

Interim Report

For the period January – June 2012 • July 30, 2012, 2.00 pm

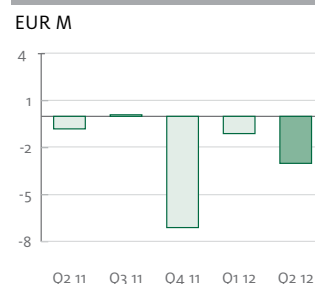


January–June 2012

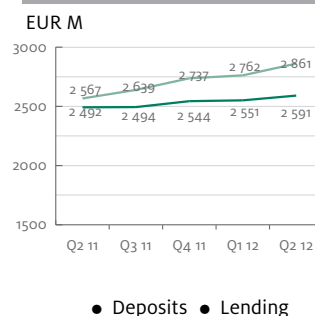
Compared to January–June 2011

- Net operating profit amounted to EUR -4.0 M (1.4).
- Profit for the period attributable to shareholders was EUR -3.0 M (-1.2).
- Net interest income increased by 8 per cent to EUR 21.0 M (19.6).
- Net commission income decreased by 24 per cent to EUR 15.7 M (20.8).
- Total expenses decreased by 8 per cent to EUR 47.2 M (51.2).
- Net loan losses were EUR 2.4 M (0.3), equivalent to a loan loss level of 0.17 (0.02) per cent.
- The Tier 1 capital ratio increased to 9.6 per cent (8.4 per cent on December 31, 2011), mainly because the capital requirement for credit risks is now calculated according to the Internal Ratings Based (IRB) approach for the Finnish household portfolio.
- Due to macroeconomic developments in Europe, including record-low interest rates and uncertain stock market performance, it has become more difficult for the Bank to earn profits. The Group intends to further review its expenses, which overall are expected to be lower than in 2011. The Bank expects capital gains from divestments of assets and also intends to adjust certain interest rate terms in such a way that they better reflect prevailing market conditions. If loan losses remain within forecasted limits, these circumstances and assumptions will together lead the Group to report a positive net operating profit in 2012.

Net operating profit



Deposits and lending

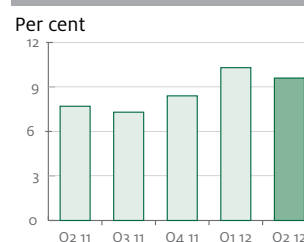


The second quarter of 2012

Compared to the first quarter of 2012

- Net operating profit amounted to EUR -3.0 M (-1.1).
- Profit for the period attributable to shareholders was EUR -2.2 M (-0.8).
- Net interest income decreased by 17 per cent to EUR 9.6 M (11.5).
- Net commission income decreased by 5 per cent to EUR 7.6 M (8.0).
- Total expenses increased by 1 per cent to EUR 23.7 M (23.5).
- Net loan losses were EUR 1.5 M (0.9), equivalent to a loan loss level of 0.21 (0.12) per cent.

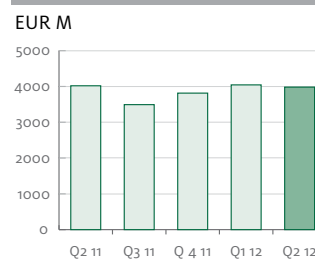
Tier 1 capital ratio



“Right now the external conditions for conducting banking operations in the euro zone are unusually challenging, forcing us to take further steps – both on the income side and the expense side – to ensure profitable banking business even in an extreme low-interest environment. During July, we received two encouraging pieces of news. One is that a declaration of intent has been signed on the divestment of the Bank’s Swedish subsidiary, which has been emptied of banking operations, a transaction that is expected to give us a capital gain of about EUR 6 M in the fourth quarter. The other is that Standard & Poor’s has assigned our covered bonds a high credit rating, AA. This credit rating opens a new, important source of funding in the form of covered bonds.”

Peter Wiklöf, Managing Director

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 nine offices in the Åland Islands and eight offices elsewhere in Finland. The Bank has three offices in Sweden. A total of seven subsidiaries, whose operations are connected in various ways to banking, belong to the Bank of Åland Group.

Earnings and profitability

MARKET OVERVIEW

The euro zone debt crisis has continued to dominate economic developments. The negative trend accelerated during the second quarter of 2012, including sizeable stock market declines and further decreases in market interest rates. During the year to June 30, the Nasdaq OMX Helsinki Oy (Helsinki Stock Exchange) fell by 23 per cent, making many equity investors hesitant and cautious. The 3-month Euribor benchmark interest rate fell from 1.55 per cent to 0.65 per cent in one year. During July the Euribor continued downward to 0.42 per cent, which is the lowest level since its introduction. In September 2008, before the Lehman Brothers bankruptcy, the 3-month Euribor stood at about 5 per cent. Now it is well below the key interest rate of the European Central Bank (ECB), which has been lowered to 0.75 per cent. Since the 3-month Euribor determines a large proportion of customer lending rates, while the Bank's borrowing cost is not at all affected to the same extent by lower benchmark interest rates, this squeezes the Bank's net interest income. The Bank of Åland, like other banks, must therefore find new models for pricing its loans – models that enable adjustments when conditions change. During the recent period, we have seen a clear tendency towards wider lending margins in Finland. We expect lending margins to widen further from their current levels.

BENCHMARK INTEREST RATES, AVERAGES, PER CENT

	Q2 2012	Q1 2012	Q2 2011
Euribor 3 mo	0.70	1.04	1.41
Euribor 12 mo	1.28	1.67	2.13
Stibor 3 mo	2.16	2.45	2.44
Stibor 12 mo	2.66	2.78	3.00

During the first half of 2012, the value of the Swedish krona in relation to the euro was about the same as during the equivalent period of last year. Compared to its year-end 2011 position, however, the krona had gained nearly 2 per cent by June 30, 2012. This represents a continued strong krona in historical terms. 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 exchange rate prevailing on the closing day.

