

Year-end report

For the period January – December 2011 • February 16, 2012



January–December 2011

Compared to January–December 2010

- Net operating profit, excluding restructuring expenses of 5.7 million euros and an impairment loss of EUR 1.1 M for the Group's shareholding in Burgundy, was EUR 1.1 M (January–December 2010: EUR 1.0 M).
- Profit for the period attributable to shareholders amounted to EUR -6.5 M (-2.9).
- Net interest income increased by 17 per cent to EUR 43.1 M (36.8).
- Net commission income increased by 5 per cent to EUR 38.7 M (36.8).
- Net loan losses were EUR 1.8 M (5.9), equivalent to a loan loss level of 0.07 (0.23) per cent.
- The Tier 1 capital ratio amounted to 8.4 (7.3) per cent at year-end 2011. Pro forma, taking into account the Finnish Financial Supervisory Authority's grant of permission on February 13, 2012 to calculate capital requirements for credit risks according to the Internal Ratings Based (IRB) approach for the Finnish household portfolio, the Tier 1 capital ratio was 10.0 per cent.
- The Board of Directors proposes that no dividend be paid for 2011 (0).
- The efficiency-raising measures that have been implemented and initiated during 2011 will lower the Group's expense level by an estimated annual rate of EUR 8 M when they achieve their full effect. As a consequence of these measures, the Group's expenses will be lower in 2012 than in 2011, and based on our assessment of external factors we expect the Group to report a positive net operating profit in 2012.

The fourth quarter of 2011

Compared to the third quarter of 2011

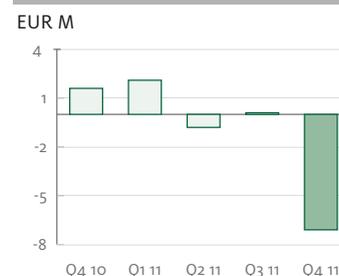
- Net operating profit, excluding restructuring expenses of EUR 2.8 M and an impairment loss of EUR 1.1 M for the Group's shareholding in Burgundy, was EUR -3.2 M (0.1).
- A change in the timing of income accrual lowered net operating profit for the quarter by EUR 1.6 M. This income will instead be recognised during future years.
- Profit for the period attributable to shareholders was EUR -4.7 M (-0.6).
- Net interest income increased by 5 per cent to EUR 12.1 M (11.4).

"In 2011 our focus was on restructuring and efficiency-raising. With a completed new share issue of EUR 30 M, an approved IRB approach to calculate the capital requirement for credit risks in our Finnish household portfolio, permission to issue covered bonds as well as efficiency-raising measures – implemented and approved – that will lower our expense level by an annual rate of around EUR 8 M, we stand well equipped for the future. We continue to have very satisfied customers, with nearly 90 per cent of our Private Banking customers replying in our latest survey that they would recommend the Bank of Åland to their friends. The Bank of Åland in Sweden and Finland is continuously welcoming new customers. Taken together, these things make us feel confident about 2012."

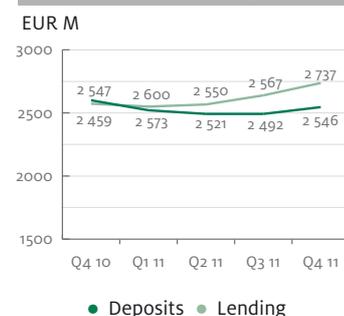
Peter Wiklöf, Managing Director

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. The Bank has three offices in Sweden. A total of 9 subsidiaries, whose operations are connected in various ways to banking, belong to the Bank of Åland Group.

Net operating profit



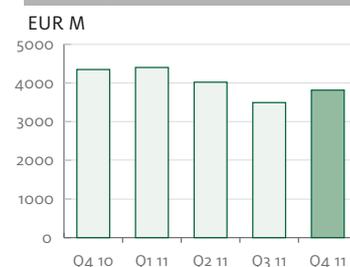
Deposits and lending



Tier 1 capital ratio



Managed assets



Earnings and profitability

MARKET OVERVIEW

The latter part of 2011 represented a painful resumption of the global financial crisis that began in 2007-2008. The world economy is facing very big challenges, with the euro zone debt crisis among the most serious problems. The European banking system has sizeable holdings of sovereign bonds whose value is uncertain. This has caused large portions of the banking system to seem undercapitalised, which in turn has raised the risk premiums on banks and caused the world's money and capital markets to adopt a cautious attitude.

The renewed financial crisis means that earlier expectations of rising market interest rates have been replaced by expectations of falling market rates. Long-term yields fell dramatically during the quarter. Finnish ten-year government bond yields, which stood at around 3.5 per cent at the beginning of the year, fell from 3.3 per cent at the end of the first half to 2.5 per cent at year-end 2011. Swedish ten-year government bond yields, which stood at around 3.5 per cent at the beginning of the year, fell from 2.9 per cent at the end of the first half to 1.6 per cent at year-end. The European Central Bank (ECB) lowered its key interest rate twice during the fourth quarter to 1.00 per cent. Sweden's Riksbank lowered its key interest rate once during the fourth quarter to 1.75 per cent. Changes in the most important benchmark interest rates in the Finnish and Swedish money markets can be seen below.

BENCHMARK INTEREST RATES, AVERAGES, PER CENT

	Q4 2011	Q3 2011	Q4 2010
Euribor 3 mo	1.50	1.56	1.02
Euribor 12 mo	2.05	2.11	1.52
Stibor 3 mo	2.61	2.55	1.61
Stibor 12 mo	2.80	2.92	2.00

	2011	2010
Euribor 3 mo	1.39	0.81
Euribor 12 mo	2.01	1.35
Stibor 3 mo	2.46	0.93
Stibor 12 mo	2.85	1.42

The OMXHPI share index on the Nasdaq OMX Helsinki Oy (Helsinki Stock Exchange) fell by 31 per cent during the year but rose by 1 per cent during the fourth quarter. The OMXSPI index on the Nasdaq OMX Stockholm (Stockholm Stock Exchange) fell by 17 per cent during the year but rose by 7 per cent during the fourth quarter.

