36	34	173	5	763	
Subordinated liabilities		4	7	53		64	
Total interest-bearing liabilities	2,597	179	191	357	5	3,329	
Off-balance sheet items	48	-40	8	-1	-16		
Difference between assets and liabilities	-229	85	192	56	51		

In the table, the interest rate refixing period for lending and sight deposits with the ÅAB Prime or ÅAB O/N benchmark interest rate, or with no benchmark interest rate, has been stated as < 3 months. The volume of deposits with such interest rate terms is sizeable. In the current low interest rate environment, the interest rate refixing period for these accounts is significantly longer in practice than the contractual period.

20. Capital adequacy

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Equity capital according to balance sheet	184.1	179.0	3
Anticipated/proposed dividend including non-controlling interests	-3.1	-2.9	9
Minus surplus pension assets	-0.8	0.0	
Fair value reserve	-1.1	-4.5	-75
Translation differences	-0.9	0.3	
Cash flow hedge	0.4	1.2	-67
Intangible assets	-9.1	-9.6	-5
Property revaluation	-2.4	-2.6	-9
Deferred tax assets	-4.1	-5.3	-22
50% of expected losses according to IRB approach in addition to those recognised	-3.1	-3.2	-5
Core Tier 1 capital	160.0	152.4	5
Fair value reserve	1.1	4.5	-75
Translation differences	0.9	-0.2	
Property revaluation	2.4	2.6	-9
Debenture loans	63.8	64.1	0
50% of expected losses according to IRB approach in addition to those recognised	-3.1	-3.2	-5
Supplementary capital	65.1	67.8	-4
Total capital base	225.1	220.2	2
Risk-weighted assets	1,481.5	1,400.6	6
Capital requirement for credit risks according to IRB approach	26.0	26.6	-2
Capital requirement for credit risk according to standardised approach	79.9	71.4	12
Capital requirement for operational risks	12.6	14.1	-10
Capital requirement	118.5	112.0	6
Additional amount according to transitional rules for IRB approach	12.7	11.7	8
Capital requirement including transitional rules	131.2	123.9	6
Core Tier 1 capital ratio, %	10.8	10.9	-1
Capital adequacy, %	15.2	15.7	-3
Core Tier 1 capital ratio using transitional rules, %	9.8	9.8	-1
Capital adequacy using transitional rules, %	13.7	14.2	-3

¹ When it introduced the standardised approach for operational risks in June 2013, when calculating the capital requirement the Bank included in its definition of income both the capital gain from the sale of property and the exchange rate gain/loss on the sale of the Swedish subsidiary. According to the Finnish-language version of the Financial Supervisory Authority's standard 4.3i, gains or losses realised on financial assets held for trading and re-measurements of those that are part of the income statement are included in calculating the income indicator. In addition, a gain/loss from other financial and tangible assets are not to be included in the calculation. The Bank has thus reverted to the definition of income that it used while applying the basic indicator approach.

Exposure category	Dec 31, 2013					
	EUR M	Gross exposure	Exposure at default	Risk weight %	Risk-weighted assets	Capital requirement
Credit risk according to the IRB approach						
Household exposures with property as collateral		1,495.3	1,490.5	14	209.8	16.8
Small and medium-sized companies classified as household exposures		153.1	151.9	52	79.6	6.4
Other household exposures		221.5	205.4	17	35.7	2.9
Total exposures according to the IRB approach		1,869.9	1,847.8	18	325.1	26.0
Credit risk according to the standardised approach						
Exposure to sovereigns and central banks		150.4	186.8	0	0.0	0.0
Institutional exposures		508.6	502.8	17	87.5	7.0
Corporate exposures		918.6	724.1	86	620.6	49.6
Household exposures with property as collateral		202.7	202.2	35	70.8	5.7
Small and medium-sized companies classified as household exposures		216.5	213.6	33	70.6	5.6
Qualifying revolving retail exposures		36.1	36.1	75	27.1	2.2
Other household exposures		170.5	147.2	58	85.2	6.8
Equity exposures		3.1	3.1	101	3.1	0.3
Other items		68.0	68.0	49	33.4	2.7
Total exposures according to the standardised approach		2,318.1	2,083.8	48	998.3	79.9
Total capital requirement for credit risk		4,144.4	3,931.6	34	1,323.4	105.9