IMPORTANT EVENTS AT THE BANK

On June 1, the Bank of Åland transferred all banking and asset management operations from its subsidiary in Sweden to the Bank of Åland Plc (Finland), Swedish branch. This new, simplified corporate structure means more efficient capital utilisation and a more efficient tax situation, as well as more cost-effective corporate governance.

On April 19, 2012, the Annual General Meeting elected Folke Husell, Anders Å Karlsson and Annika Wijkström as new members of the Bank's Board of Directors. Board members Kaj-Gustaf Bergh, Agneta Karlsson and Anders Wiklöf were re-elected. At the statutory meeting of the Board the same day, Kaj-Gustaf Bergh was elected Chairman and Folke Husell was elected Vice Chairman of the Board.

After the completion of co-determination negotiations on February 27, 2012, about 50 employees left the Group, 30 of them in the Åland Islands, 10 on the Finnish mainland and 10 in Sweden. The

number of offices in Åland was reduced from 16 to nine. On the Finnish mainland, institutional equities trading operations were closed.

Extensive changes occurred in the corporate units of the Group. The Executive Team was halved. These efficiency-raising measures will result in an annual expense reduction of about EUR 4 M. Including measures approved earlier, gross expenses will fall by an estimated EUR 8 M annually when these measures have their full effect by the end of 2012.

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 temporarily reduced the Bank's risk-weighted assets by EUR 355 M.

The Bank of Åland received the 2012 Morningstar Funds Award as the best fixed interest fund manager in Finland. The Bank earned the award for its three euro-denominated fixed income funds: Ålandsbanken Cash Manager, a short-term fixed income fund; Ålandsbanken Euro Bond, a medium-term fixed income fund; and Ålandsbanken Euro High Yield, a fixed income fund with higher potential return and risk than traditional fixed income funds.

EARNINGS FOR THE SECOND QUARTER OF 2012

Net operating profit in the second quarter amounted to EUR -3.0 M, compared to EUR -1.1 M in the preceding quarter. The deterioration in earnings was essentially due to challenging market conditions, including falling share prices and interest rates that led to lower income. Meanwhile loan losses increased during the quarter.

Total income decreased by EUR 1.0 M or 4 per cent to EUR 22.3 M. Most of the drop in income was found in net interest income, which declined by EUR 1.9 M or 17 per cent. Interest income fell because of lower benchmark interest rates, while interest expenses were largely unchanged. Net commission income decreased by EUR 0.4 M or 5 per cent, of which EUR 0.7 M was related to lower income from securities transactions.

Total expenses were basically unchanged from the first quarter.

Loan losses increased to EUR 1.5 M (0.9) and were connected to a small number of corporate commitments.

EARNINGS FOR JANUARY-JUNE 2012

Net operating profit during the first half of 2012 amounted to EUR -4.0 M, compared to EUR 1.4 M in the year-earlier period. Excluding restructuring expenses of EUR 2.9 M in 2011, net operating profit deteriorated by EUR 8.3 M. Net operating profit deteriorated in the Åland and Finnish Mainland business areas, as well as in Crosskey Banking Solutions. Earnings in the Sweden business area improved but were still negative.

Total income amounted to EUR 45.6 M, which was EUR 7.2 M or 14 per cent lower than in the year-earlier period. The decline in income was largest in net commission income, which fell by EUR 5.1 M or 24 per cent. Of this decrease, EUR 4.6 M was related to

income from securities transactions, among other things due to the closure of institutional equities trading operations, which showed an income of EUR 1.7 M in the year-earlier period. Mutual fund commissions decreased by EUR 1.3 M and management commissions by EUR 0.9 M. Net interest income increased by EUR 1.4 M or 8 per cent to EUR 21.0 M, mainly due to a lending increase in Sweden.

Total expenses amounted to EUR 47.2 M. Adjusted for restructuring expenses in 2011, this was a decrease of EUR 1.1 M or 2 per cent.

Net loan losses were EUR 2.4 M. The loan loss level was 0.17 per cent, compared to 0.02 per cent in the year-earlier period.

Tax expense was positive and amounted to EUR 1.3 M. In the year-earlier period, the effective tax rate was 114 per cent. The tax situation improved because Swedish banking operations now take place in the form of a branch of the Parent Company. In addition, Finnish corporate tax has been lowered from 26 to 24.5 per cent.

Profit for the period attributable to shareholders was EUR -3.0 M, compared to EUR -1.2 M in the corresponding period of 2011.

BUSINESS VOLUME

Managed assets increased by EUR 168 M or 4 per cent during the first half of 2012, in spite of decreases in the market value of equity-related investments, and amounted to EUR 3,982 M (3,814). Managed assets in the Bank of Åland Group's own mutual funds rose by EUR 55 M or 7 per cent during the first half to EUR 812 M (757). Assets under discretionary management fell by EUR 19 M or 1 per cent to EUR 1,779 M (1,798). Assets under advisory management rose by EUR 130 M or 10 per cent to EUR 1,390 M (1,260). Of total managed assets, the Sweden business area accounted for EUR 2,280 M or 57 per cent.

Deposits from the public – including certificates of deposit, index bonds and debentures issued to retail customers – increased by EUR 47 M during the first half to EUR 2,591 M (2,544). In Sweden, the Åland Account continued to attract new customers. During a six-month period, Åland Account and fixed interest rate deposits increased by EUR 66 M.

Lending to the public totalled EUR 2,861 M (2,737). This represented an increase of EUR 124 M or 5 per cent during the first half. The lending increase was primarily related to the Swedish market.