On December 30, 2011, the euro was worth just under 1 per cent less in relation to the Swedish krona than one year earlier, but the average exchange rate during 2011 was nearly 6 per cent lower than in 2010. 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 one 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 operations to euros, average exchange rates for the period are used, while the balance sheet is translated

at the existing exchange rate on the closing day. Because of the exchange rate effect, the income statement of the Bank's Swedish operations increased by 6 per cent expressed in euros, compared to the preceding year.

A situation with lower share prices, lower interest rates and a poorer economic outlook has an adverse effect on the Bank of Åland's income.

IMPORTANT EVENTS

The Bank of Åland announced on December 28 that co-determination negotiations have begun for the purpose of improving the efficiency of its operations. The Group estimates that it will reduce its staff by about 50 people, 30 of them in Åland, 10 on the Finnish mainland and 10 in Sweden. The number of offices in Åland will decrease. On the Finnish mainland, institutional equities trading operations are being closed, similar to what occurred in Sweden in June. The largest changes are occurring in the corporate units of the Group. The efficiency-raising measures that have been announced will result in an annual expense reduction of about EUR 4 M. Restructuring expenses will total about EUR 3 M. Including measures approved earlier in 2011, gross expenses will fall by an estimated EUR 8 M annually when these measures have their full effect.

On December 1, the operations of the Swedish subsidiary Ålandsbanken Sverige AB changed into a branch of the Bank of Åland. Asset management operations were kept in the Swedish subsidiary during a transitional period, since Ålandsbanken Sverige has various commitments that it chooses to phase out over a somewhat longer period. Aside from more efficient capital utilisation, the changeover to branch status also means a more efficient tax situation as well as more cost-effective corporate governance.

During the period September 22 to October 14, the Bank of Åland carried out a new share issue with preferential rights for existing shareholders, in order to meet stricter capital requirements and to finance continued growth in Finland and Sweden. The new share issue was oversubscribed. The share issue increased equity capital by EUR 30.3 M after subtracting issuing expenses.

On July 29, the Finnish Financial Supervisory Authority granted the Bank of Åland permission to issue covered bonds. This will provide the Bank of Åland with access to significantly more favourable long-term funding terms. In light of the new share issue, followed by the impact of the global financial crisis on capital markets, no covered bonds have been issued yet.

Crosskey Banking Solutions has signed a new multi-year agreement with Tapiola Bank, which has been one of Crosskey's major customers for some years. The new agreement means that during the next five years, Tapiola Bank will continue to use Crosskey's complete product portfolio, which covers everything from basic banking, payments and capital market systems to card systems and an Internet bank.

During 2011, the Bank's Swedish operations underwent significant

changes. In addition to the changeover to branch status, Crosskey's basic banking system and Internet banking system were implemented, institutional equities trading operations employing about 15 people were closed, a new management team was recruited and a well-publicised brand advertising campaign took place. The influx of customers was very high in Sweden during the fourth quarter, with nearly 1,000 new customers.

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.

EARNINGS FOR THE FOURTH QUARTER OF 2011

During the fourth quarter, net operating profit was EUR -7.1 M, compared to EUR 0.1 M in the preceding quarter. In late December, the Bank of Åland announced significant efficiency-raising measures in its operations, including a staff reduction of about 50 people. Restructuring expenses for this change, which were charged to fourth quarter earnings, totalled EUR 2.8 M. The carrying amount of the Bank's shareholding in Burgundy, which is a securities marketplace owned by 13 Nordic banks, was reduced by EUR 1.1 M in the form of an impairment loss. The timing of income accrual for two major transactions was changed, which meant that net operating profit for the quarter decreased by EUR 1.6 M, while earnings will increase correspondingly during the next three and five years, respectively. The expenses for the changeover from subsidiary to branch status in the Bank's Swedish business totalled EUR 0.4 M. Capacity utilisation in Crosskey's consultancy business was lower than in previous quarters, which also contributed to low net operating profit.

Despite the Burgundy impairment loss, change in income accrual and lower information technology (IT) consultancy income, the Bank's income was at about the same level as in the preceding quarter.

Net interest income continued to increase, amounting to EUR 12.1 M (11.4), or 5 per cent higher than in the preceding quarter. Net interest income was favourably affected by higher lending volume in the Swedish market.

Net commission income fell by 14 per cent to EUR 8.3 M (9.7). The decline was related primarily to a timing change in the accrual of commissions that had previously been recognised as income.

Expenses totalled EUR 29.3 M, compared to EUR 22.6 M in the preceding quarter. Expenses are always seasonally lowest during the third quarter and highest in the fourth quarter. The fourth quarter financial statements included EUR 2.8 M in restructuring expenses. The changeover to branch status in Sweden resulted in nonrecurring expenses of EUR 0.4 M.

Net loan losses were EUR 0.8 M (0.7) and were primarily related to operations on the Finnish mainland. The loan loss level was 0.12 per cent, compared to 0.10 per cent in the preceding quarter.

Tax expense was positive and amounted to EUR -2.6 M (0.6). The lowering of Finnish corporate tax from 26 to 24.5 per cent meant that the value of deferred tax assets decreased by EUR 2.5 M. Starting in December, the operations of the Swedish branch are taxed together with those of the Finnish parent Bank. Until then, the profits in the Finnish portion of the Group were taxed, whereas no

deferred tax asset was recognised for Swedish losses.

EARNINGS FOR JANUARY–DECEMBER 2011

During 2011, net operating profit totalled EUR -5.7 M, compared to EUR 1.0 M in the preceding year. Excluding restructuring expenses of EUR 5.7 M and the Burgundy impairment loss of EUR 1.1 M, net operating profit was at about the same level as in 2010.

Income was EUR 99.2 M, which was at about the same level as in the preceding year. Income increased the most in Private and Premium Banking in Sweden as well as in the subsidiary Compass Card, where the number of cards that had been issued increased by more than 100,000 to 131,000 and income increased by more than EUR 1 M. Income from Private Banking and Premium Banking increased by 45 per cent in local currency and totalled nearly EUR 17 M. Institutional equities trading operations in Sweden were closed in June after several years of significant operating losses. Accumulated income from institutional equities trading operations was thus more than EUR 1 M lower than in 2010.

Net interest income rose by 17 per cent to EUR 43.1 M (36.8) and was favourably affected by higher market interest rates as well as the increase in lending in the Swedish market.

Net commission income increased by 5 per cent to EUR 38.8 M (36.8), mainly driven by higher investment income.