Exposure category	Dec 31, 2012					
	EUR M	Gross exposure	Exposure at default	Risk weight %	Risk-weighted assets	Capital requirement
Credit risk according to the IRB approach						
Household exposures with property as collateral		1,445.8	1,441.9	15	217.3	17.4
Small and medium-sized companies classified as household exposures		153.3	152.3	49	73.9	5.9
Other household exposures		237.5	223.2	18	41.1	3.3
Total exposures according to the IRB approach		1,836.6	1817.4	18	332.3	26.6
Credit risk according to the standardised approach						
Exposure to sovereigns and central banks		283.2	312.4	0	0.0	0.0
Institutional exposures		372.8	375.1	16	60.4	4.8
Corporate exposures		887.0	741.6	76	561.6	44.9
Household exposures with property as collateral		116.6	116.6	35	40.8	3.3
Small and medium-sized companies classified as household exposures		121.8	118.8	37	44.4	3.6
Qualifying revolving retail exposures		31.4	31.4	75	23.5	1.9
Other household exposures		209.9	186.7	66	122.3	9.8
Equity exposures		7.3	7.3	100	7.3	0.6
Other items		85.3	85.3	37	31.8	2.4
Total exposures according to the standardised approach		2,115.3	1,975.2	45	892.1	71.4
Total capital requirement for credit risk		3,951.9	3,792.6	32	1,224.4	98.0

21. Managed assets

Bank of Åland Group	Dec 31, 2013	Dec 31, 2012	%
EUR M			
Fund unit management	960	867	11
Discretionary asset management	1,685	1,791	-6
Other asset management	1,762	1,593	11
Total managed assets	4,407	4,252	4
Of which own funds in discretionary and other asset management	456	362	26

The definition of managed assets in Sweden was harmonised with the Group's definition starting on June 30, 2013. Historical time series have been adjusted to achieve greater comparability.

22. Hours worked, recalculated to full-time equivalent positions

Bank of Åland Group	Q4 2013	Q3 2013	%	Q4 2012	%	2013	2012	%
Bank of Åland Plc	397	392	1	381	4	385	385	
Crosskey Banking Solutions Ab Ltd	191	186	3	199	-4	186	202	-8
Ålandsbanken Asset Management AB							6	
Ålandsbanken Asset Management Ab	27	27		26	4	27	25	8
Ab Compass Card Oy Ltd	11	12	-8	12	-9	12	12	
Ålandsbanken Fondbolag Ab	5	5		5		5	6	-17
Ålandsbanken Fonder AB	0	0		3		2	3	-33
Ålandsbanken Equities Research Ab							1	
Total number of positions, recalculated from hours worked	631	622	1	626	1	617	640	-4

From June 1, 2012, the operations of Ålandsbanken Asset Management AB (formerly Ålandsbanken Sverige AB) were transferred to Ålandsbanken Abp (Finland) svensk filial (the Swedish branch of Bank of Åland Plc), which means that hours worked in the branch are reported as part of Bank of Åland Plc. Ålandsbanken Equities Research Ab merged with the Bank of Åland Plc during 2012.

