

Interim Report

For the period January – March 2011 • April 29, 2011, 9.00 am



The first quarter of 2011

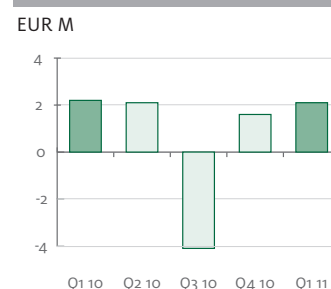
Compared to the first quarter of 2010

- 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

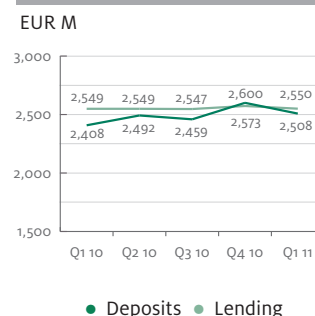
"The first quarter was consistent with our expectations. We can note with pleasure that the Bank of Åland's mutual funds have the highest rating in Finland and that net inflow into our funds exceeded the inflow into the entire Finnish fund market. During the quarter, we also became even more convinced 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

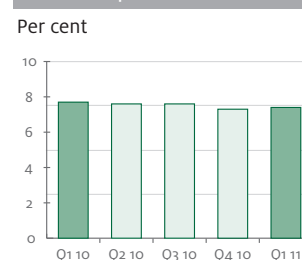
Net operating profit



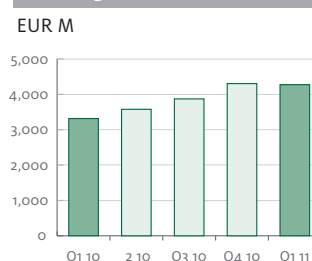
Deposits and lending



Tier 1 capital ratio



Managed assets



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 17 offices in the Åland Islands and eight offices elsewhere in Finland. Its subsidiary Ålandsbanken Sverige AB has three offices in Sweden. A total of 10 subsidiaries, whose operations are connected in various ways to banking, belong to the Bank of Åland Group.

Earnings and profitability

MARKET OVERVIEW

Finnish and Swedish economic growth is currently high. According to the latest official statistics, real Gross Domestic Product grew by 3.1 per cent in Finland and by 5.3 per cent in Sweden in 2010. The forecast for GDP growth in 2011 is around 3 per cent in Finland and 4 per cent in Sweden.

Interest rates are moving upward from historically very low levels. The trend of the most important benchmark interest rates can be seen below. On April 7 the European Central Bank raised its key interest rate by 25 basis points to 1.25 per cent, after this rate had stood at 1.00 per cent since May 2009. Sweden's Riksbank has gradually hiked its key interest rate since the summer of 2010 from its low of 0.25 per cent. After the latest rate increase in April, the key rate in Sweden is now 1.75 per cent. Further hikes are expected.

BENCHMARK INTEREST RATES, QUARTERLY AVERAGES, PER CENT

	Q 1 2011	Q 4 2010	Q 1 2010
Euribor 3 mo	1.09	1.02	0.66
Euribor 12 mo	1.74	1.52	1.22
Stibor 3 mo	2.21	1.61	0.48
Stibor 12 mo	2.67	2.00	1.00

The OMXHPI share index on the Nasdaq OMX Helsinki Oy (Helsinki Stock Exchange) fell by 4 per cent during the quarter but was 14 per cent higher than at the end of 2009. The OMXSPI index on the Nasdaq OMX Stockholm (Stockholm Stock Exchange) fell by 1 per cent during the quarter but was 22 per cent higher than at the end of 2009.

At the end of the first quarter of 2011, the euro was largely unchanged in value against the Swedish krona compared to year-end 2010 but 15 per cent lower than at the end of 2009. In the past three years, exchange rate movements have been significant. The peak exchange rate for the euro against the krona occurred on April 21, 2009, when a euro was worth SEK 11.18. The euro's lowest exchange rate was recorded on March 1, 2011 at SEK 8.71. When translating the income statement of the Bank of Åland's Swedish subsidiary to euros, average exchange rates for the period are used, while the balance sheet is translated at the current exchange rate on the closing day.

Because of the exchange rate effect, the income statement of the Swedish subsidiary increased by 4 per cent expressed in euros from the preceding quarter and by 12 per cent from one year earlier. The exchange rate effect meant that the balance sheet for the Swedish subsidiary increased by 9 per cent expressed in euros, compared to one year earlier.

IMPORTANT EVENTS

The Bank of Åland's volume of mutual funds in Finland rose by 11 per cent during the first quarter of 2011. The overall fund market in Finland had a net inflow of EUR 37 M during the first quarter. The Bank of Åland accounted to no less than EUR 46 M or 126 per cent

of this. March witnessed the largest inflow of assets during a single month in the history of the Bank's fund subsidiary. Swedish customers have also discovered the Bank of Åland's Finnish funds, and they accounted for EUR 10 M of the net inflow during the quarter.

In January, the Bank of Åland's mutual funds noted the highest rating ever achieved by a fund company in Finland. The average score for the Bank's 11 rated funds was 4.5 stars out of a maximum of 5 on Morningstar's scale.

Stefan Törnqvist, Managing Director of Ålandsbanken Asset Management and the man in charge of managing the Bank's Finnish mutual funds, was awarded a "Fund Manager of the Year" prize by the fund analyst company Morningstar and the Swedish business newspaper *Dagens Industri*. As manager of the Ålandsbanken Global Value Fund, Törnqvist earned a Bronze award in the Global Funds category.

