

Ålandsbanken Quarterly report Interim report for the period January - March 2007

23.04.2007

Bank of Åland Plc STOCK EXCHANGE RELEASE 23.04.2007 09.00 hrs Interim report for the period January - March 2007 The report period in brief -Consolidated net operating profit rose by 28 per cent to 8.1 million euros (Jan ' Mar 2006: EUR 6.4 M) -The profit increase was attributable to rising net interest income, higher IT income, improved commission income from mutual fund and asset management and nonrecurring items -Net interest income increased by 13 per cent to EUR 9.2 M (8.1) -Commission income increased by 21 per cent to EUR 5.4 M (4.4) -Expenses increased by 12 per cent to EUR 10.4 M (9.3) -Loan losses were EUR 0.1 M (0.0) -Lending volume increased by 9 per cent to EUR 1,956 M (Mar 2006: 1,802) -Deposits increased by 3 per cent to EUR 1,628 M (Mar 2006: 1,583) -Mutual fund capital under management rose by 42 percent to EUR 395 M (278) -Return on equity after taxes (ROE) was 19.8 per cent (17.2) -The expense/income ratio improved to 56 (59) per cent -The total capital ratio in compliance with Basel 2 amounted to 13.5 per cent -Earnings per share after taxes amounted to EUR 0.50 (0.41) EARNINGS AND PROFITABILITY This Interim Report has been prepared in compliance with the International Financial Reporting Standards (IFRSs) approved by the European Union, as well with IAS 34, "Interim Financial Reporting". Earnings summary During the first three months of 2007, consolidated net operating profit rose by 28 per cent to EUR 8.1 M (6.4). The increase in profit was primarily attributable to a continued rise in net interest income, higher income from information technology (IT) operations, improved commission income from mutual fund and asset management and to nonrecurring items. Income increased by 19 per cent to EUR 18.5 M (15.5), while expenses rose to EUR 10.4 M (9.3). Return on equity after taxes (ROE) increased to 19.8 (17.2) per cent, and earnings per share after taxes increased to EUR 0.50 (0.41). Net interest income During the report period, net interest income improved by 13 per cent to EUR 9.2 M (8.1). The increase was due to higher deposit margins as well as higher lending volume. Lending margins continued to fall. Other income Com mission income rose by 21 per cent to EUR 5.4 M (4.4). This improvement was primarily due to higher mutual fund, asset management and securities commissions. Net income from securities trading for the Bank's own account was EUR 0.7 M (0.5). Net income from dealing in the foreign exchange market amounted to EUR 0.3 M (0.3). Net income from financial assets available for sale was EUR 0.5 M (0.3). Net income from investment properties increased to EUR 0.1 M (0.0), which consisted of capital gains from divestment of properties. Other operating income increased to EUR 2.9 M (2.3) due to higher income from the sale and development of computer systems. The Group's total income rose by 19 per cent to EUR 18.5 M (15.5). Expenses Staff costs increased by 12 per cent to EUR 6.0 M (5.3), most of which was due to efforts under way in the Group's IT operations. Higher fair value of assets in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, reduced staff costs by EUR 0.3 M (0.5). Other administrative expenses (office, marketing, telecommunications and computer costs) to talled EUR 1.9 M (1.9). Production for own use totalled 0.1 M (0.1) and was related to expenses for computer software, which in accordance with IFRS must be capitalised. Depreciation/amortisation increased to EUR 1.3 M (1.0). Other operating expenses amounted to EUR 1.3 M (1.1). The largest increases in expenses were attributable to rents and property expenses. The Group's total expenses rose by 12 per cent to EUR 10.4 M (9.3). Expense/income ratio The expense/income ratio decreased during the report period to 56 per cent, compared to 59 per cent during the first quarter of 2006. During the full year 2006, the expense/income ratio was 66 per cent. Impairment loss on loans and other commitments Loan losses amounted to EUR 0.1 M (0.0). Balance sheet total and off-balance sheet obligations At the end of the report period, the Group's balance sheet total was EUR 2,277 M (2,143). The increase in the balance sheet total was a consequence of