Correction table–Summary income

Bank of Åland Group	Q3 2013	Corrected Q3 2013	Q2 2013	Corrected Q2 2013	Q1 2013	Corrected Q1 2013	Q4 2012	Corrected Q4 2012	2012	Corrected 2012	
EUR M											
Net interest income	11.2	11.2	10.2	10.2	9.4	9.4	9.9	9.9	41.2	41.2	
Net commission income	10.4	10.4	9.9	9.9	9.3	9.3	9.2	9.2	32.7	32.7	
Net income from financial items at fair value	A)	-0.3	-0.7	1.4	1.2	4.4	4.3	19.3	19.3	20.9	20.8
IT income	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	14.5	14.5	
Other operating income	0.1	0.1	0.3	0.3	0.3	0.3	0.6	0.6	1.2	1.2	
Total income	25.0	24.6	25.3	25.1	27.1	27.0	42.7	42.8	110.4	110.4	
Staff costs	B)	-11.7	-11.7	-13.2	-13.2	-13.1	-13.1	-13.7	-13.6	-52.3	-52.4
Other costs	-7.4	-7.4	-8.2	-8.2	-8.1	-8.1	-8.9	-8.9	-33.6	-33.6	
Depreciation/amortisation	-2.1	-2.1	-1.9	-1.9	-1.9	-1.9	-2.6	-2.6	-8.1	-8.1	
Total expenses	-21.1	-21.1	-23.2	-23.2	-23.1	-23.1	-25.2	-25.1	-94.0	-94.1	
Profit before impairment losses	3.8	3.5	2.1	1.9	4.1	4.0	17.5	17.6	16.4	16.3	
Impairment losses on loans and other commitments	-1.6	-1.6	0.5	0.5	-1.4	-1.4	-3.1	-3.1	-6.4	-6.4	
Net operating profit	2.2	1.9	2.5	2.3	2.6	2.5	14.5	14.6	10.0	9.9	
Income taxes	C)	-1.0	-1.1	-0.6	-0.7	-0.5	-0.6	0.6	0.4	2.2	2.0
Profit for the period	1.2	0.8	1.9	1.7	2.1	1.8	15.1	15.0	12.2	11.9	
Attributable to:											
Non-controlling interests	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.6	0.6	
Shareholders in Bank of Åland Plc	0.9	0.5	1.6	1.4	1.9	1.7	14.9	14.7	11.6	11.3	
Earnings per share, EUR	0.06	0.04	0.11	0.09	0.13	0.12	1.03	1.02	0.80	0.79	

(Figures are rounded off)

A) Correction fair value option och fair value hedge. Total impact in 2012 is EUR -0.1 M and in Q1 2013 – Q3 2012 EUR -0.7 M.

B) Correction IAS 19. Total impact in 2012 is EUR -0.1 M and in Q1 2013 – Q3 2012 EUR 0.0 M.

C) Correction income taxes related to goodwill, IAS 19, fair value option and fair value hedge. Total impact in 2012 is EUR -0.2 M and in Q1 2013 – Q3 2013 EUR -0.3 M.

Correction table–Summary statement of other comprehensive income

Bank of Åland Group		Corrected	Corrected	Corrected	Corrected	Corrected	Corrected	Corrected	Corrected		
		Q3 2013	Q3 2013	Q2 2013	Q2 2013	Q1 2013	Q1 2013	Q4 2012	Q4 2012	2012	2012
EUR M											
Profit for the period		1.2	0.8	1.9	1.7	2.1	1.8	15.1	15.0	12.2	11.9
Cash flow hedge		0.4	0.4	-0.3	-0.3	-1.2	0.3	-1.6	-1.6	-1.6	-1.6
Assets available for sale		1.1	1.1	-2.1	-2.1	-3.5	-3.5	2.1	2.1	3.6	3.6
Translation differences	D)	-0.3	-0.3	0.6	0.6	-0.1	-0.2	-6.7	-10.1	-8.1	-10.6
Income taxes	E)	-0.3	-0.3	0.4	0.4	1.2	0.8	-0.1	2.3	-0.5	2.1
Items that have been or may be reclassified to the income statement		0.9	0.9	-1.4	-1.4	-3.7	-2.5	-6.3	-7.2	-6.5	-6.4
Re-measurements of defined benefit pension plans	F)	1.4	1.4	0.4	0.4				-0.9		-2.8
Income taxes	G)	-0.3	-0.3	-0.1	-0.1				0.2		0.6
Items that may not be reclassified to the income statement		1.1	1.1	0.3	0.3	0.0	0.0	0.0	-0.7	0.0	-2.2
Other comprehensive income		1.9	1.9	-1.0	-1.0	-3.7	-2.5	-6.3	-7.9	-6.5	-8.7
Total comprehensive income for the period		3.1	2.8	0.9	0.6	-1.6	-0.7	8.8	7.1	5.6	3.2
Attributable to:											
Non-controlling interests		0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.6	0.6
Shareholders in Bank of Åland Plc		2.8	2.5	0.6	0.3	-1.8	-0.9	8.6	6.8	5.0	2.6

(Figures are rounded off)

D) Correction translation differences deferred taxes and IAS 19. Total impact in 2012 is EUR -2.5 M and in Q1 2013 – Q3 2013 EUR -0.1 M.