For the third straight year, Bank of Åland came in first in Finland in the "customer relationship management" category in the international magazine *Euromoney's* ranking list of private banking services. The Bank of Åland scored second in the overall private banking category, while placing third in the discretion and safety category.

During the quarter, replacement of all Bank of Åland cards in the Åland and Finnish mainland market continued. The old VISA cards were replaced by MasterCard. The new cards enable customers to choose their own PIN code and card motif, as well as to link a loan directly to the card, and the cards include one of the best insurance protection packages in the market.

In March, the Bank of Åland's basic banking system and its Internet banking solution were implemented in the Swedish subsidiary. The implementation of this system was an important milestone in the task of integration between Finnish and Swedish operations. The new Group-wide IT systems will allow a broader expansion of banking services in Sweden.

On April 14, the Annual General Meeting elected Kaj-Gustaf Bergh and Per Axman as new members of the Bank of Åland's Board of Directors. Board members Göran Lindholm, Chairman; Leif Nordlund, Vice Chairman; Sven-Harry Boman; Agneta Karlsson and Anders Wiklöf were re-elected. The Meeting approved the Board's proposal that no dividend be paid for 2010.

EARNINGS FOR THE REPORT PERIOD

During the first quarter of 2011, after-tax profit attributable to the shareholders of Bank of Åland Plc totalled EUR 1.0 M, compared to EUR 0.3 M in the preceding quarter and EUR 0.7 M in the same quarter of 2010. Compared to the immediately preceding quarter, lower loan losses were the main factor contributing to improved earnings. Compared to the year-earlier period, it was the positive trend in Sweden that boosted earning, while the investment phase in the subsidiary Compass Card had the opposite effect.

The Sweden business area reported after-tax profit of EUR -1.8 M, compared to EUR -2.2 M in the preceding quarter and EUR 2.9 M in the first quarter of 2010. In local currency, earnings were 46 per cent better than the year-earlier period (SEK -16 M compared to SEK -30 M). Swedish operations are largely developing as planned, with good growth in Private Banking, but stock brokerage operations in Sweden, especially for institutional customers, are an exception. The profitability of stock brokerage is an industry-wide problem for all market players in Sweden.

Operations in Åland and on the Finnish mainland reported an after-tax profit of EUR 2.8 M during the quarter, which was equivalent to a return on allocated equity of 11 (Q1 2010: 13) per cent. Card operations in the subsidiary Compass Card, which is in its start-up phase, do not yet fully bear their expenses.

Consolidated return on equity after taxes (ROE) was 2.7 (Q1 2010: 1.9) per cent. The expense/income ratio was 0.92 (0.91).

Profit before loan losses amounted to EUR 2.1 M. This represented an improvement of EUR 0.1 M or 5 per cent on the preceding quarter and the same level as the year-earlier period. Excluding the effect of exchange rate fluctuations when translating earnings in Sweden, the improvement in income from the year-earlier period was EUR 0.2 M or 6 per cent. Of the Group's business areas, Sweden accounted for the largest improvement in profit before losses compared to the year-earlier period, totalling EUR 1.4 M excluding exchange rate effects. Compass Card reported earnings that were EUR 0.3 M worse before losses than the year-earlier period.

Total income was EUR 26.1, or 6 per cent lower than the preceding quarter, which nevertheless included performance-related commission income of EUR 2.2 M in Swedish asset management. Compared to the same quarter of 2010, income increased by 11 per cent, mainly driven by higher financial investment income connected to larger assets under management.

Net interest income totalled EUR 9.5 M, or 5 per cent higher than the preceding quarter and 4 per cent higher than the year-earlier period. Net interest income was favourably affected by generally higher interest rates. The interest rate margin in the lending portfolio measured against benchmark rates increased by 2 basis points from the preceding quarter and by 9 basis points from the year-earlier period. Net interest income from liquidity management was adversely affected by the fact that the system of borrowing under favourable conditions that the Riksbank offered all Swedish banks during the financial crisis no longer exists in 2011.

Net commission income amounted to EUR 10.1 M, which was 16 per cent lower than the preceding quarter but 36 per cent higher than the year-earlier period. The Bank of Åland has a strong trend in financial investment-related income. During the fourth quarter of 2010, performance-related income in the range of EUR 2.2 M connected to discretionary management mandates was included.

Expenses totalled EUR 24.0 M. This was 7 per cent lower than in the preceding quarter, but the fourth quarter always has seasonally higher expenses. Compared to the year-earlier period, expenses rose by 13 per cent. Excluding exchange rate effects, expenses increased by 9 per cent. Expenses in Swedish operations fell by 7 per cent in local currency. Expenses excluding the Sweden

business area rose by EUR 2.4 M or 19 per cent. An increase of EUR 0.8 M in staff costs, an increase of EUR 0.8 M in computer costs and EUR 0.4 M lower production for own use were the most important explanations.

The number of full-time equivalent positions, recalculated from hours worked, increased to 687 compared to 676 in the preceding quarter and 683 one year earlier. The changes were mainly attributable to an increased number of employees in the IT subsidiary Crosskey Banking Solutions.

Net loan losses were EUR 0.0 M. Loss provisions of EUR 0.1 M in the Finnish Mainland business area were offset by withdrawals of loss provisions on the same scale in the Sweden business area. The loan loss level was 0.00 per cent, compared to 0.06 per cent the preceding quarter and 0.01 per cent in the corresponding quarter of 2010.