higher lending volume and deposit volume. During the period, the Group issued bond loans in a nominal amount of EUR 46 M. Off-balance sheet obligations increased to EUR 183 M (158), as a consequence of higher obligations for guarantees and pledges, plus other obligations. Personnel Hours worked in the Group, recalculated to full-time equivalent positions, totalled 435 (423) during the first quarter of 2007. This represented an increase of 12 positions, compared to the year-earlier period. Most of the increase came from new recruitments at Crosskey Banking Solutions Ab Ltd. Capital adequacy For the first time, the Group is reporting capital adequacy in accordance with Pillar 1 in the Basel 2 regulations. Risk management under Pillar 2 will be reported in the Annual Report for 2007. According to Pillar 1 of Basel 2, the Group's total capital ratio at the end of March 2007 was 13.5 per cent. The capital requirement for credit risks is being calculated according to the standardised approach, and the capital requirement for operational risks is being calculated according to the basic indicator approach in Basel 2. Deposits Deposits from the public, including bonds and certificates of deposit issued increased during the 12 months to March 31, 2007 by 3 per cent to EUR 1,628 M (1,583). Deposit accounts increased by 7 per cent to EUR 1,291 M (1,211). Bonds and certificates of deposits issued to the public decreased by 9 per cent to EUR 337 M (371). Lending The volume of lending to the public increased during the 12 months to March 31, 2007 by 9 per cent to EUR 1,956 M (1,802). Most of the increase went towards residential financing. Lending to private households increased by 12 per cent to EUR 1,379 M (1,233). Households accounted for 71 (68) per cent of the Group's total lending. Ab Compass Card Oy Ltd Ab Compass Card Oy Ltd is a subsidiary of the Bank of Åland Plc (Ålandsbanken Abp). The mission of the company is to issue credit and debit cards to private and institutional customers. The company is in the start-up phase and is expected to be in full operation by late 2007. Crosskey Banking Solutions Ab Ltd Crosskey Banking Solutions Ab Ltd is a wholly-owned subsidiary of the Bank of Åland Plc. The mission of the company is to develop, sell and maintain banking computer systems ' either as whole systems or in modules ' to small and medium-sized banks in Europe, as well as sell operational services. Among Crosskey's current customers are Tapiola Bank, DnB NOR, S-Bank, the Bank of Åland, eQ Bank and EGET. Crosskey currently has 138 employees and offices in Mariehamn, Turku, Helsinki and Stockholm. Ålandsbanken Asset Management Ab Ålandsbanken Asset Management Ab is a subsidiary of the Bank of Åland Plc. The company offers discretionary and consultative asset management services to institutions and private individuals. The company also manages all of the Bank of Åland's mutual funds. The company currently has about 300 customers and EUR 800 M in managed assets. The company has strong growth. Ålandsbanken Fondbolag Ab Ålandsbanken Fondbolag Ab is a wholly-owned subsidiary of the Bank of Åland Plc. The mutual funds (unit trusts) that the company manages are registered in Finland and comply with the Act on Mutual Funds. At the end of the report period, the total number of unit holders was 13,253 (10,605). This represented an increase of 2,648 or 25 per cent. Total assets under management amounted to EUR 395 M (278), an increase of EUR 117 M or 42 per cent since one year earlier. Ålandsbanken Kapitalmarknadstjänster Ab Ålandsbanken Kapitalmarknadstjänster Ab (Allcap Ab) is a subsidiary of the Bank of Åland Plc. The company provides discretionary asset management as well as consulting services related to securities and financing. The value of discretionarily managed mandates totalled EUR 130 M at the end of the report period. The company has more than 200 customers, with an aggregate portfolio value of EUR 470 M. Annual General Meeting The Annual General Meeting of Shareholders of the Bank of Åland (AGM) on March 23, 2007 approved the Board of Directors' proposal for the distribution of a dividend of EUR 1.00 per Series A and Series B share, respectively for 2006. The record date for the dividend distribution was March 27, 2007. The dividend was distributed on April 3, 2007. The AGM unanimously re-elected Sven-Harry Boman, Kent Janér, Agneta Karlson, Göran Lindholm, Leif Nordlund, Anders Wiklöf and Tom Palmberg as members of the Board of Directors, but in such a way that Mr Palmberg's term of office runs until June 30, 2007. The term of the other Board members runs until the end of the next AGM. For a term of office from July 1, 2007 until the end of the next AGM, the AGM unanimously elected Teppo Taberman. Events after the close of the report period The Bank of Åland Plc has decided to broaden its operations to also include