Valuation income from financial management and financial assets available for sale fell by EUR 5.0 M or 81 per cent to EUR 1.2 M.

IT income decreased by EUR 2.1 M, or 16 per cent, to EUR 13.4 M.

Expenses, excluding restructuring expenses of EUR 5.7 M, rose by 6 per cent to EUR 97.4 M (92.2). Excluding exchange rate effects, the rate of increase was 3 per cent. In addition to contractual pay increases, the expansion of Crosskey's operations as well as the build-up of Compass Card operations were important reasons, along with project expenses associated with making covered bonds possible, transitioning to the IRB approach for calculating capital requirements for credit risk and implementing a branch solution for the Bank's Swedish operations.

In April the Annual General Meeting authorised the Board of Directors to approve purchases of the Bank's own shares. These shares will be acquired for the purpose of implementing a possible share-based compensation programme for senior executives. The Board has not approved a share-based compensation programme, and no provision has thus been made for this programme in the financial statements. The Board has been authorised to purchase a maximum of 25,000 Series B shares. As of December 31, 2011, 6,263 Series B shares had been purchased.

The number of full-time equivalent positions, recalculated from hours worked on a full-year basis, increased to 690 compared to 679 the preceding year. The changes were mainly attributable to an increase in the number of employees at Crosskey Banking Solutions, while the number of employees at Ålandsbanken Sverige AB decreased.

Net loan losses totalled EUR 1.8 M (5.9). Loss provisions were primarily related to the Finnish Mainland business area. The loan loss level was 0.07 per cent, compared to 0.23 per cent in the preceding year, when a single corporate commitment on the Finnish mainland resulted in a loss provision of EUR 5 M.

Tax expense was positive and amounted to EUR -0.4 M (3.2). The preceding year included a refunded tax expense of EUR 1.3 M in Sweden.

BUSINESS VOLUME

Assets under management shrank by EUR 533 M or 12 per cent during 2011, mainly due to a sharp decrease in the market value of equity-related investments, and amounted to EUR 3,814 M (4,347). Managed assets in the Group's own mutual funds shrank by EUR 146 M or 16 per cent to EUR 757 M (903). Assets under discretionary management decreased by EUR 75 M or 4 per cent to EUR 1,798 M (1,873). Assets under advisory management decreased by EUR 312 M or 20 per cent to EUR 1,260 M (1,572). Of total managed assets, the Sweden business area accounted for EUR 2,163 M or 57 per cent.

Deposits from the public, including certificates of deposit, index bonds and debentures issued to retail customers, amounted to EUR 2,456 M (2,600). This represented a decrease of EUR 48 M or 2 per cent during 2011. The new Åland Account attracted EUR 39 M in deposits in Sweden during a four-month period.

Lending to the public totalled EUR 2,737 M (2,573). This represented an increase of EUR 164 M or 6 per cent during 2011. Lending volume in the Finnish Mainland business area fell by 6 per cent during 2011. 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. The strategic decision to reduce the Bank's exposure to property improvement also contributed to the decrease. In the Åland business area, lending volume increased by 12 per cent, mainly at the Corporate Services unit. In Sweden, lending volume increased by 81 per cent in local currency, thanks to good credit demand from Private Banking customers.

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 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.

During 2011, gross non-performing loans (more than 90 days) fell by EUR 8.4 M or 30 per cent to EUR 19.3 M (27.7). The decrease was related to both corporate and household customers. As a share of lending to the public, non-performing loans fell from 1.07 per cent to 0.70 per cent.

The level of provisions for doubtful receivables, i.e. individual impairment losses as a proportion of all doubtful receivables, was 62 per cent compared to 55 per cent at year-end 2010. Including group impairment losses, the level of provisions amounted to 70 per cent, compared to 77 per cent at year-end 2010. The Group had EUR 8.8 M in impairment loss provisions, including individual impairments of EUR 7.7 M and group impairment losses of EUR 1.1 M.

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 410 M on December 31, 2011. This was equivalent to 13 per cent of total assets (16 per cent at year-end 2010) and 15 (21) per cent of lending to the public. Of the total liquidity reserve, the actively managed liquidity portfolio totalled EUR 377 M (271) on December 31, 2011.

Of deposits from the public, EUR 216 M (273) consisted of time deposits, index bonds and debentures with a maturity of more than one year. Although the remainder consisted of sight deposits or has contractually shorter maturities than 1 year, this funding can largely be regarded as stable, based on historical customer behaviour.

EQUITY AND CAPITAL ADEQUACY

Equity capital changed in the amount of total profit for the year, EUR -5.0 M, paid-up share capital of EUR 30.3 M due to the share issue and as a result of the minority owner's capital contribution of EUR 2.0 M at Compass Card and totalled EUR 181 M. The equity/assets ratio increased to 5.3 per cent from 4.4 per cent at year-end 2010.

Tier 1 capital as defined in capital adequacy regulations increased by EUR 23.4 M to EUR 145.5 M (122.1).

Risk-weighted assets increased by EUR 65 M or 4 per cent from year-end 2010 and amounted to EUR 1,729 M (1,664). 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 rose by EUR 107 M or 8 per cent, mainly because of increased lending in Sweden.

The Tier 1 capital ratio increased to 8.4 (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 12.8 (12.0) per cent.

In June, with the permission of the Finnish Financial Supervisory Authority, the Bank of Åland redeemed debenture loan 2/2006, which the Bank of Åland Plc had issued on June 1, 2006. The debenture loan totalled EUR 8 M.

According to the new international capital adequacy rules, capital adequacy requirements for all banks are being tightened substantially. The core Tier 1 capital ratio – 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 the Tier 1 capital ratio 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, the Ministry of Finance and the Riksbank are advocating stricter standards for major Swedish banks than the new Basel regulations will require. The purpose is to create more stable banks, which is the best way

to prevent future crises and thereby reduce the risks to Swedish taxpayers. Four major banks – Handelsbanken, Nordea, SEB and Swedbank – must have at least 10 per cent in core Tier 1 capital ratios starting on January 1, 2013 and 12 per cent starting on January 1, 2015. Like the Basel 3 regulations, these levels include a capital conservation buffer of 2.5 per cent, but no counter-cyclical capital buffer.

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. A transition to the Internal Ratings Based (IRB) approach for credit risks and the standardised approach for operational risks would substantially improve the Bank of Åland's capital adequacy.