Tax expense amounted to EUR 1.1 M (Q1 2010: 1.4), equivalent to an effective tax rate of 50 (64) per cent. The reason for the high tax expense is that profits in the Finnish portion of the Group are taxed, while no deferred tax asset is recognised for Swedish losses, since it is uncertain whether further losses may be subtracted from future profits in Sweden.

BUSINESS VOLUME

Managed assets increased by EUR 957 M or 29 per cent compared to a year earlier, amounting to EUR 4,273 M. Compared to their year-end 2010 position, managed assets decreased by EUR 32 M or 1 per cent. EUR 880 M of these managed assets consisted of units in the Group's own mutual funds, EUR 1,877 M consisted of assets under discretionary management excluding investments in the Group's own funds and EUR 1,587 M assets under advisory management excluding investments in the Group's own funds. EUR 64 M of the increase compared to one year earlier came from mutual fund management, EUR 517 M from discretionary management and EUR 388 M from advisory management. Of the Group's business areas, the Finnish Mainland accounted for most of the volume increase. Sweden accounted for EUR 2,361 M or 55 per cent of total managed assets.

Deposits from the public, including certificates of deposit, index bonds and debentures issued to retail customers, amounted to EUR 2,521 M. This was a decrease of EUR 92 M or 5 per cent from year-end 2010 and an increase of EUR 113 M compared to one year earlier. In Sweden, deposits decreased by EUR 92 M or 20 per cent to EUR 366 M during the first quarter of 2011, mainly due to reduced special deposits from municipalities and county councils. In Åland and on the Finnish mainland, time deposits and certificates of deposit increased.

The volume of lending to the public totalled EUR 2,550 M. This was a decrease of EUR 23 M or 1 per cent since year-end 2010 and an increase of EUR 1 M compared to one year earlier.

Lending volume in the Finnish Mainland business area fell by 3 per cent during the quarter. One important explanation is the Bank of Åland's strategic focus, which prioritises full-service customer relationships in the Private Banking and Premium Banking segments over market shares in the low-margin home mortgage lending market. Debt retirement in the corporate portfolio also contributed to the decrease. In the Åland business area, lending volume increased by 3 per cent compared to one year earlier, mainly at the

Corporate Services unit. In Sweden, lending volume rose by 19 per cent in local currency, thanks to good credit demand from Private Banking customers.

CREDIT QUALITY

The Bank of Åland's loan portfolio is characterised by low risk. Lending to private individuals comprises 68 per cent of the portfolio. Home mortgage loans account for 66 per cent 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 figures 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. The percentage of total lending for shipping and property improvement has gradually decreased, as one element in further reducing the Bank of Åland's risk profile and utilising its equity capital more efficiently.

Compared to the year-earlier period, gross non-performing loans (< 90 days) decreased by EUR 5.1 M or 18 per cent to EUR 22.5 M. The decrease was mainly related to corporate customers, while non-performing loans among household customers increased marginally. As a share of lending to the public, non-performing loans fell from 1.07 per cent at year-end 2010 to 0.87 per cent.

The level of provisions for doubtful receivables, i.e. individual impairment losses as a proportion of all doubtful receivables, was 47 per cent compared to 55 per cent at year-end 2010. Including group impairment losses, the level of provisions amounted to 72 per cent compared to 85 per cent at year-end. The Group had EUR 6.6 M in impairment loss provisions, including individual impairment losses of EUR 4.1 M and group impairment losses of EUR 2.5 M. Despite the financial crisis, the group impairment loss provisions of EUR 1.0 M that were made in 2008–2009 in relation to the shipping portfolio and EUR 1.5 M for the property improvement portfolio have not had to be utilised.

LIQUIDITY AND BORROWING

The Bank of Åland's liquidity reserve, in the form of cash, account balances and investments with other banks plus liquid interest-bearing securities amounted to EUR 525 M on March 31, 2011. This was equivalent to 15 per cent of total assets (16 per cent at year-end) and 20 per cent of lending to the public (21 per cent). Of the total liquidity reserve, the actively managed liquidity portfolio totalled EUR 173 M on March 31, 2011 (EUR 189 M). At present, the liquidity portfolio only has counterparties in Sweden, Finland and Germany with very high ratings.

The Bank of Åland's core funding ratio – lending to the public as a percentage of deposits from the public including certificates of deposit, index bonds and debentures issued to the public – was 101 per cent on March 31, 2011 (December 31, 2010: 99 per cent). The Bank of Åland thus has no need for borrowing in the capital market to fund its loan portfolio.

Of deposits from the public, EUR 277 M consisted of time deposits, index bonds and debentures with a maturity of more than 1 year (EUR 298 M). Although the remainder consists of sight deposits

or has contractually shorter maturities than 1 year, this funding can largely be regarded as stable, based on historical customer behaviour.

The Bank of Åland's borrowing from credit institutions decreased by EUR 43 M at year-end 2010 to EUR 148 M, mainly due to the expiration of the borrowing system that all Swedish banks were offered from the Riksbank during the financial crisis.

The Bank of Åland's long-term capital market borrowing in the form of bonds issued, excluding index bonds and debentures to retail customers, was EUR 415 M (EUR 415 M). Of this borrowing, EUR 115 M will fall due by June 30, 2012.