CREDIT QUALITY

Lending to private individuals comprises nearly two thirds of the loan portfolio. Home mortgage loans account for about two thirds of lending to private individuals. Loans for the purchase of securities, with market-listed securities as collateral, comprise the second-largest type of lending to private individuals. Loan-to-value ratios are conservative. Historically, the Bank of Åland has never had any substantial loan losses on this type of lending. The corporate portfolio has a close affinity with the household portfolio, since many of the companies are owned by customers who, as individuals, are also Private Banking customers.

During the first half of 2012, gross non-performing loans (more than 90 days) increased by EUR 5.8 M to EUR 25.1 M (19.3). As a share of lending to the public, non-performing loans rose from 0.70 per cent to 0.88 per cent during the period.

The level of provisions for doubtful receivables, i.e. individual impairment losses as a proportion of all doubtful receivables, was 66 per cent compared to 62 per cent at year-end 2011. Including

group impairment losses, the level of provisions amounted to 73 per cent, compared to 71 per cent at year-end 2011. The Bank of Åland Group had EUR 10.6 M in impairment loss provisions, including individual impairments of EUR 9.5 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 388 M on June 30, 2012. This was equivalent to 11 per cent of total assets (12 per cent at year-end 2011) and 14 (15) per cent of lending to the public.

Given the possibility of issuing high-quality covered bonds, there is an additional unutilised liquidity reserve of at least EUR 600 M.

Seventy-nine per cent of the Bank of Åland's funding comes from deposits from the public, including certificates of deposit, index bonds and subordinated debentures. The Bank of Åland thus has a relatively small need for borrowing in the capital market. Of deposits from the public, EUR 141 M (155) 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 period, EUR -2.9 M, to EUR 177 M. The equity/assets ratio decreased to 5.0 per cent from a 5.3 per cent position at the end of 2011. The Bank of Åland's equity/assets ratio was one of the highest among European banks.

Tier 1 capital as defined in capital adequacy regulations amounted to EUR 138.5 M. The main differences between this and reported equity are that unrealised/unqualified gains may not be included (EUR 2.9 M) and that intangible assets (12.1) plus half of expected losses in accordance with the IRB approach (3.6) are deducted. Translation differences (7.3), the fair value reserve (2.1) and other IFRS transition effects (8.0) are classified as supplementary capital.

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. Risk-weighted assets decreased by EUR 284 M or 16 per cent during the first half of 2012 and amounted to EUR 1,455 M (1,729). Risk-weighted assets attributable to credit risks decreased by EUR 268 M or 17 per cent, since the IRB approach is being used instead of the standardised approach for the Finnish household portfolio.

The Tier 1 capital ratio increased to 9.6 (8.4) 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 14.5 (12.8) per cent.

In accordance with the 2011 Annual General Meeting's decision on purchases of the Bank's own shares for the purpose of implementing a share-based compensation programme for senior executives, the Bank has purchased its own shares. On June 30, 2012 this holding amounted to 25,000 Series B shares.

IMPORTANT EVENTS AFTER THE CLOSE OF THE REPORT PERIOD

In July the Bank of Åland signed a letter of intent on the divestment of its Swedish subsidiary, which has been emptied of banking operations. The intent is that an agreement on the divestment of all

shares in the company will be signed no later than August 30, 2012 and that the new owner will take possession of the company no later than October 2012. This divestment will give the Bank of Åland an estimated capital gain in the range of EUR 6 M. The divestment will also have a positive impact of EUR 14 M on the Group's core Tier 1 capital, since the transaction also implies a redistribution of the consolidated capital base from "upper supplementary" capital to core Tier 1 capital. This represents an increase of nearly 1 percentage point in the Tier 1 capital ratio. If the divestment is carried out as planned, its effects will be reported in the fourth quarter financial statements.

In July, the credit rating agency Standard & Poor's assigned the Bank of Åland a credit rating of AA on the Bank's covered bonds. Today the Bank of Åland has an unutilised cover pool of about EUR 1.2 billion consisting of Finnish residential mortgage loans, which will serve as collateral for bond issues. The ambition is to utilise Swedish residential mortgage loans in the future as well. Covered bonds will provide the Bank of Åland with access to a new, efficient funding source. The covered bond market is liquid and is the portion of the capital market that has functioned best throughout the financial crisis. The interest cost is substantially lower than for non-covered bonds.

By issuing covered bonds, the Bank of Åland will increase its proportion of long-term funding, which is consistent with the new regulations. The Bank of Åland plans to carry out its first covered bond issue during the third quarter.

RISKS AND UNCERTAINTIES

The Bank of Åland's earnings are affected by external changes that the Company itself cannot control. Among other things, the

Group's trend of earnings is affected by macroeconomic changes and changes in general interest rates, share prices and exchange rates as well as in the competitive situation.

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

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

The Bank of Åland has no 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 3 per cent of its overall lending volume.

Based on the positive trend and positive future expectations at Compass Card, a deferred tax asset of EUR 0.9 M was recognised. If the conditions affecting the company should change dramatically, 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

Today's market conditions – including low interest rates, low and volatile share prices and uncertain economic prospects – are not favourable to the Bank of Åland's trend of earnings. Compared to the preceding quarterly report, market conditions have deteriorated significantly. If the current downward trend in interest rates persists, this will further squeeze the Bank of Åland's income.

The weak economic situation affects the payment capacity of corporate customers, which increases the risk of loan losses. This is especially clear in the shipping industry.

The efficiency-raising measures that have been implemented are expected to lower the Bank of Åland Group's expense level by EUR 8 M per year when they achieve their full effect, which is expected to occur by the end of 2012. Their effect in 2012 is estimated at about EUR 7 M. This expense reduction will be partly offset by contractual pay hikes and other increases in expenses, among other things the appreciation of the Swedish krona. The Group intends to further review its expenses, which overall are expected to be lower than in 2011.