estate agency business by purchasing a shareholding in the residential estate agent company Veranta Oy Helsinki. The company, whose new name is Ålandsbanken Veranta Ab, is 84 per cent owned by the Bank of Åland Abp. In April 2007, the Bank of Åland reached an agreement to acquire all the outstanding shares in Ålandsbanken Kapitalmarknadstjänster Ab. As a result of this acquisition, the company is a wholly owned subsidiary of the Bank. The operations of the company will be moved to the Parent Company and employees of the company will be transferred to the Parent Company as "old employees". The acquisition of Ålandsbanken Kapitalmarknadstjänster Ab is an element in implementing the Board of Directors' strategy to create a competitive and unified centre of excellence for the Group's investment banking operations in the Åland market. Outlook for 2007 As earlier, the potential for an earnings improvement during 2007 is considered good. It should be noted, however, that the strong earnings during the first quarter were affected by nonrecurring items. The Group's assessment of the outlook for 2007 is based on its assumptions about future developments in the fixed-income and financial markets. The Group predicts continued tough competition in the market with regard to lending margins, a continued positive trend in the mutual fund and capital markets as well as growth in the Group's IT operations. The cost level in the Group is expected to rise moderately. General interest rates, the demand for lending, the trend of the capital and financial markets and the competitive situation are factors that the Group cannot influence. Mariehamn, April 23, 2007

THE BOARD OF DIRECTORS -----	FINANCIAL RATIOS			
ETC -----	Bank of Åland Group	Jan-Mar	Jan-Mar	2007 2006 2006 -----
Mar Jan-Dec -----	-----			
----- Earnings per share before dilution, EUR 1 0.50 0.41 1.29 -----				
----- Earnings per share after dilution, EUR 2 0.50 0.40 1.29 -----				
----- Market price per share, end of period, EUR -----				
----- Series A 27.00 28.00 26.50 -----				
----- Series B 25.00 25.45 24.50 -----				
----- Equity capital per share, EUR 3 10.43 9.70 10.86 -----				
----- Return on equity after taxes, % (ROE) 4 19.8 17.2 13.3 -----				
----- Return on total assets (ROA), % 5 1.1 0.9 0.7 -----				
----- Equity/assets ratio, % 6 5.29 4.98 5.58 -----				
-- Total lending volume, EUR M 1,956 1,802 1,912 -----				
----- Total deposits from the public, EUR M 1,628 1,583 1,599 -----				
----- Equity capital, EUR M, 120 107 122 -----				
----- Balance sheet total, EUR M 2,272 2,143 2,189 -----				
----- Expense/income ratio -----				
----- Including loan losses 0.56 0.59 0.66 -----				
----- Excluding loan losses 0.56 0.59 0.66 -----				
----- 1 Profit for the period before dilution/ Average number of shares -----				
----- 2 Profit for the period after dilution / Average number of shares + sha res outstanding -----				
----- 3 Equity capital / Number of shares on balance sheet date -----				
----- 4 Net operating profit - taxes / Average equity capital -----				
----- 5 Net operating profit - taxes / Average balance sheet total -----				
----- 6 Profit for the period / Balance sheet total -----				
----- CAPITAL ADEQUACY -----				
----- Bank of Åland Group Mar 31 Mar 31 Dec 31 -----				
----- 2007 2006 2006 -----				
----- Basel 2 Basel 1 Basel 2 -----				

-- Capital base, EUR M -----							Core capital * 92.2 84.5 88.3 -----
Supplementary capital 54.4 49.6 53.4 -----							
Total capital base 146.6 134.1 141.7 -----							
----- Capital requirement for credit risks							
78.6 97.9 75.5 ----- Capital requirement for operational risks 8.0 7.3 ----- Total capital requirement 86.6 97.9 82.8 -----							
Total capital ratio, % 13.5 11.0 13.7 -----							
Core capital ratio, % 8.5 6.9 8.5 -----							
							* Profit for the report period is not included in the capital base. -----
							Due to the introduction of new rules for calculating the total capital ratio (Basel 2), the figure for March 31, 2006 is not comparable to the other figures. -----
----- SUMMARY BALANCE SHEET -----							
Bank of Åland Group Mar.31 Mar.31 Dec.31 -----							
----- (EUR M) 2007 2006 2006 -----							
----- ASSETS -----							
----- Liquid assets 64 50 65 -----							
----- Debt securities eligible for refinancing 76 47 57 with central banks -----							
----- Claims on credit institutions 69 146 60 -----							
----- Claims on the public and public sector							
1,956 1,802 1,912 entities -----							
Debt securities 0 0 0 ----- Shares and participations 3 4 4 ----- Shares and							
participations in associated 2 1 2 companies -----							
----- Derivative instruments 27 20 27 -----							
----- Intangible assets 5 4 5 -----							
Tangible assets 25 24 23 ----- Other assets 25 27 17 ----- Accrued income and prepaid expenses 18 16 16 ----- Deferred tax assets 1 1 1 ----- -----							
----- TOTAL ASSETS 2,272 2,143 2,189 ----- -----							
----- LIABILITIES AND EQUITY CAPITAL -----							
----- Liabilities to credit institutions 66 75 62 -----							
----- Liabilities to the public and public sector 1,293 1,215 1,261 entities -----							
----- Debt securities issued to the public 621 594 597 ----- Derivative instruments 26 20 26 -----							
----- Other liabilities 57 51 35 ----- Accrued expenses and prepaid income 20 16 12 -----							
----- Subordinated liabilities 56 55 60 ----- Deferred tax liabilities 13 12 13 ----- -----							
----- TOTAL LIABILITIES 2,151 2,036 2,066 ----- -----							
----- EQUITY CAPITAL AND MINORITY INTEREST -----							
----- Share capital 23 22 23 -----							
-- Share issue 0 0 0 ----- Share premium							