EQUITY AND CAPITAL ADEQUACY

Equity capital increased by the total profit for the period of EUR 0.3 M to EUR 155 M. The equity/assets ratio increased to 4.6 per cent from 4.5 per cent at year-end 2010.

Tier 1 capital as defined in capital adequacy regulations decreased by EUR 0.4 M to EUR 122 M. Profit for the year is not included in Tier 1 capital. Increased intangible assets, which are subtracted from Tier 1 capital, were the main explanation for the decrease in Tier 1 capital.

Risk-weighted assets declined by EUR 19 M or 1 per cent from year-end 2010 and amounted to EUR 1,645 M. Operational risks recalculated to risk-weighted assets decreased by EUR 35 M or 17 per cent, which was attributable to Swedish operations. Operational risks are calculated on the basis of operating income over the preceding three years. Risk-weighted assets for credit risks increased by EUR 18 M or 2 per cent, mainly due to increased lending in Sweden.

The Tier 1 capital ratio strengthened to 7.4 (December 31, 2010: 7.3) per cent. 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 was 12.1 (12.0) per cent.

According to the new international capital adequacy rules, capital adequacy requirements for all banks are being tightened substantially. The core Tier 1 capital ratio – genuine equity capital excluding various forms of hybrid capital that may be classified as Tier 1 capital – is the focus of attention. The minimum level of the core Tier 1 capital ratio, including the capital conservation buffer, will be 7.0 per cent. The minimum level for Tier 1 capital will be 8.5 per cent. The minimum level for the total capital ratio will be 10.5 per cent, including a capital conservation buffer of 2.5 per cent. The new minimum levels will formally enter into force in 2019, preceded by several years of gradual adjustment.

The Swedish Financial Supervisory Authority expects major Swedish banks to phase in the new regulations faster than the transitional rules proposed by the Basel Committee. The requirements for major Swedish banks are expected to be a total capital ratio of 15–16 per cent, of which at least 10–12 per cent must consist of core Tier 1 capital.

Today the Bank of Åland calculates its capital requirement for credit risks according to the standardised approach and the capital requirement for operational risks according to the basic indicator approach in the current regulations. A transition to the Internal Ratings Based (IRB) method for credit risks and the standardised

approach for operational risks would substantially improve the Bank of Åland's capital adequacy. An application for approval to apply the IRB approach for credit risk has been submitted to the Finnish Financial Supervision Authority.

IMPORTANT EVENTS AFTER THE CLOSE OF THE REPORT PERIOD

No important events have occurred after the close of the report period.

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, as well as share prices, exchange rates and the competitive situation. During the first quarter, among other things the world was shaken by the earthquake disaster in Japan, political unrest in North Africa and the Middle East, higher commodity prices and continued worries about the euro zone sovereign debt crisis.

The Group aims at achieving operations with reasonable and carefully considered risks. Its profitability is dependent on the ability of the organisation to identify, manage and price risks. The Group is exposed to credit risk, liquidity risk, market risk, operational risk and business risk.

FUTURE OUTLOOK

A continued economic recovery will benefit the Bank of Åland due to higher interest rates and a continued strengthening of credit quality. Finland and Sweden are expected to enjoy a stable economic situation, although the Bank of Åland's home markets will be affected by external developments. Based on this assessment, 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 in 2011 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 INFORMATION

The Bank of Åland will publish the following interim reports during the 2011 financial year:

- January–June August 1, 2011
- January–September October 31, 2011

Mariehamn, April 28, 2011
THE BOARD OF DIRECTORS

Financial summary

Bank of Åland Group	Q1 2011	Q4 2010	%	Q1 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 etc.	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) ¹	2.7	1.0		1.9	
Expenses/income ratio, % ²	92	93		91	
Loan loss level, % ³	0.00	0.06		0.01	
Gross non-performing assets, % ⁴	0.87	1.07		0.68	
Level of provisions for doubtful receivables, % ⁵	72	85		71	
Core funding ratio (Lending/deposits), % ⁶	101	99		106	
Equity/assets ratio, % ⁷	4.6	4.5		4.7	
Tier 1 capital ratio, % ⁸	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 equivalent positions	687	676		683	