DIVIDEND

The Bank's Board of Directors proposes to the Annual General Meeting – in light of weak earnings for the year, the Bank's growth ambitions and its target related to the Tier 1 capital ratio – that it approve a resolution stating that no dividend shall be distributed for the financial year 2011.

CORRECTION OF ERROR

During the third quarter of 2010, the Bank made an upward revaluation of EUR 0.8 M in the carrying amount of an investment property that was being sold. For various reasons, however, the sale was not completed until the fourth quarter of 2011. A capital gain of EUR 0.8 M is included in the fourth quarter 2011 financial statements. At the same time, the 2010 revaluation, which according to IFRSs was made in error, has been corrected in the historical comparative figures. The 2010 revaluation was not included in Tier 1 capital, so the correction affects no historically reported capital adequacy figures.

CHANGES IN GROUP STRUCTURE

The operations of Ålandsbanken Sverige AB were changed from subsidiary to branch status on December 1, 2011. Asset management operations were kept in the subsidiary during a transitional period.

IMPORTANT EVENTS AFTER THE CLOSE OF THE REPORT PERIOD

On February 13, 2012, the Finnish Financial Supervisory Authority approved the Bank's application to be allowed to calculate the capital requirement for credit risk according to the Internal Ratings Based (IRB) approach for the Finnish household portfolio. Approval of the IRB approach for the Finnish corporate portfolio is expected during the fourth quarter of 2012. The transition from the standardised approach to the IRB approach for the Finnish household portfolio will reduce risk-weighted assets by EUR 323 M and increase the Tier 1 capital ratio by 1.6 percentage points to 10.0 per cent before the limitation in the transitional rules applies.

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 2011, among other things the world was shaken by the earthquake disaster in Japan, political unrest in North Africa and the Middle East and deepening worries about the euro zone debt crisis.

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

The poorer economic outlook has adversely affected the shipping industry, among others. The risk of loan losses from this industry has thus increased. We are focusing especially on these customers. The Bank of Åland's total lending to companies in the shipping industry represents about 2 per cent of its overall lending volume.

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.

Based on the positive trend and positive expectations at Compass Card, a deferred tax asset of EUR 1.0 M was recognised. If the conditions affecting the company should change in such a way that the company will not achieve a profit, the value of this asset may need to be re-assessed.

FUTURE OUTLOOK

Market conditions that include low interest rates, low share prices and uncertain economic prospects are not favourable to the trend of earnings.

During 2011 the Group's Swedish operations underwent significant restructuring, which adversely affected earnings. Assuming that the positive trend related to customer influx and business volume continues during 2012, our assessment is that by the end of 2012 the Sweden business area will report positive earnings on a monthly basis. It is also our assessment that the accumulated start-up cost (the net effect on the Group's equity capital) for establishing the Bank of Åland's presence in Sweden will be close to zero by the end of 2012.

During the autumn, the economic situation deteriorated sharply and will affect the repayment ability of companies. This has been especially evident in the shipping industry, where loan impairment losses cannot be ruled out in 2012.

The efficiency-raising measures that have been implemented and initiated during 2011 will lower the Group's expense level by an estimated annual rate of EUR 8 M when they achieve their full effect. As a consequence of these measures, the Group's expenses will be lower in 2012 than in 2011, and based on our assessment of external factors we expect the Group to report a positive net operating profit in 2012.

ANNUAL GENERAL MEETING AND FINANCIAL INFORMATION IN 2012

The Annual General Meeting will be held in Mariehamn, Åland, Finland on Thursday, April 19, 2012. The Annual report will be published in its official Swedish and Finnish versions on Monday, March 12, 2012, and in English soon afterward.

Interim reports will be published as follows:

January–March 2012	April 30, 2012
January–June 2012	July 30, 2012
January–September 2012	October 29, 2012

The figures in this Year-end Report are unaudited.

Mariehamn, February 15, 2012

THE BOARD OF DIRECTORS

Financial summary

Bank of Åland Group	Q4 2011	Q3 2011	% Q4 2010		%	2011	2010	%
EUR M								
INCOME								
Net interest income	12.1	11.4	5	9.0	33	43.1	36.8	17
Net commission income	8.3	9.7	-14	12.0	-30	38.7	36.8	5
Other income	2.6	2.3	17	6.8	-61	17.4	25.4	-32
Total income	23.0	23.4	-2	27.8	-17	99.2	99.1	0
Staff costs	-16.7	-12.8	31	-14.9	12	-60.0	-53.7	12
Other expenses	-12.6	-9.8	28	-10.8	16	-43.1	-38.5	12
Total expenses	-29.3	-22.6	30	-25.7	14	-103.1	-92.2	12
Profit before loan losses etc.	-6.3	0.8		2.0		-3.9	6.9	
Impairment losses on loans and other commitments	-0.8	-0.7	23	-0.4		-1.8	-5.9	-70
Operating income	-7.1	0.1		1.6		-5.7	1.0	
Income taxes	2.6	-0.6		-1.3		0.4	-3.2	
Profit for the report period	-4.5	-0.5		0.4		-5.3	-2.2	
Attributable to:								
Non-controlling interests	0.2	0.1		0.1	53	1.2	0.6	80
Shareholders in Bank of Åland Plc	-4.7	-0.6		0.3		-6.5	-2.9	
VOLUME								
Lending to the public	2,737	2,639	4	2,573	6			
Deposits from the public ¹	2,546	2,494	2	2,600	-2			
Managed assets	3,814	3,492	9	4,347	-12			
Equity capital	181	158	14	154	17			
Balance sheet total	3,400	3,338	2	3,475	-2			
Risk-weighted assets	1,729	1,689	2	1,664	4			
FINANCIAL RATIOS								
Return on equity after taxes, % (ROE) ²	-11.4	-1.5		0.6		-3.9	-1.8	
Expenses/income ratio, % ³	127	97		93		104	93	
Loan loss level, % ⁴	0.12	0.10		0.06		0.07	0.23	
Gross non-performing assets, % ⁵	0.70	1.09		1.07		0.70	1.07	
Level of provisions for doubtful receivables, % ⁶	71	82		85		71	85	
Core funding ratio (Lending/deposits), % ⁷	108	106		99		108	99	
Equity/assets ratio, % ⁸	5.3	4.7		4.4		5.3	4.4	
Tier 1 capital ratio, % ⁹	8.4	7.3		7.3		8.4	7.3	
Earnings per share before dilution, % ¹⁰	-0.34	-0.05		0.02		-0.54	-0.25	
Equity capital per share, EUR ¹¹	12.34	13.27		13.32		12.34	13.32	
Market price per Series A share, EUR	14.15	16.00		29.50		14.15	29.50	
Market price per Series B share, EUR	8.68	10.50		19.93		8.68	19.93	
Price per A share, adjusted for share issue, EUR	14.15	16.00		27.47		16.00	27.47	
Price per B share, adjusted for share issue, EUR	8.68	10.50		18.56		10.50	18.56	
Working hours re-calculated to full-time equivalent positions	697	678		676		690	679	