The Bank expects capital gains from divestments of assets and also intends to adjust certain interest rate terms in such a way that they better reflect prevailing market conditions.

If loan losses remain within forecasted limits, these circumstances and assumptions will together lead the Group to report a positive net operating profit in 2012.

FINANCIAL INFORMATION

The Interim Report for January–September 2012 will be published on October 29, 2012.

Mariehamn, July 30, 2012

THE BOARD OF DIRECTORS

Financial summary

Bank of Åland Group	Q2 2012	Q1 2011	%	Q1 2011	%	Jan-Jun 2012	Jan-Jun 2011	%
EUR M								
Income								
Net interest income	9.6	11.5	-17	10.1	-5	21.0	19.6	8
Net commission income	7.6	8.0	-5	10.7	-28	15.7	20.8	-24
Other income	5.1	3.8	34	5.9	-14	8.9	12.5	-29
Total income	22.3	23.3	-4	26.7	-16	45.6	52.8	-14
Expenses								
Staff costs	-13.0	-13.2	-2	-16.5	-21	-26.2	-30.4	-14
Other expenses	-10.7	-10.3	4	-10.6	1	-21.0	-20.8	1
Total expenses	-23.7	-23.5	1	-27.2	-13	-47.2	-51.2	-8
Profit before loan losses etc.	-1.4	-0.2		-0.5		-1.6	1.6	
Impairment losses on loans and other commitments	-1.5	-0.9	78	-0.3		-2.4	-0.3	
Net operating profit	-3.0	-1.1		-0.8		-4.0	1.4	
Income taxes	0.9	0.4		-0.6		1.3	-1.6	
Profit for the report period	-2.0	-0.7		-1.3	53	-2.7	-0.3	
Attributable to:								
Non-controlling interests	0.1	0.1	59	0.9	-84	0.2	0.9	-75
Shareholders in Bank of Åland Plc	-2.2	-0.8		-2.2	-1	-3.0	-1.2	
Volume								
Lending to the public	2,861	2,762	4	2,567	11			
Deposits from the public ¹	2,591	2,551	2	2,492	4			
Managed assets	3,982	4,044	-2	3,814	-1			
Equity capital	177	180	-1	155	14			
Balance sheet total	3,580	3,553	1	3,403	5			
Risk-weighted assets	1,445	1,374	5	1,591	-9			
Financial ratios								
Return on equity after taxes, % (ROE) ²	-4.5	-1.6		-3.4		-3.1	-0.4	
Expenses/income ratio, % ³	106	101		102		104	97	
Loan loss level, % ⁴	0.21	0.12		0.04		0.17	0.02	
Gross non-performing loans, % ⁵	0.88	0.63		1.04		0.88	1.04	
Level of provisions for doubtful receivables, % ⁶	73	67		75		73	75	
Core funding ratio (Lending/deposits), % ⁷	110	108		103		110	108	
Equity/assets ratio, % ⁸	5.0	5.1		4.6		5.0	4.6	
Tier 1 capital ratio, % ⁹	9.6	10.3		7.7		9.6	7.7	
Earnings per share before dilution, % ¹⁰	-0.15	-0.06		-0.19		-0.21	-0.10	
Equity capital per share, EUR ¹¹	12.11	12.26		13.15		12.11	13.15	
Market price per Series A share, EUR	10.90	14.15		25.98		10.90	25.98	
Market price per Series B share, EUR	7.58	8.68		16.50		7.58	16.50	
Price per A share, adjusted for share issue, EUR	10.90	14.15		24.20		10.90	24.20	
Price per B share, adjusted for share issue, EUR	7.58	8.68		15.27		7.58	15.27	
Working hours re-calculated to full-time equivalent positions	651	679		699		666	693	

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) x 100

⁴ (Impairment losses on loan portfolio / loan portfolio) x 100

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

⁶ (Impairment loss provisions / doubtful receivables) x 100

⁷ (Lending volume / Deposits including certificates of deposit, index bonds and debentures issued to the public) x 100

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/ Number of shares adjusted for share issue

¹¹ Equity capital/Registered shares on closing day

Summary statement of financial position

Bank of Åland Group	Jun 30, 2012	Dec 31, 2011	%	Jun 30, 2011	%
EUR M					
Assets					
Cash	100	66	51	14	
Debt securities eligible for refinancing with central banks	248	125	98	135	83
Claims on credit institutions	146	129	13	243	-40
Claims on the public and public sector entities	2,861	2,737	5	2567	11
Debt securities	89	198	-55	230	-61
Shares and participations	6	3	77	7	-10
Shares and participations in associated companies	1	1	0	1	-8
Derivative instruments	18	20	-10	24	-23
Intangible assets	12	11	6	11	14
Tangible assets	33	32	1	35	-6
Other assets	34	46	-27	112	-70
Accrued income and prepayments	30	26	14	22	37
Deferred tax assets	3	4	-16	3	4
Total assets	3,580	3,400	5	3,403	5
Liabilities and equity capital					
Liabilities to credit institutions	346	230	50	185	87
Liabilities to the public and public sector entities	2,242	2,147	4	2,088	7
Debt securities issued	642	659	-3	747	-14
Derivative instruments	15	14	10	10	47
Other liabilities	42	60	-30	106	-61
Accrued expenses and prepaid income	40	33	21	32	25
Subordinated liabilities	58	58	0	58	0
Deferred tax liabilities	18	20	-13	22	-20
Total liabilities	3,402	3,220	6	3,248	5
Equity capital and minority interest					
Share capital	29	29	0	23	25
Share premium account	33	33	0	33	0
Reserve fund	25	25	0	25	0
Fair value reserve	9	10	-2	8	23
Unrestricted equity capital fund	24	24	0	0	0
Own shares	0	0		0	0
Retained earnings	53	56	-5	62	-14
Shareholders' interest in equity capital	175	178	-2	152	15
Minority interest in capital	3	3	8	3	-19
Total equity capital	177	181	-2	155	14
Total liabilities and equity capital	3,580	3,400	5	3,403	5