1 ((Net operating profit – taxes) / Average equity capital) x100

2 Expenses / Income

3 Impairment losses on loan portfolio / loan portfolio

4 (Non-performing loans more than 90 days) / loan portfolio) x100

5 Impairment loss provisions / doubtful receivables

6 Lending volume / Deposits including certificates of deposit, index bonds and debentures issued to the public

7 (Equity capital / Balance sheet total) x100

8 (Core capital / Capital requirement) x 8% x100

Summary statement of financial position

Bank of Åland Group	Mar 31, 2011	Dec 31, 2010	%	Mar 31, 2010	%
EUR M					
ASSETS					
Cash	33	61	-46	139	-76
Debt securities eligible for refinancing with central banks	149	168	-12	177	-16
Claims on credit institutions	186	127	46	214	-13
Claims on the public and public sector entities	2,579	2,677	-4	2,549	1
Debt securities	228	266	-14	303	-25
Shares and participations	5	5	-2	23	-79
Shares and participations in associated companies	1	1	7	2	-1
Derivative instruments	25	35	-28	27	-4
Intangible assets	11	10	3	8	31
Tangible assets	35	36	-2	37	-4
Other assets	122	58	223	70	169
Accrued income and prepayments	22	27	-20	22	-2
Deferred tax assets	2	2	-5	2	-2
Total assets	3,398	3,475	0	3,572	-3
LIABILITIES AND EQUITY CAPITAL					
Liabilities to credit institutions	148	191	-23	371	-60
Liabilities to the public and public sector entities	2,071	2,141	-3	2,024	2
Debt securities issued	782	790	-1	787	-1
Derivative instruments	8	10	-21	9	-10
Other liabilities	111	67	167	94	88
Accrued expenses and prepaid income	30	27	12	30	-1
Subordinated liabilities	70	73	-4	69	2
Deferred tax liabilities	22	22	0	22	1
Total liabilities	3,243	3,320	0	3,406	-3
Equity capital and minority interest					
Share capital	23	23	0	23	0
Share premium account	33	33	0	33	0
Reserve fund	25	25	0	25	0
Fair value reserve	9	9	-9	9	-4
Retained earnings	64	63	2	75	-14
Shareholders' interest in equity capital	155	154	0	165	-6
Minority interest in capital	1	1	-3	1	-41
Total equity capital	155	155	0	166	-7
Total liabilities and equity capital	3,398	3,475	0	3,572	-3

Summary income statement

Bank of Åland Group	Q1 2011	Q4 2010	%	Q1 2010	%
EUR M					
Net interest income	9.5	9.0	5	9.1	4
Net commission income	10.1	12.0	-16	7.4	36
Net income from securities transactions and foreign exchange dealing	1.2	1.6	-27	2.6	-54
Net income from financial assets available for sale	0.7	0.2	322	0.1	714
Net income from investment properties	0.0	0.0	-24	0.1	-79
IT income	4.1	4.7	-13	3.6	14
Other operating income	0.7	0.3	148	0.7	-4
Total income	26.2	27.8	-6	23.5	11
Staff costs	-13.9	-14.9	-7	-12.9	8
Other administrative expenses	-5.4	-4.5	20	-3.8	40
Production for own use	0.6	0.8	-27	1.0	-41
Depreciation/amortisation	-1.6	-3.1	-48	-2.0	-18
Other operating expenses	-3.8	-4.1	-8	-3.6	3
Total expenses	-24.0	-25.7	-7	-21.3	13
Profit before loan losses etc.	2.1	2.0	5	2.2	-4
Impairment losses on loans and other commitments	0.0	-0.4	-102	-0.1	-111
Net operating profit	2.1	1.6	31	2.2	-1
Income taxes	-1.1	-1.3	-15	-1.4	-22
Profit for the 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
Earnings per share					
Earnings per share before dilution, EUR ¹	0.09	-0.20		0.06	
Earnings per share after dilution, EUR ²	0.09	-0.20		0.06	

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

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

Summary statement of other comprehensive income

Bank of Åland Group	Q1 2011	Q4 2010	%	Q1 2010	%
EUR M					
Assets available for sale	-1.2	-0.4	242	0.4	-382
Valuation differences	0.2	0.3	-36	2.9	-94
Income tax on other comprehensive income	0.3	0.3	19	-0.1	-382
Other comprehensive income	-0.7	0.2	-455	3.3	-122
Total comprehensive income for the period	0.3	0.6	-44	4.0	-92
Attributable to					
Non-controlling interests	0.0	0.1	-87	0.0	-37
Shareholders in Bank of Åland Plc	0.3	0.5	-33	4.0	-92

Income statement by quarter

Bank of Åland Group	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
EUR M					
Net interest income	9.5	9.0	9.4	9.3	9.1
Net commission income	10.1	12.0	7.6	9.9	7.4
Net income from securities transactions and foreign exchange dealing	1.2	1.6	0.5	0.1	2.6
Net income from financial assets available for sale	0.7	0.2	0.4	0.8	0.1
Net income from investment properties	0.0	0.0	1.0	0.5	0.1
IT income	4.1	4.7	3.7	4.0	3.6
Other operating income	0.7	0.3	0.6	0.9	0.7
Total income	26.2	27.8	23.1	25.5	23.5
Staff costs	-13.9	-14.9	-12.3	-13.6	-12.9
Other administrative expenses	-5.4	-4.5	-4.8	-4.9	-3.8
Production for own use	0.6	0.8	0.7	1.1	1.0
Depreciation/amortisation	-1.6	-3.1	-1.6	-1.6	-2.0
Other operating expenses	-3.8	-4.1	-3.8	-4.4	-3.6
Total expenses	-24.0	-25.7	-21.8	-23.4	-21.3
Profit before loan losses etc.	2.1	2.0	1.3	2.1	2.2
Impairment losses on loans and other commitments	0.0	-0.4	-5.4	0.0	-0.1
Operating income	2.1	1.6	-4.1	2.1	2.2
Income taxes	-1.1	-1.3	-0.3	-0.4	-1.4
Profit for the period	1.0	0.4	-4.4	1.6	0.8
Attributable to:					
Non-controlling interests	0.0	0.1	0.1	0.4	0.0
Shareholders in Bank of Åland Plc	1.0	0.3	-4.5	1.2	0.7