account 33 26 29 -----	Reserve fund 25
25 25 -----	Fair value reserve 0 0 0 -----
-----	Retained earnings 31 28 28 -----
-----	Profit for the period 6 5 15 -----
-----	Minority interest in capital 2 1 2 -----
-----	TOTAL EQUITY CAPITAL 120 107 122 -----
-----	-----
TOTAL LIABILITIES AND EQUITY CAPITAL 2,272 2,143 2,189 -----	SUMMARY INCOME STATEMENT -----
STATEMENT -----	Bank of Åland Group Jan-Mar Jan-Mar Jan-Dec -----
2006 2006 -----	(EUR M) 2007 -----
-----	-----
-----	Net interest income 9.2 8.1 32.7 -----
-----	Income from equity instruments 0.0 0.0 0.0 -----
-----	Commission income 5.4 4.4 18.4 -----
-----	Commission expenses -0.5 -0.4 -1.7 -----
-----	Net income from securities transactions 0.9 0.7 2.3 and foreign exchange dealing -----
-----	Net income from financial assets 0.5 0.3 0.3 available for sale -----
-----	Net income from investment properties 0.1 0.0 0.2 -----
-----	Other operating income 2.9 2.3 9.4 -----
-----	Total income 18.5 15.5 61.6 -----
-----	Staff costs -6.0 -5.3 -22.5 -----
-----	Other administrative expenses -1.9 -1.9 -9.4 -----
Production for own use 0.1 0.1 0.5 -----	-----
Depreciation/amortisation -1.3 -1.0 -4.0 -----	-----
-- Other operating expenses -1.3 -1.1 -5.4 -----	-----
-----	Total expenses -10.4 -9.3 -40.9 -----
-----	Impairment loss on loans and other -----
-0.1 0.0 0.0 commitments -----	-----
Share of profit in associated companies 0.1 0.1 0.3 -----	-----
-----	Net operating profit 8.1 6.4 21.1 -----
-----	-----
-----	Income taxes -2.1 -1.6
-5.4 -----	Profit for the period 6.0 4.7 -----
15.7 -----	-----
-----	Shareholders interest in profit for the 5.7 4.5 1.0 period -----
-----	Minority interest in profit for the 0.3 0.2 14.7 period -----
-----	Total 6.0 4.7 15.7 -----
-----	-----
-----	Earnings per share -----
Earnings per share before dilution, EUR 1 0.50 0.41 1.29 -----	-----
-----	Earnings per share after dilution, EUR 2 0.50 0.40 1.29 -----
-----	1 Profit for the period before dilution / Average number of shares -----
-----	2) Profit for the period after dilution / (Average number of shares + shares outstanding) -----
-----	INCOME STATEMENT
BY QUARTER -----	Bank of Åland Group Q I
Q IV Q III Q II Q I -----	(EUR M) 2007
2006 2006 2006 2006 -----	-----