Summary income statement

Bank of Åland Group	Q2 2012	Q1 2012	%	Q2 2011	%	Jan-Jun 2012	Jan-Jun 2011	%
EUR M								
Net interest income	9.6	11.5	-17	10.1	-5	21.0	19.6	8
Net commission income	7.6	8.0	-5	10.7	-28	15.7	20.8	-24
Net income from securities transactions and foreign exchange dealing	0.7	-0.2		0.8	-10	0.6	2.0	-73
Net income from financial assets available for sale	0.2	0.2	37	0.1		0.4	0.8	-48
Net income from investment properties	0.0	0.0		0.1	-96	0.0	0.1	-100
IT income	3.6	3.7	-3	4.1	-11	7.3	8.1	-10
Other operating income	0.5	0.1		0.8	-42	0.6	1.4	-59
Total income	22.3	23.3	-4	26.7	-16	45.6	52.8	-14
Staff costs	-13.0	-13.2	-2	-16.5	-21	-26.2	-30.4	-14
Other administrative expenses	-5.7	-5.2	10	-5.4	5	-10.8	-10.7	1
Production for own use	0.5	0.4	15	0.4	5	0.9	1.0	-18
Depreciation/amortisation	-1.8	-1.7	5	-1.6	11	-3.6	-3.3	9
Other operating expenses	-3.7	-3.8	-3	-4.0	-9	-7.5	-7.8	-4
Total expenses	-23.7	-23.5	1	-27.2	-13	-47.2	-51.2	-8
Profit before loan losses etc.	-1.4	-0.2		-0.5		-1.6	1.6	
Impairment losses on loans and other commitments	-1.5	-0.9	78	-0.3		-2.4	-0.3	
Net operating profit	-3.0	-1.1		-0.8		-4.0	1.4	
Income taxes	0.9	0.4		-0.6		1.3	-1.6	
Profit for the period	-2.0	-0.7		-1.3	53	-2.7	-0.3	
Attributable to:								
Non-controlling interests	0.1	0.1	59	0.9	-84	0.2	0.9	-75
Shareholders in Bank of Åland Plc	-2.2	-0.8		-2.2	-1	-3.0	-1.2	
Earnings per share								
Earnings per share before dilution, EUR ¹	-0.15	-0.06		-0.19		-0,21	-0.10	
Earnings per share after dilution, EUR ²	-0.15	-0.06		-0.19		-0,21	-0.10	

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	Q2 2012	Q1 2011	%	Q2 2011	%	Jan-Jun 2012	Jan-Jun 2011	%
EUR M								
Assets available for sale	0.3	0.2	54	0.2	13	0.3	-1.0	
Valuation differences	-0.2	-0.3	-14	-1.1	-78	-0.5	-0.9	-42
Income tax on other comprehensive income	-0.1	0.0	54	-0.1	6	-0.1	0.3	
Other comprehensive income	0.0	-0.1	-76	-0.9	-96	-0.3	-1.6	-84
Total comprehensive income for the period	-2.1	-0.9		-2.2	-7	-3.0	-1.9	58
Attributable to:								
Non-controlling interests	0.1	0.1	59	0.9	-84	0.2	0.9	-75
Shareholders in Bank of Åland Plc	-2.2	-0.9		-3.1	-29	-3.2	-2.8	16

Income statement by quarter

Bank of Åland Group	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
EUR M					
Net interest income	9.6	11.5	12.1	11.4	10.1
Net commission income	7.6	8.0	8.3	9.7	10.7
Net income from securities transactions and foreign exchange dealing	0.7	-0.2	0.7	-0.8	0.8
Net income from financial assets available for sale	0.2	0.2	-1.3	-0.1	0.1
Net income from investment properties	0.0	0.0	0.8	0.0	0.1
IT income	3.6	3.7	2.2	3.2	4.1
Other operating income	0.5	0.1	0.3	0.1	0.8
Total income	22.3	23.3	23.0	23.4	26.7
Staff costs	-13.0	-13.2	-16.7	-12.8	-16.5
Other administrative expenses	-5.7	-5.2	-5.8	-4.4	-5.4
Production for own use	0.5	0.4	0.4	0.4	0.4
Depreciation/amortisation	-1.8	-1.7	-1.8	-1.7	-1.6
Other operating expenses	-3.7	-3.8	-5.5	-4.0	-4.0
Total expenses	-23.7	-23.5	-29.3	-22.6	-27.2
Profit before loan losses etc.	-1.4	-0.2	-6.3	0.8	-0.5
Impairment losses on loans and other commitments	-1.5	-0.9	-0.8	-0.7	-0.3
Net operating profit	-3.0	-1.1	-7.1	0.1	-0.8
Income taxes	0.9	0.4	2.6	-0.6	-0.6
Profit for the period	-2.0	-0.7	-4.5	-0.5	-1.3
Attributable to:					
Non-controlling interests	0.1	0.1	0.2	0.1	0.9
Shareholders in Bank of Åland Plc	-2.2	-0.8	-4.7	-0.6	-2.2