¹ Deposits from the public and public sector entities, including bond loans and certificates of deposit

² (Profit for the report period attributable to shareholders / Average shareholders' portion of equity capital) x 100

³ Expenses / Income

⁴ Impairment losses on loan portfolio / loan portfolio

⁵ (Non-performing loans more than 90 days) / loan portfolio) x 100

⁶ Impairment loss provisions / doubtful receivables

⁷ Lending volume / Deposits including certificates of deposit, index bonds and debentures issued to the public

⁸ (Equity capital / Balance sheet total) x 100

⁹ (Core capital / Capital requirement) x 8 % x 100

¹⁰ Shareholders' portion of earnings for the period/Registered shares on closing day

¹¹ Equity capital/Registered shares on closing day

Summary statement of financial position

Bank of Åland Group	2011	2010	%
EUR M			
ASSETS			
Cash	66	61	8
Debt securities eligible for refinancing with central banks	125	168	-25
Claims on credit institutions	129	127	1
Claims on the public and public sector entities	2,737	2,677	2
Debt securities	198	266	-26
Shares and participations	3	5	-33
Shares and participations in associated companies	1	1	-14
Derivative instruments	20	35	-42
Intangible assets	11	10	12
Tangible assets	32	35	-9
Other assets	46	58	-21
Accrued income and prepayments	26	27	-2
Deferred tax assets	4	2	70
Total assets	3,400	3,475	-2
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions	230	191	20
Liabilities to the public and public sector entities	2,147	2,141	0
Debt securities issued	659	790	-17
Derivative instruments	14	10	34
Other liabilities	60	67	-10
Accrued expenses and prepaid income	33	27	24
Subordinated liabilities	58	73	-21
Deferred tax liabilities	20	22	-6
Total liabilities	3,220	3,320	-3
Equity capital and minority interest			
Share capital	29	23	25
Share premium account	33	33	0
Reserve fund	25	25	0
Fair value reserve	10	9	3
Unrestricted equity capital fund	24	0	
Own shares	0	0	
Retained earnings	56	63	-10
Shareholders' interest in equity capital	178	154	16
Minority interest in capital	3	1	335
Total equity capital	181	154	17
Total liabilities and equity capital	3,400	3,475	-2

Summary income statement

Bank of Åland Group	Q4 2011	Q3 2011	%	Q4 2010	%	2011	2010	%
EUR M								
Net interest income	12.1	11.4	5	9.0	33	43.1	36.8	17
Net commission income	8.3	9.7	-14	12.0	-30	38.7	36.8	5
Net income from securities transactions and foreign exchange dealing	0.7	-0.8		1.6	-57	1.9	4.8	-61
Net income from financial assets available for sale	-1.3	-0.1		0.2		-0.7	1.4	
Net income from investment properties	0.8	0.0		0.0		0.9	0.8	20
IT income	2.2	3.2	-32	4.0	-46	13.4	16.0	-16
Other operating income	0.3	0.1		0.9	-69	1.8	2.5	-27
Total income	23.0	23.4	-2	27.8	-17	99.2	99.1	0
Staff costs	-16.7	-12.8	31	-14.9	12	-60.0	-53.7	12
Other administrative expenses	-5.8	-4.4	30	-4.5	28	-20.9	-18.0	16
Production for own use	0.4	0.4	14	0.8	-51	1.8	3.7	-52
Depreciation/amortisation	-1.8	-1.7	5	-3.1	-43	-6.7	-8.3	-19
Other operating expenses	-5.5	-4.0	35	-4.1	35	-17.3	-15.9	9
Total expenses	-29.3	-22.6	30	-25.7	14	-103.1	-92.2	12
Profit before loan losses etc.	-6.3	0.8		2.0		-3.9	6.9	
Impairment losses on loans and other commitments	-0.8	-0.7	23	-0.4		-1.8	-5.9	-70
Net operating profit	-7.1	0.1		1.6		-5.7	1.0	
Income taxes	2.6	-0.6		-1.3		0.4	-3.2	
Profit for the period	-4.5	-0.5		0.4		-5.3	-2.2	
Attributable to:								
Non-controlling interests	0.2	0.1		0.1	53	1.2	0.6	80
Shareholders in Bank of Åland Plc	-4.7	-0.6		0.3		-6.5	-2.9	
Earnings per share								
Earnings per share before dilution, EUR ¹	-0.34	-0.05		0.02		-0.54	-0.25	
Earnings per share after dilution, EUR ²	-0.34	-0.05		0.02		-0.54	-0.25	

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	Q4 2011	Q3 2011	% Q4 2010	%	2011	2010	%
EUR M							
Assets available for sale	0.6	1.1	-43	-0.4	0.7	-0.8	
Valuation differences	1.0	-0.3		0.5	-0.2	3.4	
Income tax on other comprehensive income	-0.2	-0.3	-43	0.1	-0.2	1.1	
Other comprehensive income	1.5	0.4		0.2	0.3	3.8	-92
Total comprehensive income for the period	-3.1	-0.1		0.6	-5.0	1.5	
Attributable to:							
Non-controlling interests	0.2	0.1		0.1	53	1.2	0.6
Shareholders in Bank of Åland Plc	-3.2	-0.1		0.5	-6.2	0.9	