Statement of changes in equity capital

Bank of Åland Group

EUR M	Share capital	Share premium account	Reserve fund	Fair value reserve	Translation difference	Retained earnings	Shareholders' portion of equity capital	Non-controlling interests' portion of equity capital	Total
Equity capital, March 31, 2009	23.3	33.3	25.1	1.8	3.7	74.0	161.2	1.0	162.2
Comprehensive income for the period				0.3	2.9	0.7	4.0	0.0	4.0
Dividend paid						0.0	0.0	0.0	0.0
Equity capital, March 31, 2010	23.3	33.3	25.1	2.2	6.6	74.7	165.2	1.0	166.2
Comprehensive income for the period				-0.9	1.4	-3.0	-2.5	0.6	-1.9
Dividend paid						-8.1	-8.1	-1.1	-9.2
Purchases of non-controlling interests' portion						-0.2	-0.2		-0.2
Other changes in equity capital attributable to minority interests							0.0	0.1	0.1
Equity capital, March 31, 2010	23.3	33.3	25.1	1.3	8.0	63.4	154.4	0.6	155.0
Comprehensive income for the period				-0.9	0.2	1.0	0.3	0.0	0.3
Dividend paid							0.0	0.0	0.0
Equity capital, March 31, 2011	23.3	33.3	25.1	0.4	8.2	64.5	154.7	0.6	155.3

Summary cash flow statement

Bank of Åland Group	Q1 2011		Q1 2010	
EUR M				
Cash flow from operating activities				
Net operating profit	2.1		2.2	
Adjustment for net operating profit items not affecting cash flow	1.1		-3.8	
Gains/losses from investing activities	0.0		-0.2	
Income taxes paid	0.4		-0.2	
Changes in assets and liabilities in operating activities	-29.8	-26.2	-15.6	-17.6
Cash flow from investing activities		-0.6		-2.2
Cash flow from financing activities		-4.4		59.3
Exchange rate differences in cash and cash equivalents		0.4		7.5
Change in cash and cash equivalents		-30.7		46.9
Cash and cash equivalents, January 1		306.2		331.1
Cash and cash equivalents, March 31		275.5		378.0

Notes to the consolidated interim report

1. Corporate information

The Bank of Åland Plc (Ålandsbanken Abp) is a Finnish public company, organised in compliance with Finnish legislation and with its Head Office in Mariehamn. The Bank of Åland Plc is a commercial bank with a total of 28 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
FI-22100 Mariehamn, Åland, Finland

The shares of the Bank of Åland Plc are traded on the Nasdaq OMX Helsinki Oy (Helsinki Stock Exchange).

The Interim Report for the financial period January 1–March 31, 2011 was approved by the Board of Directors on April 28, 2011.

2. Basis for preparation and essential accounting principles

BASIS FOR PREPARATION

The Interim Report for the period January 1–March 31, 2011 has been prepared in compliance with the International Financial Reporting Standards (IFRSs) and IAS 34, "Interim Financial Reporting," that have been adopted by the European Union.

The Interim Report does not contain all information and notes required in annual financial statements and should be read together with consolidated financial statements for the year ending December 31, 2010.

ESSENTIAL ACCOUNTING PRINCIPLES

The essential accounting principles used in preparing the Interim Report are the same as the essential accounting principles used in preparing the financial statements for the year ending December 31, 2009, except for the introduction of new standards and interpretations, which are described below. The introduction of new standards and interpretations has not materially affected the Group's results or financial position.

New accounting norms and standards that will apply starting in 2011:
Improvements to International Financial Reporting Standards (2010)
The standard was published as part of the International Accounting Standards Board's (IASB's) yearly process whose purpose is to deal with minor amendments to existing standards, known as the Annual Improvements Project. The amendments do not have any material impact on the consolidated financial statements.

IAS 24, "Related Party Disclosures"

The purpose of the amendments is to simplify the disclosure requirements for companies significantly influenced by central government and to clarify the definition of related parties. The Group is presenting its financial statement in compliance with the standard for the financial period that begins on January 1, 2011.

The Group is currently not affected by the following amendments:

IAS 32, "Financial Instruments: Presentation", "Classification of Warrants" (amendment)

IFRIC 14, "Prepayments of a Minimum Funding Requirement"

IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"

3. 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.

4. 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 Finland segment includes the Bank of Åland Plc, Ab Compass Card Oy Ltd, Ålandsbanken Asset Management Ab, Ålandsbanken Equities Research Ab and Ålandsbanken Fondbolag Ab. The Sweden segment includes Ålandsbanken Sverige AB, Ålandsbanken Fonder AB and Alpha Management Company S.A. The Crosskey segment includes Crosskey Banking Solutions Ab and S-Crosskey Ab.

Bank of Åland Group		Q1 2011			
EUR M	Finland	Sweden	Crosskey	Eliminations	Total
Deposits, lending and portfolio management	7.8	1.0	0.0	0.1	8.8
of which impairment losses, loans	-0.1	0.1	0.0	0.0	0.0
Capital market products/services	5.4	5.3	0.0	0.0	10.7
Other income	1.5	0.7	8.4	-3.9	6.6
Staff costs	-6.0	-4.9	-3.7	0.0	-14.6
Other expenses	-5.7	-3.8	-3.1	3.9	-8.7
Depreciation/amortisation	-0.9	-0.1	-0.1	0.4	-0.8
NET OPERATING PROFIT	2.0	-1.8	1.5	0.5	2.1
Assets	2,982.0	546.1	24.3	-154.4	3,397.9
Liabilities	2,836.1	499.7	19.1	-112.3	3,242.6
Equity capital	145.9	46.4	5.1	-42.1	155.3