Statement of changes in equity capital

Bank of Åland Group											
EUR M	Share capital	Share premium account	Reserve fund	Fair value reserve	Translation difference	Unrestricted equity capital fund	Own shares	Retained earnings	Shareholders' portion of equity capital	Non-controlling interests' portion of equity capital	Total
Equity capital, Dec 31, 2010	23.3	33.3	25.1	1.3	8.0	0.0	0.0	62.9	153.8	0.6	154.5
Comprehensive income for the period				-0.7	-0.9			-1.2	-2.8	0.9	-1.9
Dividend paid								0.0	0.0	0.0	0.0
Other changes in equity capital attributable to minority interests									0.0	2.0	2.0
Equity capital, Jun 30, 2011	23.3	33.3	25.1	0.6	7.1	0.0	0.0	61.7	151.1	3.5	154.6
Comprehensive income for the period	0.0	0.0	0.0	1.2	0.7			-5.3	-3.4	0.3	-3.1
Dividend paid								0.0	0.0	-1.1	-1.1
Other changes in equity capital attributable to minority interests									0.0	0.0	0.0
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	33.3	25.1	1.8	7.8	24.5	-0.1	56.4	177.9	2.6	180.6
Comprehensive income for the period				0.3	-0.5			-3.0	-3.1	0.2	-2.9
Dividend paid								0.0	0.0	0.0	0.0
Purchases of own shares							-0.2		-0.2		-0.2
Equity capital, Jun 30, 2012	29.1	33.3	25.1	2.1	7.3	24.5	-0.2	53.4	174.6	2.8	177.4

Summary cash flow statement

Bank of Åland Group	Jan–Jun 2012		Jan–Jun 2011	
EUR M				
Cash flow from operating activities				
Net operating profit	-4.0		1.4	
Adjustment for net operating profit items not affecting cash flow	7.7		5.9	
Gains/losses from investing activities	-0.5		-0.1	
Income taxes paid	-0.8		-0.1	
Changes in assets and liabilities in operating activities	37.0	39.4	13.1	20.2
Cash flow from investing activities		-5.5		-1.1
Cash flow from financing activities		18.5		-16.6
Exchange rate differences in cash and cash equivalents		1.0		-2.7
Change in cash and cash equivalents		53.4		-0.3
Cash and cash equivalents, January 1		184.7		306.2
Cash and cash equivalents, June 30		238.1		306.0

Notes to the consolidated interim report

1. Corporate information

The Bank of Åland Plc (Ålandsbanken Abp) is a Finnish public limited 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 20 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–June 30, 2012 was approved by the Board of Directors on July 30, 2012.

2. Basis for preparation and essential accounting principles

BASIS FOR PREPARATION

The Interim Report for the period January 1–June 30, 2012 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, 2011, 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 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	Jun 30, 2012	Dec 31, 2012	Jun 30, 2011
EUR M			
Tier 1 capital ¹	138.5	145.5	121.9
Supplementary capital	71.4	75.3	73.2
Total capital base	210.0	220.7	195.1
Capital requirement for credit risks	101.5	123.0	111.5
Capital requirement for operational risks	14.1	14.1	14.0
Capital requirement for market risks	0.0	1.4	1.8
Total capital requirement	115.6	138.5	127.2
Total capital ratio, %	14.5	12.8	12.3
Tier 1 capital ratio, %	9.6	8.4	7.7

¹ Including profit for the 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. Comparative figures are calculated according to the standardised approach. The calculation for the IRB approach did not apply the 80 per cent floor rule. Taking this transitional rule into account, the total capital ratio was 12.7 per cent and the Tier 1 capital ratio 8.3 per cent.

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 – March 2012 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. "Finnish Mainland" 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		Jan–Jun 2012				
EUR M	Åland	Finnish Mainland	Sweden	Crosskey	Corporate and eliminations	Total
Net interest income	6.1	9.2	5.4	-0.1	0.4	21.0
Commission income	3.3	6.5	5.1	0.0	0.8	15.7
Other income	0.3	0.0	0.4	13.9	-5.7	8.9
Total income	9.7	15.7	10.9	13.9	-4.5	45.6
Staff costs	-2.1	-4.4	-6.0	-7.4	-6.3	-26.2
Other expenses	-1.9	-3.9	-4.0	-5.7	-5.5	-21.0
Internal allocation of expenses	-3.8	-6.2	-5.3	0.0	15.3	0.0
Total expenses	-7.8	-14.6	-15.3	-13.1	3.5	-47.2
Profit before loan losses etc.	1.9	1.1	-4.4	0.8	-1.0	-1.6
Impairment losses on loans and other commitments	-0.6	-1.8	0.2	0.0	-0.2	-2.4
Net operating profit	1.3	-0.8	-4.2	0.8	-1.2	-4.0

Bank of Åland Group		Jan–Jun 2011				
EUR M	Åland	Finnish Mainland	Sweden	Crosskey	Corporate and eliminations	Total
Net interest income	6.6	8.8	3.6	0.0	0.5	19.6
Net commission income	3.3	9.9	7.5	0.0	0.1	20.8
Other income	0.4	0.1	0.6	17.8	-6.4	12.5
Total income	10.3	18.9	11.7	17.8	-5.8	52.8
Staff costs	-2.2	-5.0	-6.8	-7.2	-6.3	-27.5
Other expenses	-1.5	-3.7	-4.7	-6.9	-4.0	-20.8
Internal allocation of expenses	-4.5	-7.4	-5.9	0.0	17.8	0.0
Total expenses	-8.1	-16.1	-20.3	-14.1	7.5	-51.2
Profit before loan losses etc.	2.2	2.8	-8.7	3.7	1.7	1.6
Impairment losses on loans and other commitments	-0.1	-0.2	0.1	0.0	0.0	-0.3
Net operating profit	2.0	2.6	-8.6	3.7	1.7	1.4