Income statement by quarter

Bank of Åland Group	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
EUR M					
Net interest income	12.1	11.4	10.1	9.5	9.0
Net commission income	8.3	9.7	10.7	10.1	12.0
Net income from securities transactions and foreign exchange dealing	0.7	-0.8	0.8	1.2	1.6
Net income from financial assets available for sale	-1.3	-0.1	0.1	0.7	0.2
Net income from investment properties	0.8	0.0	0.1	0.0	0.0
IT income	2.2	3.2	4.1	4.1	4.7
Other operating income	0.3	0.1	0.8	0.6	0.3
Total income	23.0	23.4	26.7	26.1	27.8
Staff costs	-16.7	-12.8	-16.5	-13.9	-14.9
Other administrative expenses	-5.8	-4.4	-5.4	-5.3	-4.5
Production for own use	0.4	0.4	0.4	0.6	0.8
Depreciation/amortisation	-1.8	-1.7	-1.6	-1.6	-3.1
Other operating expenses	-5.5	-4.0	-4.0	-3.8	-4.1
Total expenses	-29.3	-22.6	-27.2	-24.0	-25.7
Profit before loan losses etc.	-6.3	0.8	-0.5	2.1	2.0
Impairment losses on loans and other commitments	-0.8	-0.7	-0.3	0.0	-0.4
Operating income	-7.1	0.1	-0.8	2.1	1.6
Income taxes	2.6	-0.6	-0.6	-1.1	-1.3
Profit for the period	-4.5	-0.5	-1.3	1.0	0.4
Attributable to:					
Non-controlling interests	0.2	0.1	0.9	0.0	0.1
Shareholders in Bank of Åland Plc	-4.7	-0.6	-2.2	1.0	0.3

Statement of changes in equity capital

Bank of Åland Group											
EUR M	Share capital	Unrestricted equity capital fund	Share premium account	Reserve fund	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, 2009	23.3	0.0	33.3	25.1	0.0	1.8	3.7	74.0	161.2	1.0	162.2
Comprehensive income for the period						-0.6	4.3	-2.9	0.9	0.6	1.5
Dividend paid								-8.1	-8.1	-1.1	-9.2
Purchases of minority 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, Dec 31, 2010	23.3	0.0	33.3	25.1	0.0	1.3	8.0	62.9	153.8	0.6	154.5
Comprehensive income for the period						0.5	-0.2	-6.5	-6.2	1.2	-5.0
Dividend paid									0.0	-1.2	-1.2
Other changes in equity capital attributable to minority interests									0.0	2.0	2.0
New share issue	5.8	24.5							30.3	0.0	30.3
Purchases of own shares					-0.1				-0.1	0.0	-0.1
Equity capital, Dec 31, 2011	29.1	24.5	33.3	25.1	-0.1	1.8	7.8	56.4	177.9	2.6	180.6

Summary cash flow statement

Bank of Åland Group	2011		2010	
EUR M				
Cash flow from operating activities				
Net operating profit	-5.7		1.8	
Adjustment for net operating profit items not affecting cash flow	15.7		19.6	
Gains/losses from investing activities	-1.2		-1.0	
Income taxes paid	-3.5		-4.2	
Changes in assets and liabilities in operating activities	-60.4	-54.9	-74.0	-57.8
Cash flow from investing activities		-0.5		-2.9
Cash flow from financing activities		-66.8		16.5
Exchange rate differences in cash and cash equivalents		0.7		19.3
Change in cash and cash equivalents		-121.5		-24.9
Cash and cash equivalents, January 1		306.2		331.1
Cash and cash equivalents, December 31		184.7		306.2

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 27 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 Interim Report for the financial period January 1–December 31, 2011 was approved by the Board of Directors on February 15, 2012.

2. Basis for preparation and essential accounting principles

BASIS FOR PREPARATION

The Interim Report for the period January 1–December 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 the consolidated financial statements for the year ending December 31, 2011.

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, 2010, 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 apply starting in 2011:

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 began on January 1, 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. The following standards have been amended:

IFRS 3, "Business Combinations"

IAS 1, "Presentation of Financial Statements"

IAS 27, "Consolidated and Separate Financial Statements"

IFRIC 13, "Customer Loyalty Programmes"

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"

New accounting norms and standards that apply starting in 2012 (Not approved by the EU):

IAS 1, "Presentation of Financial Statements"

IAS 19, "Employee Benefits"

IFRS 1, "First-time Adoption of International Financial Reporting Standards"

IFRS 7, "Financial Instruments – Disclosures" (Approved by the EU)

IFRS 10, "Consolidated Financial Statements" concerning subsidiaries

IFRS 11, "Joint Arrangements"

IFRS 12, "Disclosures of Interests in Other Entities" related to holdings in subsidiaries, associated companies, joint arrangements etc.

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. Capital adequacy

Bank of Åland Group	Dec 31, 2011	Dec 31, 2010
EUR M		
Tier 1 capital ¹	145.5	122.1
Supplementary capital	75.3	78.4
Total capital base	220.7	200.5
Capital requirement for credit risks	123.0	114.4
Capital requirement for operational risks	14.0	16.8
Capital requirement for market risks	1.4	1.9
Total capital requirement	138.4	133.1
Total capital ratio. %	12.8	12.0
Tier 1 capital ratio. %	8.4	7.3

¹ Including profit for the period.

5. 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. In order to match the Bank of Åland's internal reporting to the Group's Executive Team, segment reporting in the Year-end Report for the period January – December 2011 has been changed. The comparative period has been correspondingly restated.

The "Åland" business area includes office operations in Åland and equities trading operations in Mariehamn. "Finland" includes office operations on the Finnish mainland, Ålandsbanken Asset Management Ab and equities trading operations on the Finnish mainland, including Ålandsbanken Equities Research Ab. The "Sweden" business area includes the operating units Ålandsbanken Abp Sverige Filial (the Swedish branch of the Bank of Åland Plc), Ålandsbanken Sverige AB (undergoing reorganisation to Ålandsbanken Asset Management AB) plus Ålandsbanken Fonder AB and Alpha Management Company S.A. The "Crosskey" business area includes Crosskey Banking Solutions Ab and S-Crosskey Ab. "Corporate and eliminations" include all central corporate units in the Group, intra-Group eliminations and the subsidiaries Ålandsbanken Fondbolag Ab and Ab Compass Card Oy Ltd.