----- | Total | | | | 0.2 | 10.2 | 0.8 | 11.1 || recognised | | | | | income and | | | | |
expenses | | | | | during the | | | | | period | | | | |-----
----- | Conversion of | 0.4 | 0.3 | 2.8 | | | 3.6 | capital loan | | | | |-----
----- | Other change | | | | | 0.7 | 0.7 | in
minority | | | | | share of | | | | | equity capital | | | | |-----
----- | Equity | 22.7 | 0.3 | 29.2 | 25.1 | 0.4 | 42.4 | 2.1 | 122.2 | capital, | | | |
| | | December 31, | | | | | 2006 | | | | |-----
----- | Financial | | | | | assets | | | | | available for | | | | | sale: | | | | |
| | | | | - change in | | | | | -0.2 | | | -0.2
| | | fair value | | | | | - | | | | | - transferred | |
| | | 0.2 | | | 0.2 | to income | | | | | statement | | | | |-----
----- | Profit for the | | | | | 5.7 | 0.3 | 6.0 | period | | | | |-----
----- | Total | | | | | 5.7 | 0.3 | 6.0 | recognised | | | | |
income and | | | | | expenses | | | | | during the | | | | | period | | | | |-----
----- | Dividend to | | | | | 0.0 | -11.5 | -0.8 |
-12.3 | | shareholders 1 | | | | |-----
Conversion of | 0.6 | -0.3 | 4.1 | | | | 4.4 | capital loan 2 | | | | |-----
----- | Other change | | | | | 0.0 | 0.0 | in minority | | | | |
share of | | | | | equity capital | | | | |-----
----- | Equity | 23.3 | 0.0 | 33.3 | 25.1 | 0.4 | 36.6 | 1.6 | 120.3 | capital, March | | | | | 31, 2007 |
| | | | |-----
----- | 1 Dividend payment for Series A shares EUR 5.2 M and for Series B shares
| | EUR 6.3 M. |----- | 2 During the report period,
289,932 new Series B shares subscribed in | | exchange for convertible loan certificates were recorded
in the Finnish | | Trade Registry. This was equivalent to an increase in equity capital of EUR | | 0.5 M
and an increase in the share premium account by EUR 3.8 M. |-----

----- 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 25 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 has the following address: Bank of Åland Plc Nygatan 3 AX-22100 Mariehamn, Åland,
Finland The Bank of Åland Plc is listed on the Helsinki Stock Exchange. The Interim Report for the
financial period January 1-March 31, 2007 was approved by the Board of Directors on April 20. 2.

BASIS FOR PREPARATION AND ESSENTIAL ACCOUNTING PRINCIPLES Basis for preparation The Interim
Report for the period January 1-March 31, 2007 was prepared in compliance with IAS 34, "Interim
Financial Reporting". 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, 2006. 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, 2006, 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. The following
new standards and interpretations have been introduced: IFRS 7, "Financial instruments: Disclosures"
A new standard that deals with disclosure requirements for all risks arising through financial
instruments. The standard is applicable to all companies that possess financial instruments. The Group
has decided to apply IFRS starting in 2007. IFRIC 10, "Interim Financial Reporting and Impairment"
This interpretation is the result of a contradiction between the standard on interim reports, IAS 34,
and the one on impairments, IAS 36. IFRIC 10 clarifies that an impairment loss recognised in an
interim report may not be reversed in a later interim or full year financial report. The Group is

applying IFRIC 10 starting in 2007. IFRIC 9, "Reassessment of Embedded Derivatives" This interpretation clarifies certain aspects of the treatment of embedded derivatives in compliance with IAS The Group is not affected by amendments to the following: IFRIC 7, "Applying the Restatement Approach under IAS Financial Reporting in Hyperinflationary Economies" IFRIC 8, "Scope of IFRS 2 Share-based Payment" IFRIC 11, "Share-based Payment - Group and Treasury Share Transactions" IFRIC 12, "Service Concession Arrangements" 3. ESTIMATES AND JUDGEMENTS Preparation of financial statements in compliance with IFRS 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 these estimates. 4. CASH FLOW STATEMENT ----- |

estimates. 4. CASH FLOW STATEMENT -----

0.2 2.3 -2.6 0.0 -----	Total income
11.7 4.6 1.8 -2.6 15.5 -----	Costs incl.
-7.8 -3.2 -0.8 2.6 -9.3 depreciation etc. -----	
----- Loan losses 0.0 0.0 -----	
Share of profit/loss in 0.1 0.1 associated companies -----	
----- Net operating profit 3.8 1.3 1.2 0.0 6.4 -----	
	Assets
1,804.7 4.5 334.6 -0.9 2,142.8 -----	
Liabilities -1,808.7 -5.4 -224.0 2.1 -2,036.0 -----	
----- Equity capital 106.8 -----	The
"Banking operations" segment includes banking and investment operations carried out at 25 bank offices plus the subsidiaries Ab Compass Card Oy Ltd, Ålandsbanken Asset Management Ab, Ålandsbanken Fondbolag Ab and Ålandsbanken Kapitalmarknadstjänster Ab. Reported in "IT operations are Crosskey Banking Solutions Ab Ltd and S-Crosskey Ab, which supply modern banking computer systems to small and medium-sized banks. Reported in "Other" are the results of Treasury and portfolio management as well as management and related corporate expenses.	
6. INCOME TAXES	
----- Bank of Åland Group Mar 31 Mar 31 -----	
----- (EUR K) 2007 2006 -----	
----- -----	
---- Taxes for the report period and earlier report 2,091 1,480 periods	