6. Managed assets

Bank of Åland Group	Jun 30, 2012	Dec 31, 2012	%	Jun 30, 2011	%
EUR M					
Fund unit management	813	757	7	917	-12
Discretionary asset management	1,779	1,798	-1	1,817	-2
Other asset management	1,390	1,260	10	1,285	8
Total managed assets	3,982	3,814	4	4,019	-1
Of which own funds in discretionary and other asset management	-326	-338	-3	-369	-11

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

Bank of Åland Group	Jun 30, 2012	Dec 31, 2011	%	Jun 30, 2011	%
EUR M					
Deposit accounts from the public and public sector					
Sight deposits	1,674	1,568	7	1,605	4
Time deposits	568	579	-2	482	18
Total deposit accounts	2,242	2,146	4	2,086	7
Bonds and subordinated debentures ¹	191	189	1	196	-2
Certificates of deposit issued to the public ¹	158	208	-24	210	-25
Total bonds and certificates of deposit	349	397	-12	406	-14
Total deposits	2,591	2,544	2	2,492	4

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	Jun 30, 2012	Dec 31, 2011	%	Jun 30, 2011	%
EUR M					
Companies					
Shipping	80	63	27	61	32
Wholesale and retail trade	57	57	0	56	2
Housing operations	133	95	40	61	116
Other real estate operations	326	335	-3	218	50
Financial and insurance operations	185	187	-1	188	-1
Hotel and restaurant operations	21	19	10	20	9
Other service operations	111	109	2	149	-25
Agriculture, forestry and fishing	12	13	-10	11	8
Construction	39	45	-12	34	18
Other industry and crafts	36	36	0	37	-4
Total, companies	1,001	958	5	834	20
Private individuals					
Home loans	1,207	1,161	4	1,129	7
Securities and other investments	304	294	3	312	-3
Business operations	119	126	-5	113	6
Other household purposes	207	177	17	154	34
Total, households	1,838	1,757	5	1,708	8
Public sector and non-profit organisations	22	22	0	25	-12
Total, public sector and non-profit organisations	22	22	0	25	-12
Total lending	2,861	2,737	5	2,567	11

9. Impairment losses and doubtful receivables

Bank of Åland Group	Q2 2012	Q1 2012	%	Q2 2011	%
EUR M					
Individual impairment losses	1.5	1.1	40	0.8	99
Group impairment losses	0.0	0.0	0	-0.4	-100
Reversals	0.0	-0.2	-97	-0.1	-95
Recognised in income statement	1.5	0.9	78	0.3	
Gross doubtful receivables	14.6	13.7	7	9.9	47
Individual impairment losses	9.6	8.2	17	5.3	81
Group impairment losses	1.1	1.1	0	2.1	-48
Net doubtful receivables	3.9	4.5	-12	2.5	57
Level of provisions for doubtful receivables, %	73	67	8	75	-2
Doubtful receivables as % of total	0.51	0.50	3	0.36	36
Of which > 90 days past due	25.1	17.5	43	26.8	-6
Non-performing receivables as % of total	0.88	0.63	38	1.04	-14

10. Off-balance sheet commitments

Bank of Åland Group	Jun 30, 2012	Dec 31, 2011	%	Jun 30, 2011	%
EUR M					
Guarantees and pledges	19	19	3	17	-16
Other commitments	335	358	-6	284	-18
Total	354	377	-6	301	-18

11. Restructuring reserve

Bank of Åland Group	Jun 30, 2012	New reserve	Utilised	Withdrawn	Jun 30, 2011
EUR M					
Staff costs	1.8	2.7	-3.6	-0.2	2.9
Rent	0.2	0.5	-0.3	0.0	0.0
IT	0.1	0.1	-0.1	0.0	0.1
Total	2.2	3.4	-4.0	-0.2	3.0

12. Goodwill

Bank of Åland Group	Jun 30, 2012	Dec 31, 2011	%	Jun 30, 2011	%
EUR M					
Opening balance	1.4	1.4	0	1.4	0
Closing balance	1.4	1.4	0	1.4	0

13. Net interest income

Bank of Åland Group	Q2 2012	Q1 2012	%	Q2 2012	%
EUR M					
Interest income					
Credit institutions and central banks	0.3	0.4	-29	0.7	-59
The public and public sector entities	19.4	20.6	-6	16.8	15
Debt securities	1.9	2.0	-5	2.2	-12
Other interest income	0.4	0.7	-43	0.4	5
Total	22.0	23.8	-7	20.1	9
Interest expenses					
Credit institutions and central banks	-1.5	-1.5	3	-0.4	311
The public and public sector entities	-6.4	-6.5	-2	-5.4	18
Debt securities	-3.3	-3.5	-4	-3.5	-4
Subordinated liabilities	-0.4	-0.4	-9	-0.4	-9
Other interest expenses	-0.8	-0.4	89	-0.4	123
Total	-12.4	-12.3	1	-10.1	23
Net interest income	9.6	11.5	-17	10.1	-5

14. Commission income

Bank of Åland Group	Q2 2012	Q1 2012	%	Q2 2012	%
EUR M					
Deposits	0.2	0.2	-1	0.2	5
Lending	0.8	0.6	27	0.7	5
Payment intermediation	1.9	1.8	4	0.9	114
Mutual fund commissions	2.3	2.5	-10	3.2	-29
Management commissions	1.7	1.5	11	2.0	-15
Securities commissions	2.3	3.0	-22	5.5	-58
Other commissions	0.6	0.6	5	0.6	3
Total	9.7	10.2	-5	13.0	-26
Commission expenses	-2.0	-2.1	-3	-2.4	-14
Net commission income	7.6	8.0	-5	10.7	-28

15. Income taxes

Bank of Åland Group	Q2 2012	Q1 2012	%	Q2 2012	%
EUR M					
Taxes for the period and prior periods	-0.3	-0.5		-1.4	-77
Change in deferred tax assets/liabilities	1.4	0.8		0.8	51
Income taxes	0.9	0.4		-0.6	

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		
Final dividend for 2011: EUR 0.00 per share	0	
Final dividend for 2010: EUR 0.00 per share		0

The proposal that no dividend be distributed for 2011 was adopted by the Annual General Meeting on April 19, 2012.