Bank of Åland Group		2011				
EUR M	Åland	Finland	Sweden	Crosskey	Corporate and eliminations	Total
Net interest income	14.3	20.6	7.7	0.0	0.4	43.1
Commission income	7.1	13.6	14.2	0.0	3.8	38.7
Other income	0.3	0.1	0.3	31.2	-13.3	18.5
Total income	21.7	34.3	21.1	31.2	-9.1	99.2
Staff costs	-4.0	-9.3	-13.3	-13.8	-14.5	-54.9
Restructuring expenses	-0.1	-0.2	-4.9	0.0	-0.5	-5.7
Other expenses	-3.0	-6.6	-6.8	-13.3	-12.8	-42.5
Internal allocation of expenses	-8.9	-14.0	-12.3	0.0	35.2	0.0
Total expenses	-15.9	-30.1	-37.4	-27.1	7.4	-103.1
Profit before loan losses etc.	5.8	4.2	-16.3	4.1	-1.7	-3.9
Impairment losses on loans and other commitments	0.1	-2.0	0.2	0.0	-0.2	-1.8
Net operating income	5.9	2.2	-16.0	4.1	-1.8	-5.7

Bank of Åland Group		2010				
EUR M	Åland	Finland	Sweden	Crosskey	Corporate and eliminations	Total
Net interest income	14.3	19.9	5.3	0.0	-2.7	36.8
Commission income	6.9	15.2	14.4	0.0	0.3	36.8
Other income	0.4	0.3	2.3	36.6	-14.3	25.3
Total income	21.6	35.4	22.0	36.6	-16.7	98.9
Staff costs	-4.0	-9.2	-15.2	-13.1	-12.1	-53.7
Other expenses	-2.7	-7.0	-5.8	-16.9	-6.0	-38.4
Internal allocation of expenses	-8.0	-12.9	-14.9	0.0	35.8	0.0
Total expenses	-14.7	-29.0	-36.0	-30.0	17.7	-92.0
Profit before loan losses etc.	6.9	6.4	-14.0	6.6	1.0	6.9
Impairment losses on loans and other commitments	0.3	-6.3	0.1	0.0	0.0	-5.9
Net operating income	7.2	0.1	-13.9	6.6	1.0	1.0

6. Managed assets

Bank of Åland Group	2011	2010	%
EUR M			
Fund unit management	757	903	-16
Discretionary asset management	1,798	1,873	-4
Other asset management	1,260	1,572	-20
Total managed assets	3,814	4,347	-12
Of which own funds in discretionary and other asset management	338	340	-1

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

Bank of Åland Group	2011	2010	%
EUR M			
Deposit accounts from the public and public sector			
Sight deposits	1,570	1,599	-2
Time deposits	579	540	7
Total deposit accounts	2,149	2,140	0
Bonds and subordinated debentures ¹	189	235	-20
Certificates of deposit issued to the public ¹	208	225	-8
Total bonds and certificates of deposit	397	460	-14
Total deposits	2,546	2,600	-2

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

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

8. Lending to the public and public sector by purpose

Bank of Åland Group	2011	2010	%
EUR M			
COMPANIES			
Shipping	63	62	2
Wholesale and retail trade	57	57	0
Housing operations	95	65	47
Other real estate operations	335	161	108
Financial and insurance operations	187	199	-6
Hotel and restaurant operations	19	17	15
Other service operations	109	156	-30
Agriculture, forestry and fishing	13	14	-6
Construction	45	29	53
Other industry and crafts	36	36	-2
Total, companies	958	796	20
PRIVATE INDIVIDUALS			
Home loans	1,161	1,160	0
Securities and other investments	294	350	-16
Business operations	126	102	24
Other household purposes	177	140	27
Total, households	1,757	1,752	0
PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS			
Total, public sector and non-profit organisations	22	25	-12
Total lending	2,737	2,573	6

9. Impairment losses and doubtful receivables

Bank of Åland Group	Q4 2011	Q3 2011	%	Q4 2010	%
EUR M					
Individual impairment losses	1.0	1.7	-41	0.4	
Group impairment losses	0.0	-1.0	-100	0.0	
Reversals	-0.1	0.0		0.0	
Recognised in income statement	0.8	0.7	23	0.4	
Gross doubtful receivables	12.5	9.8	27	8.3	49
Individual impairment losses	7.7	7.0	11	4.6	68
Group impairment losses	1.1	1.1	0	2.5	-56
Net doubtful receivables	3.6	1.8		1.2	
Level of provisions for doubtful receivables, %	71	82		85	
Doubtful receivables as % of total	0.5	0.4		0.3	
Of which > 90 days past due	19.3	28.8	-33	27.6	-30
Non-performing receivables as % of total	0.70	1.09		1.07	

10. Off-balance sheet commitments

Bank of Åland Group	2011	2010	%
EUR M			
Guarantees and pledges	19	21	-10
Unutilised overdraft limits	90	82	
Unutilised credit card limits	80	0	
Other commitments	188	198	28
Total	377	301	25

11. Restructuring reserve

Bank of Åland Group	Dec 31, 2011	New reserve	Utilised	Withdrawn	Dec 31, 2010
EUR M					
Staff costs	3.6	-2.1	-0.2	5.1	0.8
Rent	0.5	0.5	-0.5	0.5	0.0
IT	0.1	-0.3	0.0	0.1	0.3
Total	4.2	-1.9	-0.7	5.7	1.0

12. Goodwill

Bank of Åland Group	2011	2010	%
EUR M			
Opening balance	1.4	1.4	0
Closing balance	1.4	1.4	0

13. Net interest income

Bank of Åland Group	Q4 2011	Q3 2011	%	Q4 2010	%
EUR M					
Interest income					
Credit institutions and central banks	0.6	0.8	-18	0.7	-14
The public and public sector entities	20.8	19.6	6	14.8	41
Debt securities	2.0	2.1	-8	2.3	-13
Other interest income	0.6	0.4	60	0.4	43
Total	24.0	22.9	5	18.2	32
Interest expenses					
Credit institutions and central banks	-0.8	-0.5	66	-0.9	-13
The public and public sector entities	-6.3	-6.3	1	-4.4	44
Debt securities	-3.8	-3.8	1	-2.8	36
Subordinated liabilities	-0.5	-0.5	1	-0.4	7
Other interest expenses	-0.5	-0.4	13	-0.6	-13
Total	-11.9	-11.4	4	-9.1	30
Net interest income	12.1	11.4	5	9.0	33