Bank of Åland Group		Q1 2010			
EUR M	Finland	Sweden	Crosskey	Eliminations	Total
Deposits, lending and portfolio management	9.1	2.3	0.0	0.0	11.4
of which impairment losses, loans	-0.2	0.1	0.0	0.0	-0.1
Capital market products/services	3.9	2.5	0.0	0.0	6.4
Other income	1.4	0.8	7.9	-4.5	5.6
Staff costs	-5.5	-4.6	-3.3	0.0	-13.4
Other expenses	-3.5	-3.9	-2.7	4.1	-6.0
Depreciation/amortisation	-1.7	0.0	-0.3	0.2	-1.9
NET OPERATING PROFIT	3.6	-3.0	1.6	-0.1	2.2
Assets	2,948.3	662.6	19.8	-58.9	3,571.8
Liabilities	2,800.6	608.3	13.9	-17.2	3,405.6
Equity capital	147.7	54.3	5.9	-41.8	166.2

In the segment report, "Other staff costs" are recognised as staff costs while in the external financial statements they are recognised as "Other administrative expenses". and IT depreciation/amortisation is recognised as "Other expenses" while in the external financial statements it is recognised as "Depreciation/amortisation"

5. Restructuring reserve

Bank of Åland Group	Mar 31, 2010	Utilised	Withdrawn	Mar 31, 2011
EUR M				
Staff costs	0.9	-0.1	-0.3	0.5
Rent	0.6	-0.4	-0.2	0.0
IT	0.3	-0.2	0.0	0.2
Total	1.8	-0.7	-0.5	0.7

6. Goodwill

Bank of Åland Group	Mar 31, 2011	Mar 31, 2010
EUR M		
Opening balance	1.4	1.4
Closing balance	1.4	1.4

7. Income taxes

Bank of Åland Group	Mar 31, 2011	Mar 31, 2010
EUR M		
Taxes for the period and prior periods	0.6	1.2
Change in deferred tax assets/liabilities	0.5	0.2
Income taxes	1.1	1.4

8. Dividend

Bank of Åland Group	2010	2009
euro		
Final dividend for 2010: EUR 0.00 per share	0	
Final dividend for 2009: EUR 0.70 per share		8,075,285

The decision not to distribute a dividend for 2010 was adopted by the Annual General Meeting on April 14, 2011.

9. Managed Assets

Bank of Åland Group	Mar 31, 2011	Dec. 31, 2010	%	Mar 31, 2010	%
EUR M					
Fund unit management	880	857	3	817	8
Discretionary asset management	1,877	1,834	2	1,360	38
Other asset management	1,587	1,697	-6	1,199	32
Elimination of own funds in discretionary and other asset management	-72	-83	-14	-61	18
Total managed assets	4,273	4,304	-1	3,316	29

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

Bank of Åland Group	Mar 31, 2011	Dec. 31, 2010	%	Mar 31, 2010	%
EUR M					
Deposit accounts from the public and public sector					
Demand deposit accounts	434	444	-2	307	41
Cheque accounts	450	431	5	400	13
Environmental and Savings Accounts	62	61	2	86	-28
Prime Accounts	633	664	-5	693	-9
Time deposits	491	540	-9	537	-9
Total deposit accounts	2,070	2,140	-3	2,023	2
Bonds and subordinated debentures ¹	209	235	-11	247	-15
Certificates of deposit issued to the public ¹	243	225	8	139	75
Total bonds and certificates of deposit	451	460	-2	385	17
Total deposits	2,521	2,600	-3	2,408	5

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

The item "Liabilities to the public and public sector entities" also includes intermediated loans.

11. Lending to the public and public sector by purpose

Bank of Åland Group	Mar 31, 2011	Dec. 31, 2010	%	Mar 31, 2010	%
EUR M					
COMPANIES					
Shipping	62	62	2	76	-19
Wholesale and retail trade	57	57	0	63	-9
Housing operations	59	65	-6	71	-16
Other real estate operations	187	161	18	154	21
Financial and insurance operations	203	199	2	189	7
Hotel and restaurant operations	19	17	11	17	11
Other service operations	138	156	-11	139	-1
Agriculture, forestry and fishing	11	14	-19	10	12
Construction	30	29	4	29	5
Other industry and crafts	37	36	1	39	-6
Total, companies	803	796	2	788	2
PRIVATE INDIVIDUALS					
Home loans	1,136	1,160	-2	1,152	-1
Securities and other investments	336	350	-4	336	0
Business operations	101	102	-1	118	-14
Other household purposes	149	140	7	127	17
Total, households	1,722	1,752	-2	1,733	-1
PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS					
Total, public sector and non-profit organisations	25	25	1	28	-12
Total lending	2,550	2,573	-1	2,549	0

The item "Claims on the public and public sector entities" also includes claims on the Swedish National Debt Office.