E) Correction income taxes due to adjusted translation differences. Total impact in 2012 is EUR 2.6 M and in Q1 2013 – Q3 2013 EUR -0.4 M.

F) Correction re-measurement of defined-benefit pension plans. Total impact in 2012 is EUR -2.8 M and in Q1 2013 – Q3 2013 EUR 0.0 M.

G) Correction income taxes related to re-measurement of defined-benefit pension plans. Total impact in 2012 is EUR 0.6 M and in Q1 2013 – Q3 2013 EUR 0.0 M.

Correction table–Summary balance

Bank of Åland Group	Sep 30, 2013	Corrected Sep 30, 2013	Jun 30, 2103	Corrected June 30, 2013	Mar 31, 2013	Corrected Mar 31, 2013	2012	Corrected 2012
EUR M								
Assets								
Cash and balances with central banks	136	136	133	133	67	67	133	133
Debt securities eligible for refinancing with central banks	334	334	290	290	296	296	305	305
Lending to credit institutions	135	135	134	134	107	107	104	104
Lending to the public and public sector entities	H) 3,073	3,074	3,021	3,020	2,977	2,975	2,906	2,905
Debt securities	65	65	105	105	130	130	45	45
Shares and participations	6	6	7	7	6	6	7	7
Shares and participations in associated companies	1	1	1	1	1	1	1	1
Derivative instruments	17	17	15	15	26	26	20	20
Intangible assets	I) 11	9	10	9	11	9	11	10
Tangible assets	31	31	32	32	32	32	33	33
Other assets	32	33	8	9	63	64	45	45
Accrued income and prepayments	J) 24	23	27	26	26	25	26	19
Deferred tax assets	K) 2	7	2	7	3	8	3	8
Total assets	3,867	3,871	3,787	3,789	3,743	3,745	3,637	3,633

(Figures are rounded off)

H) Correction fair value option and fair value hedge. Total impact in 2012 is EUR -1 M, in Q1 2013 EUR -2 M, Q2 2013 EUR -1 M and Q3 2013 EUR 1 M.

I) Correction goodwill. Total impact in 2012 is EUR -1 M, in Q1 2013 EUR -1 M, Q2 2013 EUR -1 M and Q3 2013 EUR -1 M.

J) Correction IAS 19. Total impact in 2012 is EUR -7 M, in Q1 2013 EUR -1 M, Q2 2013 EUR -1 M and Q3 2013 EUR -1 M.

K) Correction deferred taxes. Total impact in 2012 is EUR 5 M, in Q1 2013 EUR 5 M, Q2 2013 EUR 5 M and Q3 2013 EUR 5 M.

Correction table–Summary balance sheet

Bank of Åland Group	30.9.2013	Corrected 30.9.2013	30.6.2013	Corrected 30.6.2013	31.3.2013	Corrected 31.3.2013	2012	Corrected 2012
EUR M								
Liabilities to credit institutions	372	372	365	365	366	366	375	375
Liabilities to the public and public sector entities	2,150	2,150	2,213	2,213	2,153	2,153	2,127	2,127
Debt securities issued L)	972	978	891	895	853	856	760	763
Derivative instruments	13	13	16	16	14	14	15	15
Other liabilities	72	72	34	34	72	72	67	67
Provisions	0	0	0	0	0	0	1	1
Accrued expenses and prepaid income M)	28	30	30	32	30	33	28	30
Subordinated liabilities	64	64	47	47	62	62	64	64
Deferred tax liabilities N)	14	12	13	11	13	12	16	13
Total liabilities	3,685	3,692	3,608	3,612	3,564	3,568	3,451	3,454
Equity capital and non-controlling interests								
Share capital	29	29	29	29	29	29	29	29
Share premium account	33	33	33	33	33	33	33	33
Reserve fund	25	25	25	25	25	25	25	25
Fair value reserve	0	0	-1	-1	1	1	3	3
Unrestricted equity capital fund	24	24	24	24	24	24	24	24
Own shares	0	0	0	0	0	0	0	0
Retained earnings O)	67	64	65	63	65	63	69	62
Shareholders' interest in equity capital	178	176	176	173	177	175	183	176
Non-controlling interests' portion of equity capital	3	3	3	3	3	3	3	3
Total equity capital	182	179	179	176	179	177	186	179
Total liabilities and equity capital	3,867	3,871	3,787	3,789	3,743	3,745	3,637	3,633

(Figures are rounded off)

L) Correction fair value option and fair value hedge. Total impact in 2012 is EUR 3 M, in Q1 2013 EUR 3 M, Q2 2013 EUR 4 M and Q3 2013 EUR 6 M.