14. Commission income

Bank of Åland Group	Q4 2011	Q3 2011	%	Q4 2010	%
EUR M					
Deposits	0.2	0.2	-7	0.2	5
Lending	0.1	1.7	-93	0.8	-83
Payment intermediation	1.8	1.6	19	0.9	108
Mutual fund unit commissions	2.1	2.6	-19	2.2	-5
Management commissions	2.2	2.0	9	4.1	-47
Securities commissions	3.2	3.1	4	4.2	-23
Other commissions	0.5	0.6	-11	1.6	-68
Total	10.3	11.8	-13	14.0	-27
Commission expenses	-1.9	-2.2	-10	-2.0	-4
Net commission income	8.3	9.7	-14	12.0	-30

15. Income taxes

Bank of Åland Group	Q4 2011	Q3 2011	%	Q4 2010	%
EUR M					
Taxes for the period and prior periods	0.1	-0.8		-1.0	
Change in deferred tax assets/liabilities	2.5	0.2		-0.3	
Income taxes	2.6	-0.6		-1.3	

Starting on June 30, 2011 Bank of Åland has chosen to recognise deferred tax assets on reported losses in the subsidiary Compass Card, as a consequence of the company's positive income trend and future forecasts.

16. Dividend

Bank of Åland Group	2011	2010
euro		
Proposed dividend for 2011: EUR 0.00 per share	0	
Final dividend for 2010: EUR 0.00 per share		0

On December 31, 2011, distributable funds before disbursement of the dividend amounted to EUR 13.6 M. The dividend for 2011 was adopted by the Annual General Meeting on April 14, 2011.

17. Derivative contracts

Bank of Åland Group	Dec 31, 2011		Dec 31, 2010	
	For hedging purposes	Other	For hedging purposes	Other
EUR M				
Value of underlying property				
Interest rate derivatives				
<i>Forward contracts</i>	224	224	0	0
<i>Swap contracts</i>	505	39	480	13
<i>Option contracts</i>				
<i>Purchased</i>	15	10	56	8
<i>Exercised</i>	10	15	8	56
Currency derivatives				
<i>Forward contracts</i>	55	7	271	12
<i>Interest rate and currency swap contracts</i>	237	4	1	1
<i>Option contracts</i>				
<i>Purchased</i>	0	0	0	0
<i>Exercised</i>	0	0	0	0
Equity derivatives				
<i>Option contracts</i>	149	0	181	7
<i>Purchased</i>	0	0	0	0
	1,195	300	997	96

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

18. Maturity breakdown of claims and liabilities

Bank of Åland Group		Dec 31, 2011					
EUR M	< 3 months	3 –12 months	1– 5 years	> 5 years	Not classified by maturity	Total	
Claims							
Cash	66					66	
Debt securities eligible for refinancing with central banks	9	57	41	18		125	
Claims on credit institutions	129					129	
Claims on the public and public sector entities	350	333	1,207	847		2,737	
Debt securities	71	92	35			198	
Shares and participations					5	5	
Derivative instruments					20	20	
Intangible assets					11	11	
Tangible assets					32	32	
Other assets					46	46	
Accrued income and prepayments					26	26	
Deferred tax assets					4	4	
Total claims	626	482	1,282	865	145	3,400	
Liabilities							
Liabilities to credit institutions	200			30		230	
Liabilities to the public and public sector entities	1,845	284	18	0		2,147	
Debt securities issued	163	402	91	2		659	
Derivative instruments					14	14	
Other liabilities					60	60	
Accrued expenses and prepaid income					33	33	
Subordinated liabilities		5	34	18		58	
Deferred tax liabilities					20	20	
Equity capital					181	181	
Total liabilities	2,208	692	143	51	307	3,400	

Bank of Åland Group		Dec 31, 2010					
EUR M	< 3 months	3 –12 months	1– 5 years	> 5 years	Not classified by maturity	Total	
Claims							
Cash	61					61	
Debt securities eligible for refinancing with central banks	48	26	84	10		168	
Claims on credit institutions	127					127	
Claims on the public and public sector entities	507	397	948	825		2,677	
Debt securities	129	116	20			266	
Shares and participations					6	6	
Derivative instruments					35	35	
Intangible assets					10	10	
Tangible assets					35	35	
Other assets					58	58	
Accrued income and prepayments					27	27	
Deferred tax assets					2	2	
Total claims	874	539	1,051	835	175	3,475	
Liabilities							
Liabilities to credit institutions	161	1	18	12		191	
Liabilities to the public and public sector entities	1,970	133	38			2,141	
Debt securities issued	199	172	416	2		790	
Derivative instruments					10	10	
Other liabilities					67	67	
Accrued expenses and prepaid income					27	27	
Subordinated liabilities	2	9	36	26		73	
Deferred tax liabilities					22	22	
Equity capital					154	154	
Total liabilities	2,332	314	508	40	280	3,475	

19. Interest rate refixing periods

Bank of Åland Group		Dec 31, 2011					
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total	
Assets	2,721	410	396	463	59	4,050	
Liabilities	2,727	420	294	400	67	3,909	
Difference between assets and liabilities	-5	-10	101	63	-8	141	

Bank of Åland Group		Dec 31, 2010					
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total	
Assets	2,730	396	268	369	46	3,809	
Liabilities	2,924	320	101	328	41	3,714	
Difference between assets and liabilities	-194	76	167	41	5	95	

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

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

Bank of Åland Group	Q4 2011	Q3 2011	%	Q4 2010	%
Bank of Åland Plc	340	314	8	290	17
Crosskey Banking Solutions Ab Ltd	217	207	5	199	9
Ålandsbanken Sverige AB	94	109	-13	145	-35
Ålandsbanken Asset Management Ab	24	25	-4	23	5
Ab Compass Card Oy Ltd	12	12	0	6	96
Ålandsbanken Fondbolag Ab	6	6	0	5	20
Ålandsbanken Equities Research Ab	4	5	-20	8	-52
Total number of positions, recalculated from hours worked	697	678	3	676	3

From December 1, 2011, most of the operations of Ålandsbanken Sverige AB were transferred to Ålandsbanken Abp 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.

21. Related parties

During the period May 1-December 31, 2011, an agreement on consultancy services with Board member Per Axman entailed expenses of EUR 306,000 excluding value-added tax. Otherwise no material changes in related parties have occurred, compared to December 31, 2010.