17. Derivative contracts

Bank of Åland Group	Jun 30, 2012		Jun 30, 2011	
	For hedging purposes	Other	For hedging purposes	Other
EUR M				
Value of underlying property				
Interest rate derivatives				
<i>Forward contracts</i>	0	0	763	0
<i>Swap contracts</i>	372	41	377	13
<i>Option contracts</i>				
<i>Purchased</i>	16	10	52	9
<i>Written</i>	10	16	609	52
Currency derivatives				
<i>Forward contracts</i>	27	4	247	6
<i>Interest rate and currency swap contracts</i>	197	4	1	1
Equity derivatives				
<i>Option contracts</i>				
<i>Purchased</i>	143	0	148	0
<i>Written</i>	0	0	0	0
	5	5	0	0
	769	79	2 198	82

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		Jun 30, 2012					
EUR M	< 3 months	3 –12 months	1– 5 years	> 5 years	Not classified by maturity	Total	
Claims							
Cash	100					100	
Debt securities eligible for refinancing with central banks	67	29	157			252	
Claims on credit institutions	146					146	
Claims on the public and public sector entities	332	324	1,380	825		2,861	
Debt securities	85					85	
Shares and participations					7	7	
Derivative instruments					18	18	
Intangible assets					12	12	
Tangible assets					33	33	
Other assets					34	34	
Accrued income and prepayments					30	30	
Deferred tax assets					3	3	
Total claims	729	352	1,537	825	137	3,580	
Liabilities							
Liabilities to credit institutions	139	48	130	30		346	
Liabilities to the public and public sector entities	1,903	335	4			2,242	
Debt securities issued	321	119	198	2		641	
Derivative instruments					15	15	
Other liabilities					42	42	
Accrued expenses and prepaid income					40	40	
Subordinated liabilities		5	34	18		58	
Deferred tax liabilities					18	18	
Equity capital					177	177	
Total liabilities	2,363	507	367	50	292	3,580	

Bank of Åland Group		Jun 30, 2011					
EUR M	< 3 months	3 –12 months	1– 5 years	> 5 years	Not classified by maturity	Total	
Claims							
Cash	14					14	
Debt securities eligible for refinancing with central banks	14		99	23		135	
Claims on credit institutions	243					243	
Claims on the public and public sector entities	358	337	1,042	829		2,567	
Debt securities	78	99	47	6		230	
Shares and participations					8	8	
Derivative instruments	1	3	18	1		24	
Intangible assets					11	11	
Tangible assets					35	35	
Other assets	83				29	112	
Accrued income and prepayments					22	22	
Deferred tax assets					3	3	
Total claims	791	439	1,206	859	107	3,403	
Liabilities							
Liabilities to credit institutions	155			30		185	
Liabilities to the public and public sector entities	1,759	299	29	0		2,088	
Debt securities issued	223	125	397	2		747	
Derivative instruments		2	7	1		10	
Other liabilities	74				32	106	
Accrued expenses and prepaid income					32	32	
Subordinated liabilities		10	25	23		57	
Deferred tax liabilities					22	22	
Equity capital					155	155	
Total liabilities	2,212	436	458	56	241	3,403	

No estimates of maturity dates have been made. Thus, for example, deposits payable on demand are found in the “< 3 months” category.

19. Interest rate refixing periods

Bank of Åland Group		Jun 30, 2012					
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total	
Assets	2,867	223	347	459	71	3,967	
Liabilities	2,794	333	294	397	59	3,876	
Difference between assets and liabilities	73	-110	53	62	12	91	

Bank of Åland Group		Jun 30, 2011					
EUR M	< 3 months	3–6 months	6–12 months	1–5 years	> 5 years	Total	
Assets	2,616	537	547	412	56	4,168	
Liabilities	2,847	333	434	417	40	4,070	
Difference between assets and liabilities	-231	204	112	-4	16	98	

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	Q2 2012	Q1 2012	%	Q2 2011	%
Bank of Åland Plc	396	410	-3	312	27
Crosskey Banking Solutions Ab Ltd	204	208	-2	207	-1
Ålandsbanken Sverige AB	9	15	-42	135	-94
Ålandsbanken Asset Management Ab	24	24	0	24	0
Ab Compass Card Oy Ltd	12	13	-8	11	9
Ålandsbanken Fondbolag Ab	6	6	0	5	20
Ålandsbanken Equities Research Ab	0	3	-100	5	-100
Total number of positions, recalculated from hours worked	651	679	-4	699	-7

From December 1, 2011, most of the operations of Ålandsbanken Sverige AB were transferred to Ålandsbanken Abp (Finland) svensk filial, the Swedish branch of Bank of Åland Plc. From June 1, 2012 the remaining operations were transferred. This means that hours worked in the branch are reported as part of Bank of Åland Plc.

Review Report, Bank of Åland Plc Interim Report for January 1–June 30, 2012

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 June 30, 2012, the consolidated summary income statement, the consolidated summary statement of other comprehensive income, the statement showing changes in consolidated equity capital and the consolidated summary cash flow statement for the six-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.

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 June 30, 2012 and its operating results and cash flows during the six-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, July 30, 2012

Bengt Nyholm
Authorised Public Accountant (CGR)

Terhi Mäkinen
Authorised Public Accountant (CGR)

Erika Sjölund
Authorised Public Accountant (GRM)