

## INTERIM REPORT for the period January -

26.04.2002

Bank of Åland Plc STOCK EXCHANGE RELEASE

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### Earnings

During the report period, consolidated income from financial operations amounted to EUR 7.8 million. The main reason for the decline in earnings was that the margin between interest rates on deposits and lending narrowed, due to the low interest rate situation. Tough competition also further squeezed customer margins.

Dividend income amounted to EUR 0.3 M. Commission income rose by EUR 0.3 M or 15.0 per cent to EUR 2.6 M. Net income from the Bank's own securities trading amounted to EUR 1.0 M, while net income on foreign exchange dealing totalled EUR 0.2 M. Other operating income amounted to EUR 0.4 M.

Total income - net income from financial operations and other income - rose by 2.2 per cent or EUR 0.2 M to EUR 12.3 M.

New staff recruitments and salary adjustments in compliance with collective agreements raised staff costs by 7.8 per cent or EUR 0.3 M to EUR 4.1 M. Other administrative expenses (office costs, marketing, telecommunications and computer costs) rose by EUR 0.1 M to EUR 2.0 M. Depreciation of EUR 0.7 M and other operating expenses of EUR 1.0 M were equivalent to year-earlier levels.

Total expenses including planned depreciation rose by EUR 0.2 M or 2.6 per cent to EUR 8.0 M.

Net loan losses amounted to EUR 0.04 M during the report period.

Taken together, this caused net operating pro fit to increase by EUR 0.1 M to EUR 4.4 M.

Return on equity for the report period was 19.3 per cent. The Bank of Åland thus yielded a return on its shareholders' equity at a level about 15 percentage points higher than five-year bond yields.

### Deposits

Deposits from the public, including bonds issued and certificates of deposit, increased during the 12 months to March 31, 2002 by 0.5

per cent to EUR 1,328 M. Deposit accounts rose by 5.1 per cent to EUR 1,180 M. During the report period, deposit accounts declined by EUR 16.2 or 1.5 per cent. During the year, the Bank floated two bond issues (Bank of Åland 1-year Nokia/UPM-Kymmene reverse bond and Global 2007 5-year share index loan) with a nominal value of EUR 12.5 M.

#### Lending

During the 12 months to March 31, 2002, the Bank's volume of lending to the public increased by 9.6 per cent to EUR 1,132 M. Most of the increase went towards residential financing. During the report period, total lending volume rose by EUR 22.5 M or 2.0 per cent. Private households accounted for 65.7 (63.4) per cent of the Bank's total loans outstanding.

#### Personnel

At the end of March 2002 the number of employees, recalculated as full-time equivalents, was 361, compared to 345 on the same date in 2001, that is, an increase of 16 positions.

#### Insider rules

The Bank's Board of Directors has accepted the Helsinki Stock Exchange's insider regulations and has meanwhile established trading restrictions concerning the Bank's securities, by which a Bank insider is not entitled to trade in the Bank's securities during a period of 14 days before publication of the Bank's annual accounts or Interim Report.

#### Capital adequacy

The Group's capital adequacy according to the Credit Institutions Act:

	Mar 31, 2002	Mar 31, 2001	Dec 31, 2001
Capital base, EUR M			
Core capital	73.2	70.2	72.4
Supplementary capital	27.7	31.2	28.2
Total capital base	100.9	101.4	100.5
Risk-weighted volume, EUR M	835.3	772.3	804.2
Total capital ratio, %	12.1	13.1	12.5
Core capital ratio as % of risk-weighted volume	8.8	9.1	9.0

Profit for the report period is not included in core capital.

#### Nonperforming loans,

EUR M	Mar 31, 2002	Mar 31, 2001	Dec 31, 2001
	2.7	2.6	2.6

Nonperforming loans amounted to 0.2 per cent of total loans and contingent liabilities.

## Financial ratios etc

Mar 31, 2002 Mar 31, 2001  
Net operating profit per share,  
EUR 1) 0.31 0.30  
Equity capital per share,  
EUR 2) 8.04 7.81  
Income/expense ratio  
- before loan losses 1.55 1.55  
- after loan losses 1.55 1.55

1 Net operating profit minus imputed taxes / Average number of shares, adjusted for new issue

2 Equity capital and reserves minus imputed taxes on reserves and accumulated profit for the year / Number of shares on balance sheet date, adjusted for new issue

## Forecast for the year

Income from financial operations and other income are expected to reach an acceptable level despite tough competition. Staff costs and other expenses will increase, mainly due to new recruitments and investments in new technology. Loan losses are projected to remain at a low level. Taken together, this should lead to satisfactory earnings in 2002.