12. Off-balance sheet commitments

Bank of Åland Group	Mar 31, 2011	Dec. 31, 2010	%	Mar 31, 2010	%
EUR M					
Guarantees and pledges	23	21	9	23	-3
Other commitments	257	280	-8	273	-6
	280	301	-7	296	-5

13. Derivative contracts

Bank of Åland Group		Mar 31, 2011		Mar 31, 2010	
EUR M	For hedging purposes	Other	For hedging purposes	Other	
Value of underlying property					
Interest rate derivatives					
Swap contracts	403	11	521	11	
Option contracts					
Purchased	60	16	1,558	6	
Exercised	16	60	6	58	
Currency derivatives					
Forward contracts	188	9	162	10	
Interest rate and currency swap contracts	1	1	1	1	
Equity derivatives					
Option contracts					
Purchased	150	6	179	6	
	817	103	2,428	94	

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

14. Maturity breakdown of claims and liabilities

Bank of Åland Group		Mar 31, 2011				
EUR M	< 3 months	3 –12 months	1– 5 years	> 5 years	Total	
Claims						
Debt securities eligible for refinancing in central banks	13	27	108	0	149	
Credit institutions and central banks	212	0	0	0	212	
The public and public sector entities	420	416	919	825	2,579	
Other debt securities	18	173	36	0	228	
	663	617	1,063	825	3,168	
Liabilities						
Credit institutions and central banks	67	51	30	0	148	
The public and public sector entities	1,711	341	20	0	2,071	
Debt securities issued to the public	233	181	369	0	782	
Subordinated liabilities	0	10	50	11	70	
	2,010	582	468	11	3,070	

Bank of Åland Group		Mar 31, 2010				
EUR M	< 3 months	3 –12 months	1– 5 years	> 5 years	Total	
Claims						
Debt securities eligible for refinancing in central banks	0	50	127	1	177	
Credit institutions and central banks	343	0	0	0	343	
The public and public sector entities	327	374	990	857	2,549	
Other debt securities	92	181	30	0	303	
	763	604	1,148	858	3,373	
Liabilities						
Credit institutions and central banks	44	297	12	18	371	
The public and public sector entities	1,783	221	19	0	2,024	
Debt securities issued to the public	193	232	362	0	787	
Subordinated liabilities	6	2	24	37	69	
	2,026	752	417	55	3,251	

No estimates of maturity dates have been made, Spot deposits, for example, are found in the category < 3 months.

15. Interest rate refixing periods

Bank of Åland Group		Mar 31, 2011				
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total
Assets	2,665	419	339	354	34	
Liabilities	2,822	317	262	263	37	
Difference between assets and liabilities	-158	102	77	91	-3	

Bank of Åland Group		Mar 31, 2010				
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total
Assets	2,215	215	459	342	52	3,283
Liabilities	2,397	194	352	208	53	3,204
Difference between assets and liabilities	-182	20	107	134	0	79

Shows the Bank's interest rate-related assets and liabilities, including derivatives at underlying value, according to the interest rate refixing date.

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

Bank of Åland Group	Q1 2011	Q4 2010	Q1 2010
Bank of Åland Plc	298	290	303
Crosskey Banking Solutions Ab Ltd	210	199	188
Ålandsbanken Sverige AB	138	145	151
Ålandsbanken Equities Research Ab	5	8	7
Ålandsbanken Fondbolag Ab	5	5	5
Ålandsbanken Asset Management Ab	23	23	22
Ab Compass Card Oy Ltd	8	6	6
Ålandsbanken Equities Ab	0	0	3
Total number of positions, recalculated from hours worked	687	676	683

17. Capital adequacy

Bank of Åland Group	Mar 31, 2011	Dec 31, 2010	Mar 31, 2010
EUR M			
Core capital	121.7 ¹	122.1	127.8 ¹
Supplementary capital	77.4	78.4	80.9
Total capital base	199.1	200.5	208.7
Capital requirement for credit risks	115.8	114.4	113.2
Capital requirement for operational risks	14.0	16.8	16.4
Capital requirement for market risks	1.8	1.9	2.9
Total capital requirement	131.6	133.1	132.5
Total capital ratio, %	12.1	12.0	12.6
Core capital ratio, %	7.4	7.3	7.7

¹ Not including profit for the period.

Review Report, Bank of Åland Plc Interim Report for January 1–March 31, 2011

To the Board of Directors of the Bank of Åland Plc

INTRODUCTION

We have reviewed the consolidated summary statement of financial position of the Bank of Åland Plc on March 31, 2011, the consolidated summary income statement, the summary statement showing changes in consolidated equity capital and the consolidated summary cash flow statements for the three-month period ending on the above-mentioned date, as well as the summary of essential accounting principles and other disclosures in the notes. The Board of Directors and the Managing Director are responsible for preparing the Interim Report and for providing accurate and sufficient information in compliance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) as well as in accordance with the other prevailing laws and regulations in Finland concerning the preparation of interim reports. On the basis of the review we have performed, at the request of the Board we are issuing our statement of opinion on the Interim Report in compliance with the Finnish Securities Markets Act, Chapter 2, Section 5a, Paragraph 7.

SCOPE OF A REVIEW

This review was conducted in compliance with the standard on review engagements, Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review consists of making inquiries, primarily of persons chiefly responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit, which must be conducted in accordance with generally accepted auditing standards and recommendations. It is consequently not possible for us to gain confirmation that we are obtaining information about all those significant circumstances that might be identified in an audit. We are thus not issuing an audit report.

STATEMENT OF OPINION

On the basis of our review, to our knowledge no circumstances have emerged that would give us reason to believe that the Interim Report does not provide accurate and sufficient disclosures about the financial position of the Bank of Åland Group on March 31, 2011 and its operating results and cash flows during the three-month period ending on that date, in compliance with IFRSs as adopted by the EU and in accordance with the other prevailing laws and regulations in Finland concerning the preparation of interim reports.

Mariehamn/Helsinki, April 28, 2011

Bengt Nyholm
Authorised Public Accountant

Terhi Mäkinen
Authorised Public Accountant

Leif Hermans
Authorised Public Accountant