M) Correction IAS 19. Total impact in 2012 is EUR 2 M, in Q1 2013 EUR 3 M, Q2 2013 EUR 2 M and Q3 2013 EUR 2 M.

N) Correction deferred taxes. Total impact in 2012 is EUR -3 M, in Q1 2013 EUR -1 M, Q2 2013 EUR -2 M and Q3 2013 EUR -2 M.

O) Total impact on retained earnings in 2012 is EUR -7 M, in Q1 2013 EUR -2 M, Q2 2013 EUR -2 M and Q3 2013 EUR -3 M.

Correction table–Financial ratios and notes

Bank of Åland Group	Q 3 2013	Corrected Q3 2013	Q2 2013	Corrected Q2 2013	Q1 2013	Corrected Q1 2013	Q 4 2012	Corrected Q4 2012	2012	Corrected 2012
EUR M										
Return on equity after taxes, % (ROE)	2.1	1.2	3.7	3.1	4.4	4.0	33.3	34.3	6.4	6.6
Expense/income ratio	0.85	0.86	0.92	0.93	0.85	0.85	0.59	0.59	0.85	0.85
Equity/assets ratio, %	4.7	4.6	4.7	4.6	4.8	4.7	5.1	4.9	5.1	4.9
Tier 1 capital ratio, without transitional rules, %	10.5	10.6	10.8	10.8	10.4	10.4	10.9	10.9	10.9	10.9
Capital adequacy, %	15.2	14.9	14.3	14.0	14.9	14.6	16.1	15.7	16.1	15.7
Earnings per share, %	0.06	0.04	0.11	0.09	0.13	0.12	1.03	1.02	0.80	0.79
Equity capital per share, EUR	12.40	12.20	12.20	12.02	12.27	12.11	12.70	12.21	12.70	12.21

6. Net income from financial items at fair value	Q 3 2013	Corrected Q3 2013	Q2 2013	Corrected Q2 2013	Q1 2013	Corrected Q1 2013
EUR M						
Valuation category fair value via the income statement ("profit and loss")						
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0
Shares and participations	0.5	0.3	0.0	0.0	-0.1	-0.1
Derivative instruments	0.2	0.5	0.4	1.0	0.7	1.3
Loan receivables	-2.4	-0.6	-1.5	-1.4	-0.7	-1.2
Debt securities issued according to the fair value option	2.1		0.7		0.3	
Valuation category fair value via the income statement ("profit and loss")	0.4	0.2	0.3	-0.3	0.2	-0.1
Hedge accounting						
Ineffective portion of fair value hedge		-0.1		-0.1		0.0
<i>of which hedging instruments</i>		-0.4		-3.4		1.2
<i>of which hedged item</i>		0.3		3.3		-1.1
Hedge accounting		-0.1		-0.1		0.0
Net income from securities transactions	0.4	0.1	0.3	-0.5	0.2	0.0
Net income from foreign exchange dealing	0.7	0.7	0.9	0.8	1.1	1.2
Net income from financial assets available for sale	-1.5	-1.5	0.8	0.8	3.1	3.1
Total	-0.3	-0.7	1.4	1.2	4.4	4.3

Correction table–Notes

9.Income taxes	Q3 2013	Corrected Q3 2013	Q2 2013	Corrected Q2 2013	Q1 2013	Corrected Q1 2013	Q4 2012	Corrected Q4 2012
EUR M								
Taxes for the period and prior periods	0.5	0.5	0.1	0.1	0.6	0.6	0.7	0.7
Change in tax rate								
Change in deferred tax assets/liabilities	0.5	0.5	0.4	0.5	-0.1	0.0	-1.4	-1.2
Income taxes	1.0	1.1	0.6	0.7	0.5	0.6	-0.6	-0.4

Note disclosures for full year 2012 are not reported, since these were not included in previously published interim reports.