Mariehamn, Åland, Finland, April 26, 2002

## THE BOARD OF DIRECTORS

### Statement of opinion

We have conducted a review of the Interim Report of the Bank of Åland Plc (Ålandsbanken Abp) for the period January 1 - March 31, 2002. This review included an analytical examination of the balance sheet and income statement items in the Interim Report. Such a review is significantly more limited in scope than a statutory audit. Nothing has emerged that indicates that the Interim Report does not fulfil the regulations in force.

Mariehamn, April 26, 2002

Leif Hermans  
Authorised Public Accountant

Per-Olof Johansson  
Authorised Public Accountant

Marja Tikka  
Authorised Public Accountant

#### INCOME STATEMENT (EUR M)

The Group 1-3/02 1-3/01 1-12/01

Net income from financial operations 7.8 8.5 33.4  
Income from investment  
in form of equity capital 0.3 0.2 0.6  
Commission income 2.6 2.3 8.9  
Net income from securities trans-  
actions and foreign exchange dealing 1.2 0.5 2.0  
Other operating income 0.4 0.6 2.8  
TOTAL INCOME 12.3 12.1 47.8

Commission expenses -0.3 -0.3 -1.2  
Staff costs -4.1 -3.8 -15.5  
Other administrative expenses -2.0 -1.9 -8.2  
Depreciation -0.7 -0.7 -2.8  
Other operating expenses -1.0 -1.0 -3.5  
TOTAL EXPENSES -8.0 -7.8 -31.2

Loan and guarantee losses 0.0 0.0 -0.1  
Share in operating results of  
company consolidated  
according to equity method 0.1 0.0 0.8

NET OPERATING PROFIT 4.4 4.3 17.4

#### BALANCE SHEET (EUR M)

The group 3/01 3/00 12/01

##### ASSETS

Cash 59 62 40  
Claims usable as collateral at  
central bank 169 218 216  
Claims on credit institutions 243 195 235  
Claims on the public and  
public sector entities 1,132 1,032 1,109  
Leasing assets 1 1 1  
Debt securities 31 25 26  
Shares and participations 16 15 15  
Shares and participations in associ-  
ated companies and subsidiaries 2 1 2  
Intangible assets 5 4 5

Tangible assets	15	16	15
Other assets	24	20	9
Accrued income and prepayments	12	17	12
	0	2	0
TOTAL ASSETS	1,708	1,607	1,686

#### LIABILITIES AND EQUITY CAPITAL

Liabilities			
Liabilities to credit institutions and central banks	86	102	96
Liabilities to the public and public sector entities	1,086	1,035	1,103
Debt securities issued to the public	364	294	319
Other liabilities	34	43	29
Accrued expenses and deferred income	16	15	12
Subordinated liabilities	22	22	22
Imputed taxes due	7	6	7
Equity capital			
Share capital	20	20	20
Share premium reserve	14	13	13
Revaluation reserve	0	1	0
Reserve fund	25	25	25
Capital loan	10	10	10
Profit brought forward	18	16	16
Other equity capital	4	4	13
TOTAL LIABILITIES AND EQUITY CAPITAL	1,708	1,607	1,686

#### OFF-BALANCE SHEET

COMMITMENTS	87	88	87
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#### INCOME STATEMENT (EUR M)

	KV I	KV IV	KV III	KV II	KV I
The Group	2002	2001	2001	2001	2001

Net income from financial operations	7.8	8.2	8.3	8.4	8.5
Income from investment in form of equity capital	0.3	0.0	0.0	0.4	0.2
Commission income	2.6	2.7	1.9	2.1	2.3
Net income from securities transactions and foreign exchang dealing	1.2	1.2	0.0	0.3	0.5

Other operating income	0.4	1.3	0.5	0.5	0.6
TOTAL INCOME	12.3	13.5	10.6	11.7	12.1

Commission expenses	-0.3	-0.3	-0.3	-0.3	-0.3
Staff costs	-4.1	-3.9	-3.9	-3.9	-3.8
Other administrative expenses	-2.0	-2.5	-1.7	-2.1	-1.9
Depreciation	-0.7	-0.7	-0.7	-0.7	-0.7
Other operating expenses	-1.0	-1.1	-0.8	-0.5	-1.0
TOTAL EXPENSES	-8.0	-8.6	-7.4	-7.4	-7.8

Loan and guarantee losses	0.0	-0.7	0.0	0.6	0.0
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Write-downs in securities held

as

financial fixed assets

Share in operating results of

company

consolidated according to	0.1	0.0	0.8	0.0	0.0
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equity method

NET OPERATING PROFIT	4.4	4.2	4.0	4.9	4.3
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